believe conceive achieve

ANNUAL REPORT 2013

AFRASIA
bank different

Think Green

As part of its ongoing programme to help protect the environment
and within the context of the GML "Think Green" initiative,
GML companies have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC
(Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making
organisation created in 1993.

It encourages socially, ecologically and economically responsible
forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO_2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

AfrAsia Bank Limited
Member of GML

IT ALWAYS SEEMS IMPOSSIBLE UNTIL IT'S DONE

- NELSON MANDELA -

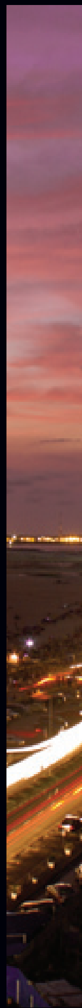
THE BELIEVERS

AfrAsia Bank Limited was among the first to recognise the growth potential of the African Lions. Six years after its inception, the Bank continues to strengthen its belief in Africa - by focusing its vision, boldly seizing the moment, creating and developing a network of African specialists to help build a bright future for 'The Hopeful Continent'.

Africa is not a dream – it is a reality, and AfrAsia Bank Limited's strategic insight is integral to writing the sequel of this exciting African growth story.

Moving towards Integrated Reporting

To be in line with the International Integrated Reporting Council, AfrAsia Bank Limited has implemented some principles of Integrated Reporting as part of its Annual Report 2013, addressing in greater detail how we create value for all our stakeholders.



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To view the Annual Report 2013 online, refer to annualreport2013.afrasiabank.com

FINANCIAL HIGHLIGHTS

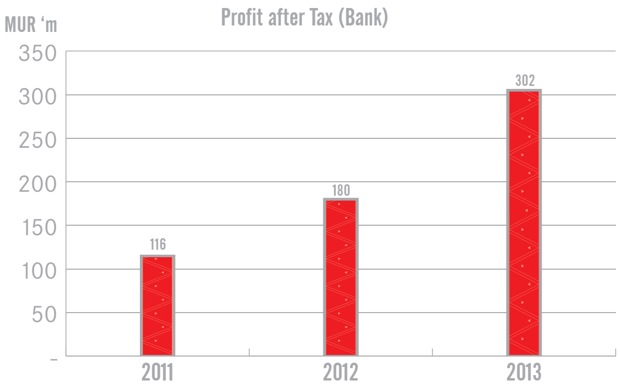
AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

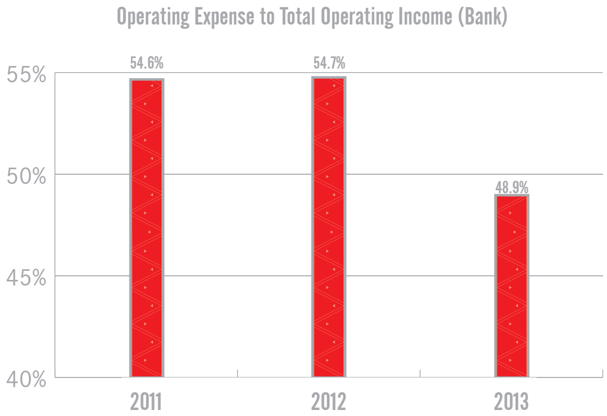
	YEAR ENDED 30 JUNE 2013	YEAR ENDED 30 JUNE 2012	YEAR ENDED 30 JUNE 2011
STATEMENT OF COMPREHENSIVE INCOME (MUR'000)			
Net Interest Income	**366,249**	322,522	218,760
Non Interest Income	**360,555**	165,056	151,266
Total Income	**726,804**	487,579	370,026
Operating Expenses	**326,043**	272,422	202,153
Profit after Tax	**205,733**	270,362	124,387
STATEMENT OF FINANCIAL POSITION (MUR'000)			
Total Assets	**31,564,157**	22,392,352	16,866,735
Total Loans	**14,007,752**	12,784,321	8,549,379
Total Deposits	**27,224,340**	19,626,671	14,962,436
Shareholders' Funds	**2,197,394**	1,781,751	1,068,884
PERFORMANCE RATIO (%)			
Return on Average Equity	**10.0**	17.5	13.3
Loan to Deposit Ratio	**51.5**	65.1	57.1
Operating Expense to Total Operating Income	**44.9**	55.9	54.6
CAPITAL ADEQUACY RATIO (%)			
Basel II	**12.8**	13.5	15.3

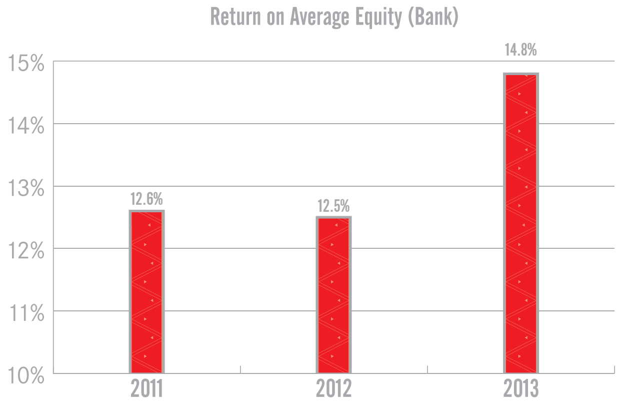
The AfrAsia Bank Limited and its Group Entities three year trend shows its strategic and business model has been successful in consolidating a greater market share locally. This has been achieved through a product and market differentiation strategy whilst pursuing regional expansion across its core business lines of Corporate Banking, Corporate Finance, Private Banking and Wealth Management.

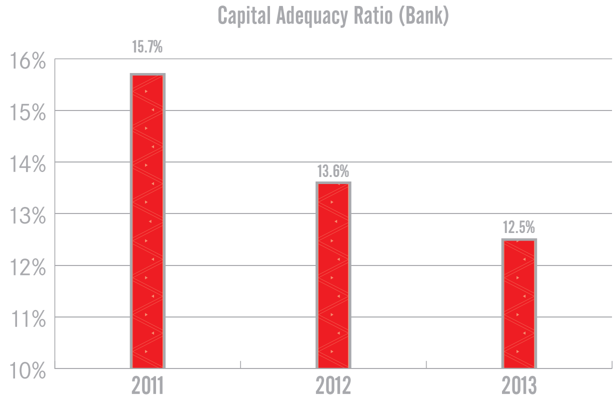
THE BANK

On a stand-alone basis, the Bank closed its sixth year of operations on a very promising note reporting a Net Profit after Tax of MUR 303m, a 68% increase on the previous year. Its Statement of Financial Position highlights a strong position with customer loans and advances at MUR 14bn and customer deposits at MUR 27bn, a 10% increase and 39% increase from the previous year respectively. Year on year, the Bank continues to draw interests from local and international investors and in that respect, it raised additional Tier I capital of MUR 296m and Tier II capital of MUR 302m during the year under review. Return on Average Equity remained strong at 14.8%.





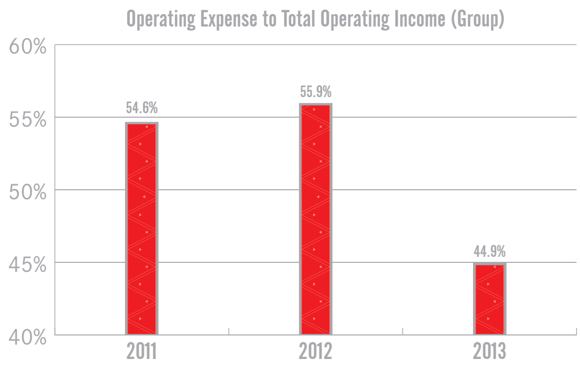


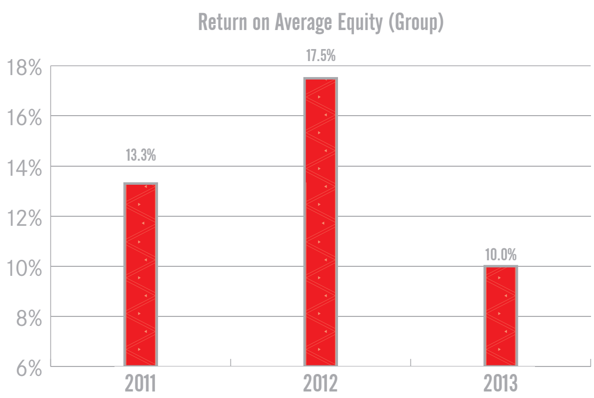


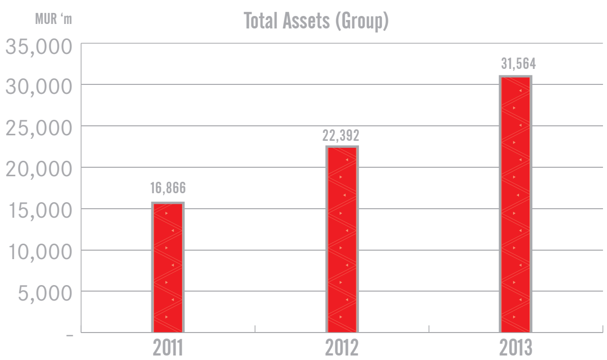
FINANCIAL HIGHLIGHTS (CONTINUED)

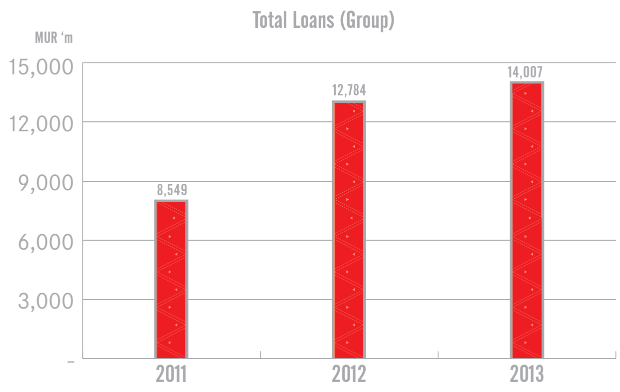
THE GROUP

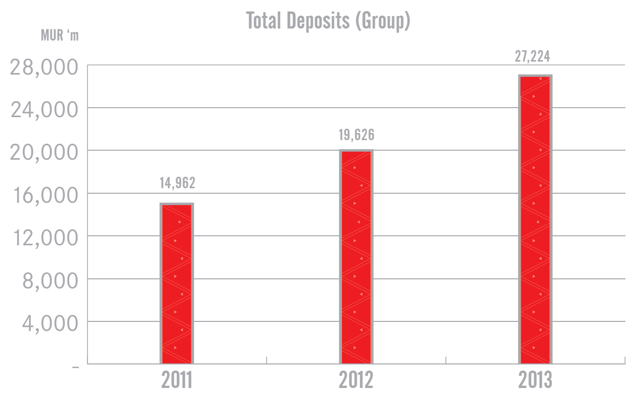
The Group's results were more subdued being affected by negative returns from its investment made in Zimbabwe through its associate AfrAsia Kingdom (Zimbabwe) Limited. This was mainly due to non-performing loans. A restructuring at shareholder, Board and management levels has been initiated together with a capital raising exercise which is expected to turn-around the business. AfrAsia Investments Limited, AfrAsia Corporate Finance (Africa) Limited and AfrAsia Corporate Finance (Pty) Limited performed satisfactorily.

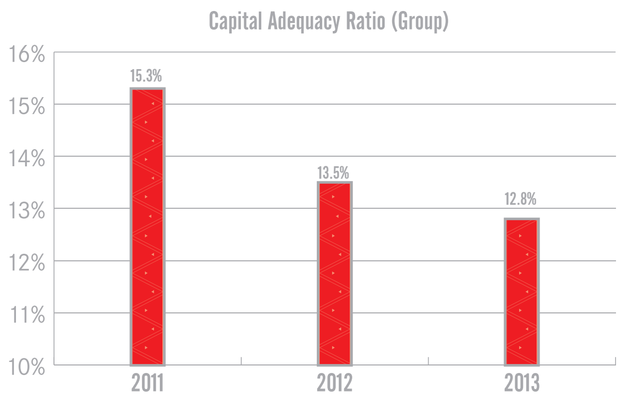







Total Loans (Group)
MUR 'm
15,000
12,000
9,000
6,000
3,000
-
8,549
12,784
14,007
2011
2012
2013


Total Deposits (Group)
MUR 'm
28,000
24,000
20,000
16,000
12,000
8,000
4,000
-
14,962
19,626
27,224
2011
2012
2013


Capital Adequacy Ratio (Group)
16%
15%
14%
13%
12%
11%
10%
15.3%
13.5%
12.8%
2011
2012
2013

BRAAMFONTEIN
JOHANNESBURG

TWO ROADS DIVERGED IN A WOOD AND
I TOOK THE ONE LESS TRAVELED BY
AND THAT HAS MADE
ALL THE DIFFERENCE

- ROBERT FROST -

KEY PERFORMANCE HIGHLIGHTS

Net Profit after Tax (Bank)

+68%

2013: MUR 302,595,922
2012: MUR 180,267,766

Total Operating Income (Bank)

+34%

2013: MUR 663,833,998
2012: MUR 497,225,503

Dividends per share (Bank)

+108%

2013: MUR 1.25
2012: MUR 0.60

Deposits (Bank)

+39%

2013: MUR 27,232,616,080
2012: MUR 19,628,367,164

Total Equity (Bank)

+30%

2013: MUR 2,194,668,365
2012: MUR 1,682,162,372

Loans and Advances (Bank)

+10%

2013: MUR 14,007,752,016
2012: MUR12,784,435,754

95

Countries where we have clients

USD 1.1

Billion of deposits and investments under management as at 30 June 2013

6467

Bank accounts

1ST

Local bank in Mauritius to have obtained an FII licence from SEBI

3RD

Largest local bank in Mauritius in terms of Segment B Operations (Non-Resident)

1ST

Bank to open a bank account for a Mauritian foundation

CORPORATE PROFILE AND OVERVIEW

A REGIONAL BANKING FORCE WITH GLOBAL REACH

Strategically based in Mauritius and with representation in key markets, AfrAsia Bank Limited serves the Africa-Asia trade corridor, combining its strengths and expertise in three core divisions:

- Private Banking and Wealth Management
- Corporate and Investment Banking
- Global Business

Since inception, the Bank has expanded through a combination of substantial organic growth and a series of strategic acquisitions. Our core activities are in Mauritius, South Africa and Zimbabwe with marketing capabilities in Singapore, London, France and Switzerland.

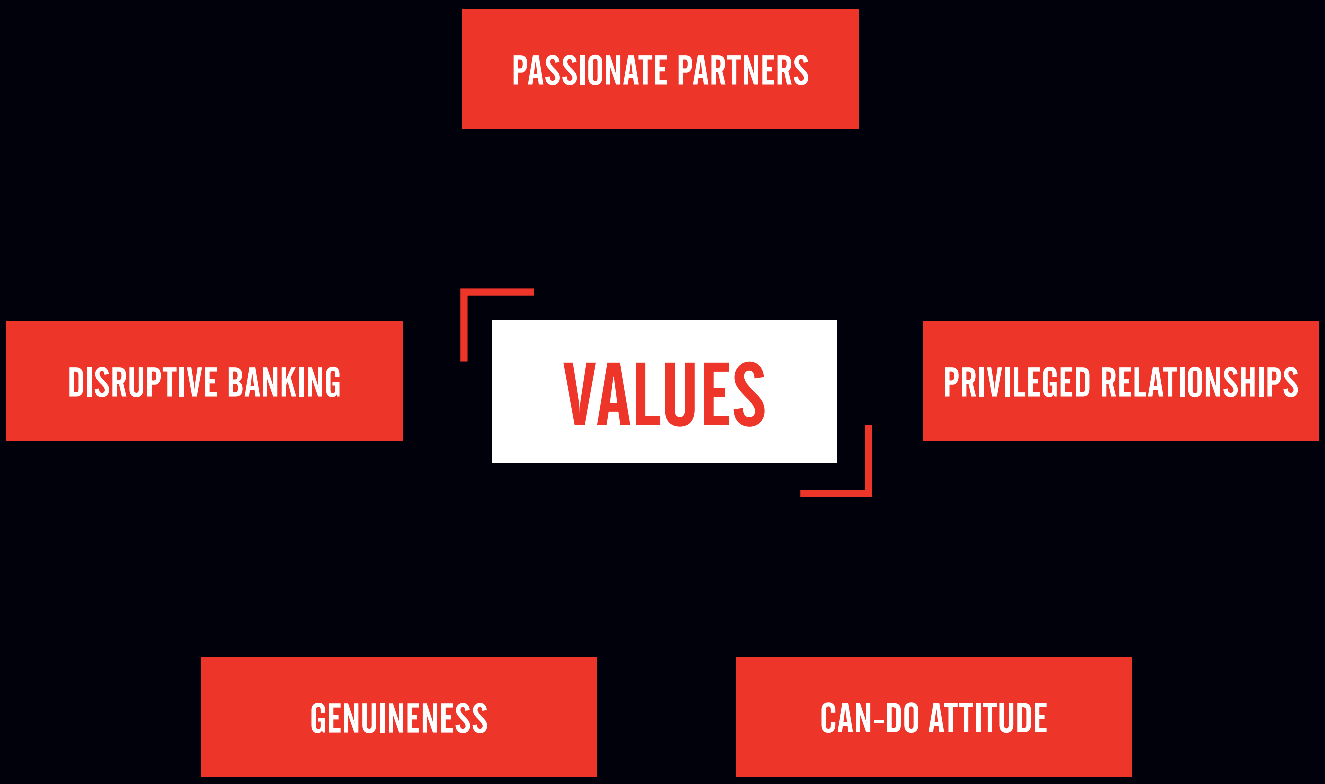
AfrAsia Bank Limited's core banking and transactional capabilities are in Mauritius along with bank representative offices in Cape Town and Johannesburg, its asset management arm, AXYS Capital Management Limited and its investment banking arm, AfrAsia Corporate Finance (Pty) Ltd as well as its banking company, AfrAsia Kingdom Zimbabwe Limited.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive and leading bank in the region connecting the Africa-Asia trade and investment corridor using the Mauritius International Financial Centre as the bridge. This distinction is embodied in our culture, which is an ability to be agile, flexible and continuously innovative.

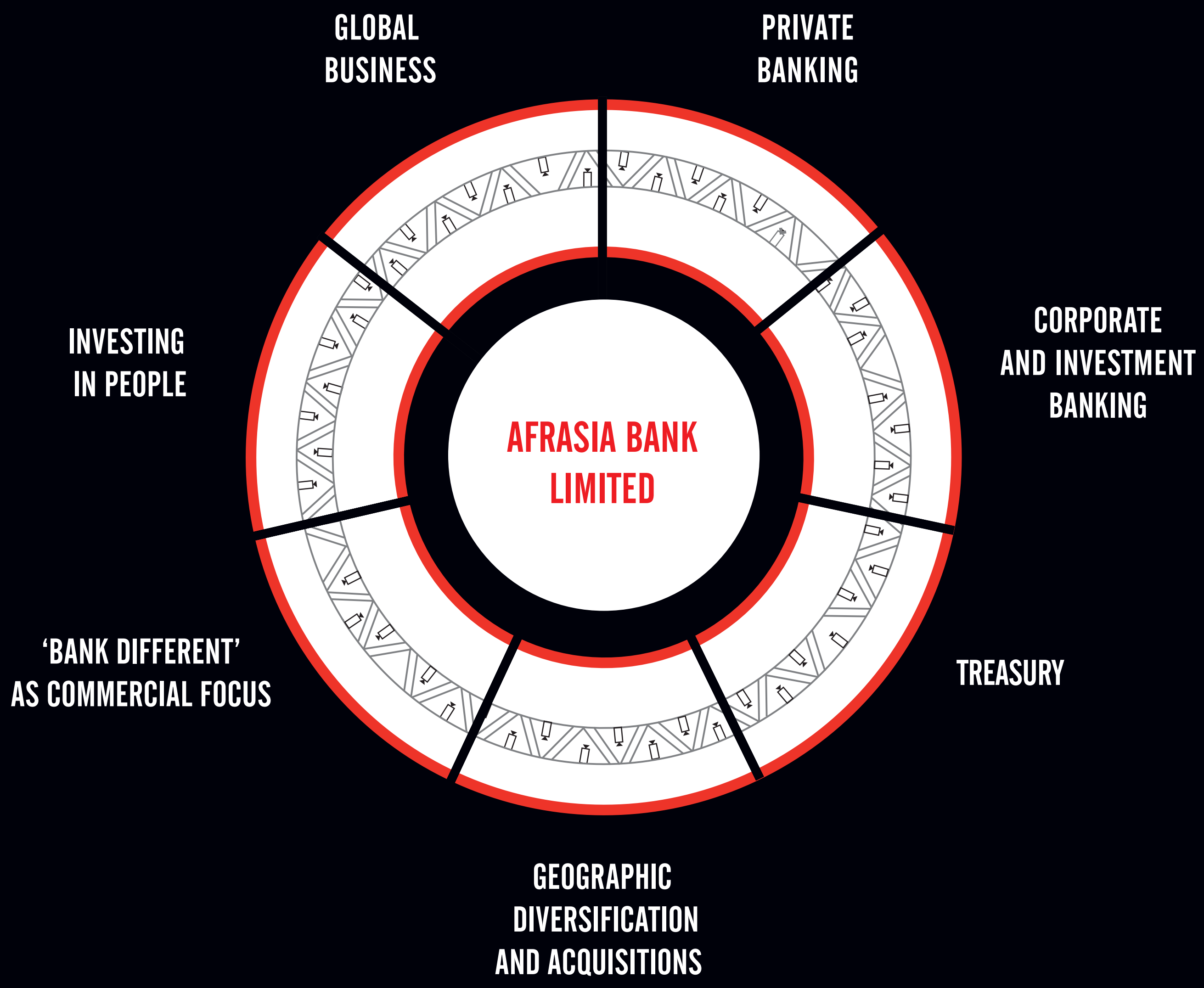
CORPORATE PHILOSOPHY

TO BE THE REFERENCE POINT FOR CORPORATE AND INVESTMENT BANKING, PRIVATE BANKING AND GLOBAL BUSINESS SOLUTIONS LINKING MAURITIUS AND THE AFRICA-ASIA TRADE CORRIDOR…AND BEYOND.

CORPORATE PROFILE AND OVERVIEW (CONTINUED)



STRATEGY AND BUSINESS MODEL



CORPORATE PROFILE AND OVERVIEW (CONTINUED)

STRATEGY AND BUSINESS MODEL (CONTINUED)

STRATEGY	ACHIEVEMENTS	OPPORTUNITIES	RISKS
GLOBAL BUSINESS			
To capture cross-border trade and investment flows routed via the Mauritius International Financial Centre (IFC), more specifically those going into the African continent. To be the reference Bank for Intermediaries based in Mauritius and other reputable IFCs.	Geographic client diversification in 95 countries with 6,467 bank accounts and 6,633 relationships as at 30 June 2013. Our Clients include several Africa Private Equity Funds and Special Purpose Vehicles. We have been present as the Africa specialist through several strategic financial roadshows and conferences namely Mauritius Private Equity, London, Switzerland, China, India, STEP (Mauritius and South Africa) promoting Mauritius as the IFC and outlining AfrAsia Bank Limited's capabilities. Working with 115 intermediaries in Mauritius and 50 based outside of Mauritius, as at 30 June 2013.	Mauritius continues to be the preferred jurisdiction for cross-border investments. We will capture more of such flows by working closely with the Private Equity advisors, lawyers, trade financiers, banks and others. Since we are offering a strong client service delivery to Intermediaries, it helps us to capture a bigger portion of the business flows from them.	Mauritius being 'blacklisted' by the OECD/ FATF/ G20 countries. Double Taxation Agreement (DTA) renegotiation. Establishment of new bilateral trade agreements (outside of COMESA and SADC). Changes in the legal framework, which make client adoption more cumbersome. Country, Currency and Credit Risks.
PRIVATE BANKING			
To be the Best Private Bank in Mauritius. To provide a Private Banking platform to High Net Worth Individuals and assist Mauritius in becoming the regional IFC for the growing population of High Net Worth Individuals in Africa, and the world.	We have continued to gain clients' trust and we note 23% increase in number of Private Banking clients. Asset under management has increased by 19% from June 2012 to June 2013. Awarded as Best Private Bank 2011, Best Local Private Bank 2012 & 2013 by Euromoney. Organised unique events including AfrAsia Golf Masters to share the passion of our clients.	Opportunities to innovate to continue to provide unique products while maintaining service excellence. Our strong client service delivery, unique networking events as well as the launch of new concepts of products & services continue to build our brand. Leveraging on strategic partnerships provides us with a different access to potential customers, which can be more effective than the standard offering of international banks.	Regulations and Know Your Customer (KYC) standards require ever increasing due diligence. Credit Risks.

STRATEGY	ACHIEVEMENTS	OPPORTUNITIES	RISKS
PRIVATE BANKING	Launched the first World Mastercard Credit Card in Mauritius equipped with the latest EMV chip technology and continued to provide unique benefits on our cards offering. Launched 7 unique investment products. Private clients in 95 countries. 10 roadshows held in Europe, Africa and Asia. Ability to provide a comprehensive product and service offering tailored for HNWIs while offering personalized services to overseas clients.	Continued efforts to attract Private Banking HNWI from other jurisdictions to Mauritius. Capitalise on the growing HNWI in Africa. Geographical location offers easy access to Africa and tax benefit. Joint venture/co-branding venture/share swap opportunity with international reputed/asset management companies to allow an integrated offering that also caters for ultra-high net worth clients.	
CORPORATE AND INVESTMENT BANKING To consolidate our position on financing of conglomerates and increase our share of business on the overall corporate market, with key focus on trade finance and foreign exchange capabilities respectively.	Banking with 85% of the Top 100 Companies in Mauritius. 20% increase in deposit in Financial Year 2012/2013. 4 main corporate segments which have been explored: Hospitality, Construction, Property development, RES project financing.	As our brand grows, there is real scope to extend Banking Relationship coverage with the Top 200 Companies in Mauritius. Corporate Banking has experienced double digit growth in its deposit base. With the current deposit base, the Bank is well positioned to fuel the growth of its assets. The current strategy gives an opportunity to have a diversified asset book.	Companies are increasingly multi banked and getting a share of their wallet can be challenging. The current interest rate environment prevailing together with the yield curve at its lowest point, increasing deposit book will be a challenging task. With the current economic outlook for Mauritius, new project developments in the four corporate segments are slowing down.
TREASURY We strive to provide sophisticated and competitive Forex and Money Market products to meet clients' commercial and investment needs.	New product developments in the form of FX Structured products and yield enhancement products such as Geared Forwards, Non-Deliverable Forwards and Dual Currency Deposits.	Investors are looking for yield enhancement ideas in the current low interest rate environment. As such, we are working on different types of investment products to cater for the sophisticated investor community.	The slowdown in the Mauritian economy is having an impact on the local foreign exchange market with a marked decrease in flows.

CORPORATE PROFILE AND OVERVIEW (CONTINUED)

STRATEGY AND BUSINESS MODEL (CONTINUED)

STRATEGY	ACHIEVEMENTS	OPPORTUNITIES	RISKS
GEOGRAPHIC DIVERSIFICATION AND ACQUISITIONS To develop win-win strategic partnerships with leading financial services organisations to complement our growing capabilities and serve Mauritius and the dynamic Africa & Asia trade and investment corridor.	AsiaBridge as new shareholder on board. AfrAsia Corporate Finance as a Johannesburg Stock Exchange approved sponsor. AfrAsia Kingdom Zimbabwe Limited rebranded as AfrAsia Bank Limited (Zimbabwe) Limited in September 2013 (Event after Balance Sheet date).	Sharpening our focus into other markets namely Kenya, Mozambique, Tanzania and Uganda as well as European markets such as London and Switzerland.	Political instability in Africa. The perception of Zimbabwe to investors. Different economic and social environments impact on credit and currency risks.
'BANK DIFFERENT' AS COMMERCIAL FOCUS To position AfrAsia Bank Limited as a boutique bank with the ability to tailor innovative banking solutions for both local and international markets. To always uphold and deliver on the brand promise – 'Bank Different'.	AfrAsia continues to reinforce its multi-channel approach as one of the strategic drivers: Creating 2 microsites - AfrAsia World MasterCard and the Annual Report. Launching one mobile application for iOS and Android users for our Annual Report 2012 to keep pace with best Investor Relations practices. Improve user-experience on our website, upgrades of our online banking and using social networks to disseminate information. Launched 7 unique investment products and 1 new credit card on the market. Key Sponsorships, Branding and Advertisements to support our respective business lines.	Developing mobile applications and revamping the website to international standards with easy navigation and user-friendly features, adapting to customer needs in this digital era. Developing new products and financial services that create value for customers and respond to their needs, including the creation of a unique loyalty programme providing greater comfort and advantages. Looking for sponsorships that are essential in building the brand and creating relevance in markets where AfrAsia Group operates.	Reputational risks. Assessment of product risks and KYC.

STRATEGY	ACHIEVEMENTS	OPPORTUNITIES	RISKS
INVESTING IN OUR PEOPLE To become the most preferred employer for the financial sector in the region by 2015.	Continue to provide opportunities for growth within the organisation; more than 8 employees promoted this year. Ensure employees at all levels proactively manage personal development plans and have access to training opportunities. Offer rewards that attract and retain talent. Ensure we remain competitive through participation in 1 remuneration survey in Financial Year 2012-2013. Quarterly roadshows to staff. Continue to promote health & safety at the workplace through events & awareness sessions. The number of employees trained in First Aid increased from 2 to 6. Develop policies and working practices that align to our culture. Achieved through the introduction of flexible working schedules, Work From Home policy & Time Off In Lieu (TOIL). More than 50% employees involvement in CSR.	Investigate e-learning platforms & the development of an in-house learning centre to reinforce culture of continued learning and growth. Improve our on-boarding process to ensure our 'Bank Different' culture remains undiluted as we grow both locally & internationally. The combination of high growth potential with a team of talented staff.	Labour market in downturn, resulting in low attrition rate; providing a false sense of security. New larger competitors entering the market could result in loss of our talent. Ability to continue to provide career opportunities when compared to some of our competitors. An excess in the supply of fresh graduates, but skills gaps are evident in the market.

MAURITIUS

- The Bank was founded in 2007
- Headquartered in Port Louis
- Market leading position in its core business lines: Private Banking & Wealth Management, Global Business, Corporate & Investment Banking, Treasury
- Works with its leading asset management arm, AXYS Capital Management Ltd

SOUTH AFRICA REPRESENTATIVE OFFICES

- Launched in February 2010
- Located in Cape Town and Johannesburg
- Core international products and services: Corporate Banking & Investment Banking, Investment Banking solutions, Private Banking & Wealth Management and Treasury structured through Mauritius

OPERATIONAL FOOTPRINT

We have built a solid regional platform of local and international relevance, with diversified revenue streams and geographical diversity.

AFRASIA CORPORATE FINANCE (PTY) LTD

- A joint venture between AfrAsia Bank Limited and the management team of ACF
- Owned a 50% stake in ACF since December 2011
- Located in Cape Town, Johannesburg, Zimbabwe and Port Louis
- Core offerings: Merger & Acquisition Advisory, Project Finance Advisory, Restructuring Advice and Strategic Advice
- Approved by the Johannesburg Stock Exchange to provide sponsor services for companies

ZIMBABWE

- AfrAsia owns 35% of Kingdom Bank in January 2012 and rebranded as AfrAsia Kingdom Zimbabwe Limited
- Subsidiaries include: Kingdom Bank Limited, Kingdom Asset Management, MicroKing Finance
- Core Business lines: Personal, SME and Business, Corporate
- Rebranded into AfrAsia Zimbabwe Holdings Limited in September 2013 due to a restructuring and recapitalization exercise

STRATEGIC PARTNERS

GML [30%]

AfrAsia Bank Limited has strong strategic Mauritian and international shareholders to pursue its growth regionally and exceed clients' expectations.

Our anchor shareholder is GML, the largest conglomerate in Mauritius. GML exists since 1939 and is today a well diversified group with strategic stakes in companies operating in the main pillars of the Mauritian economy: sugar and diversification, commerce and industry, financial services, talent sourcing, printing, offshore, hospitality, real estate, clinical and pre-clinical research. The Group employs over 15,000 persons with turnover, in 2012, near MUR 27,6bn and asset size at MUR 57,1bn. GML is ranked first in the Top 100 companies in Mauritius since three years and third in the Indian Ocean.

INTRASIA CAPITAL [12%]

Intrasia Capital is an investment, development and boutique private equity firm based in Singapore with additional offices in Mauritius and Australia. Intrasia Capital is primarily focused on investing in and developing high growth international public and private companies in the energy and resources, real estate, financial services and agricultural sectors. The Company is the second largest shareholder of the Bank and provides guidance and support to our international expansion.

SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA COOPERATION ECONOMIQUE S.A (PROPARCO) [9%]

Société de Promotion et de Participation pour la Coopération Economique S.A (PROPARCO) is a development finance institution jointly held by Agence Française de Développement (AFD) and public and private shareholders from the North and South.

The company has a mandate to galvanize private investment in emerging and developing countries with the aim of supporting growth, sustainable development and the achievement of the Millennium Development Goals (MDGs). PROPARCO finances investments that are economically viable, socially equitable, environmentally sustainable and financially profitable. It tailors its sectoral strategy to the level of development of each country and focuses on productive sectors, financial systems, infrastructure and private equity investment. PROPARCO invests in a vast geographical area that encompasses both the major emerging countries and the poorest countries, particularly in Africa. The company has extremely high requirements in terms of social and environmental responsibility.

ASIABRIDGE FUND I, LLC [8%]

Asiabridge Fund I, LLC is a private equity fund incorporated in Mauritius. The Fund was set up in 2007 to provide growth capital for companies with good quality management teams in Asia across multiple sectors, with a preference for financial services. In addition to offering capital, the fund looks for opportunities where they can add value to the portfolio companies by leveraging the technical and domain expertise and network of their fund manager. The founding investors of Asiabridge are blue chip institutions from Asia and Europe with a cumulative market capitalisation of around USD 100 billion and with operations in more than 25 countries. The Fund typically invests for the long term.

CORPORATE PROFILE AND OVERVIEW (CONTINUED)

OUR KEY RELATIONSHIPS

An overview of our prime stakeholders, how we engage with them and the general nature of their expectations, is provided in the table below:

STAKEHOLDER GROUP	HOW WE ENGAGE WITH OUR STAKEHOLDERS	THEIR CONTRIBUTION TO VALUE CREATION	WHAT OUR STAKEHOLDERS EXPECT FROM US	WHAT CONCERNS OUR STAKEHOLDERS
EMPLOYEES AND MANAGEMENT	• Internal newsletters and posters • CEO Roadshows • Executive Committees - Regular updates via emails	• Employees form the foundation of our business and deliver the productivity, innovation and integrity necessary for the Bank to succeed	• Providing a safe, stimulating and rewarding work environment, which offers opportunities for personal and career development	• Health and safety performance • Ongoing training programmes and education • Open communication between employees and Heads of Department • Provision of competitive remuneration and benefits packages • Access to counselling and employee wellness programmes • AfrAsia's brand name and success
SHAREHOLDERS AND INVESTORS	• Regular presentations and roadshows • External newsletters • Integrated reports • Media releases and published results - Board Meetings - Annual General Meetings - Webpage dedicated to Investor Relations	• Investors provide the financial capital necessary to sustain growth	• Providing sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices	• Delivering sustainable returns • Leadership and strategic direction • Corporate governance and ethics • Progress with project pipelines, business plans and future growth projects • Capital expenditure for current and future periods
GOVERNMENT REGULATORY AUTHORITIES	• Meetings and workgroups • Written communication • Filing of returns with regulators • Onsite and offsite supervision by the regulators	• The Bank is granted a banking license by the regulator and is only allowed to engage in business activities specified in the licence	• Providing banking services in a transparent, compliant and responsible way	• Compliance with acts and regulations • Transparency and disclosure of relevant information • The bank's duty of confidentiality • Appropriate Customer Due Diligence and KYC • Internal control

STAKEHOLDER GROUP	HOW WE ENGAGE WITH OUR STAKEHOLDERS	THEIR CONTRIBUTION TO VALUE CREATION	WHAT OUR STAKEHOLDERS EXPECT FROM US	WHAT CONCERNS OUR STAKEHOLDERS
GOVERNMENT REGULATORY AUTHORITIES (CONTINUED)				• Good risk management • Composition and duties of Board of Directors and senior management
CUSTOMERS	• Customer meetings and site visits • Conferences / Seminars • Business association meetings	• Customers provide the basis for continued growth	• Listening and providing innovative, tailor-made and premium products and services that suit their financial aspirations	• Quality of our banking suite of products and services • Solidity and stability of the Bank
SUPPLIES AND SERVICES	• Supplier meetings and site visits • Supplier and services providers performance level agreements • Business association meetings	• Our suppliers are selected very carefully and they supply valued products and services that support our growth	• Providing joint growth opportunities in a responsive and mutually respectful manner, with timely payment and favourable contract terms	• Ensuring long term support with firms that have a respectable financial background • Health and Safety: Necessary policies are in place in addition to having a Health and Safety officer to look after the legal compliance for Health and Safety. • Preferential procurements depending on the uniqueness of the supplies and in time deliveries

CORPORATE PROFILE AND OVERVIEW (CONTINUED)

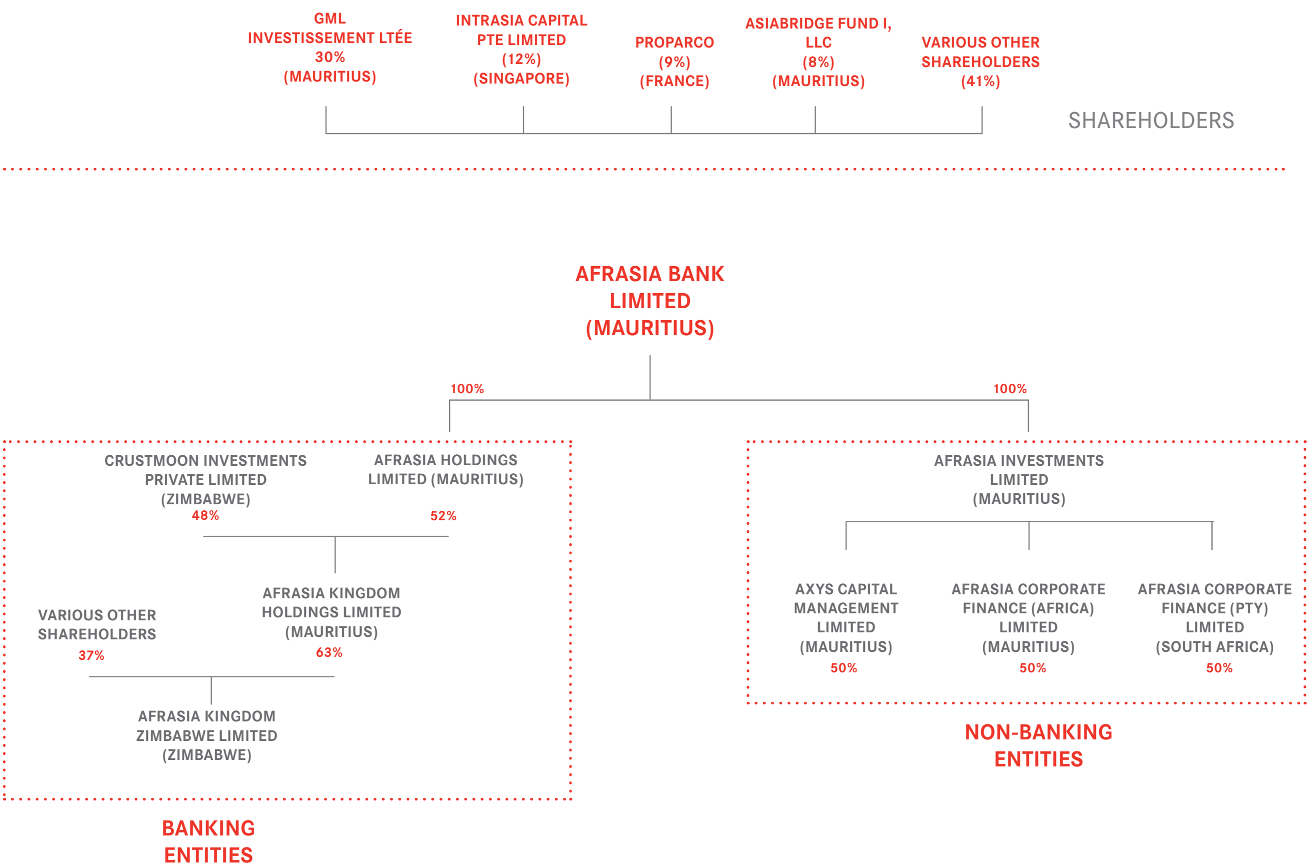
LICENCES

AfrAsia Bank Limited holds a Banking Licence to conduct banking business in Mauritius issued by the Bank of Mauritius under Section 7 of the Banking Act 2004 since 29 August 2007. The Bank and its Group Entities have also been granted the following licences:

LEGAL ENTITY	DOMICILED	REGULATORY OVERSIGHT
AfrAsia Bank Limited	Mauritius (Domestic)	Bank of Mauritius, Financial Services Commission
AfrAsia Holdings Limited	Mauritius(GBL1)	Bank of Mauritius, Financial Services Commission
AfrAsia Kingdom Holdings Limited	Mauritius(GBL1)	Bank of Mauritius, Financial Services Commission
AfrAsia Kingdom Zimbabwe Limited	Zimbabwe	Reserve Bank of Zimbabwe
AfrAsia Investments Limited	Mauritius (Domestic)	Financial Services Commission
AfrAsia Corporate Finance (Pty) Limited	South Africa	South African Reserve Bank, Financial Services Board (FSB-South Africa)
AfrAsia Corporate Finance (Africa) Limited	Mauritius(GBL1)	Financial Services Commission
Axys Capital Management Limited	Mauritius (Domestic)	Financial Services Commission

The Bank of Mauritius has also granted the Bank the status of Primary Dealer to deal in government securities. Moreover, AfrAsia Bank Limited is an Integrated Trading and Clearing member of the Global Board of Trade (GBOT) exchange.

AFRASIA GROUP STRUCTURE



EVENTS AFTER REPORTING DATE

AfrAsia Kingdom Zimbabwe Limited (AKZL) has been rebranded as AfrAsia Zimbabwe Holdings Limited in September 2013 due to a restructuring and recapitalisation exercise. The provision of additional liquidity support to AKZL and Kingdom Bank Limited has been provided with a USD 20m rights issue to be led by AfrAsia Bank Limited. The rebranding of AfrAsia Kingdom Zimbabwe Limited as “AfrAsia Zimbabwe Holdings Ltd”; Kingdom Bank Ltd as “AfrAsia Bank (Zimbabwe) Ltd”; and Kingdom Asset Management (Pvt) Ltd as “AfrAsia Capital Management (Pvt) Ltd”.

ACCOLADES

Clients have always been a touchstone for AfrAsia Bank Limited. A strong commitment to excellence and client satisfaction is what drives us. Our wealth of experience, together with a loyal clientele has brought a string of accolades.

These awards are evidence of our pledge to providing superior service on a global scale. They rightly expound the value of our focused business model and tailored financial solutions, through an open architecture platform and, most importantly, the unremitting commitment to our clients which is the cornerstone of our private banking philosophy.

BEST BANK IN
SOUTHERN AFRICA 2013
(AFRICAN BANKER)

BEST LOCAL PRIVATE BANK IN
MAURITIUS 2013 (EUROMONEY)

ONLINE REPORTING AWARD 2013
(PRICEWATERHOUSECOOPERS
MAURITIUS)

BEST LOCAL
PRIVATE BANK 2012
(EUROMONEY)

BEST PRIVATE BANK FOR
SUPER AFFLUENT IN
MAURITIUS 2012
(EUROMONEY)

BEST PRIVATE BANK
IN MAURITIUS 2011
(EUROMONEY)

MOST INNOVATIVE BANK IN MAURITIUS 2008 (WORLD FINANCE)

QUALITY RECOGNITION FOR ACHIEVING HIGH STRAIGHT THROUGH PROCESSING RATE FOR PAYMENTS AND TRANSFERS 2010 (CITI BANK)

LISTED AMONG TOP 200 AFRICAN BANKS 2013
(THE AFRICA REPORT)
175TH IN AFRICA

LISTED AMONG TOP 300 AFRICAN BANKS 2012
(THE BANKER)
175TH IN AFRICA

HIGHEST CAMEL RATING 2+ IN MAURITIUS
AS AT DECEMBER 2012
(BANK OF MAURITIUS)

CENTRAL BANK DISTRICT
JOHANNESBURG

FOLLOW EFFECTIVE ACTION
WITH QUIET REFLECTION
FROM THE QUIET REFLECTION
WILL COME EVEN MORE EFFECTIVE ACTION

- PETER F. DRUCKER -

CHAIRMAN'S REVIEW

AFRICA CONTINUED TO ROAR DURING THE YEAR, AND AFRASIA BANK LIMITED KEEPS ON MAPPING OUT INVESTMENTS STRATEGIES AND FOCUSING ON KEY PARTNERSHIPS TO EXPLORE FURTHER THE COMPELLING OPPORTUNITIES OF AFRICA.

TO ALL,

This marks the 6th financial year end for AfrAsia Bank Limited which has seen the Bank grow from a complete start up to Top 200 rank, multiple award winning bank in Africa.

Trust from our customers has remained strong and total assets of the Bank now exceed USD 1bn. The increase in NPAT by 68% to MUR 302m was the financial result but just as important were the numerous new customer relationships that enjoy the bank difference vibrancy and responsiveness.

We also thank our continued and new shareholders for their vision and belief and my fellow Directors for their tireless work in what is becoming an ever-increasingly highly regulated industry. Such regulation however has contributed to our financial services industry remaining strong yet vibrant in Mauritius. Weaving all that together are the executive team and staff, and I proudly note their excellent efforts and success.

STRATEGIC AND ECONOMIC OVERVIEW

The core Mauritius economy in which half of the Bank's business is generated and from which we base the Group headquarters, has experienced much softer growth than expected. The strong or weak currency and repo rate debates would have benefitted from clearer fiscal and monetary policies that need to be better joined up and from plans better executed. With faster building out of core infrastructure such as roads, faster issuance of various regulatory permits, and increased air access to the island, which remains a fundamental bottleneck despite a brand new remarkable airport. The Bank remains an important domestic lender and within its niche can still grow strongly, but credit quality will remain key while sub-par GDP growth rates of 3 to 4 percent remain and keep many businesses under pressure. A close working relationship with GML, the number one Group in Mauritius and which remains the anchor shareholder of the Bank, continues to provide the Bank with numerous advantages and market insight.

India became a main concern again, this time not so much for the DTAA and related issues, but for the sharp decline in macro economic conditions and a weakening currency. The Bank has a deliberate strategy to contain Indian exposure limits which is largely to counterparty banks or top corporates. There were no provisions on the India loan book during the year which has been performing despite the experience of other local lenders. A thorough review of the book with key Directors and shareholders was undertaken by the executive team.

Africa continued to roar during the year and despite commodities prices slowdowns, there is widespread, sustained growth across numerous industries. Despite the need for various restructuring efforts for our operations in Zimbabwe, the Bank has rapidly and satisfactorily grown its various businesses and partnerships there with great success. We will continue to do so and the Board and key shareholders had a Strategic Planning meeting during the year to map out the criteria for further investments and strategies in Africa across all business lines.

CORPORATE GOVERNANCE

GML as the anchor shareholder of AfrAsia Bank Limited, wishes to lead the market for good governance and is an early adopter of best practice. The Bank is expected to follow suit. The Bank was short-listed for many reporting awards in the PWC Corporate Reporting Awards and indeed won for Best On-Line Reporting in 2013 which provides investors and customers a deep dive into the Bank's business lines.

Similarly, in this year's Annual Report we have implemented many of the key Integrated Reporting concepts with a view to having a full IR for next year. Our Statement of Corporate Governance also details Executive Director compensation as required by National Committee on Corporate Governance (NCCG).

Throughout the year, the Bank maintained a strong CAMEL rating from Bank of Mauritius of which Management and Board performance is considered. At reporting date, the Bank's rating of 2+ is the strongest of all competitors, domestic headquartered or international.

A comprehensive Board Evaluation process is also now in place and the first report shows an effective and efficient Board.

The Board composition remained during the year with the addition of Kevindra Teeroovengadum as a new Independent Director and the resignation of Thierry Lagesse as Director. The Bank is also in the midst of a new corporate restructuring to put in place a Holding Company with two Intermediate Banking and Non-Banking holding companies through which all the operating entities, such as the Bank, will be owned and managed. This is to meet various regulatory needs to firewall bank depositors from risks in other business lines and it will also allow the shareholders to raise capital in more diverse ways to meet the investment objectives for the entities. This is detailed in later sections of the report and is expected to be completed by the date of the AGM.

Lastly, the Bank agreed during the year to exercise the option it has to take a full 100% stake in AXYS Capital Management Ltd and which will be done and rebranded as AfrAsia Capital Management Ltd by December 2013. A similar decision has been taken with AfrAsia Corporate Finance. We would like to place on record our successful partnerships with both business and their key executives who will stay to run those businesses.

CAPITAL STRUCTURE

The Bank was pleased to welcome Asiabridge Fund I, LLC to enter the capital structure with a MUR 295m Tier 1 equity stake. Asiabridge is founded and run by experienced international bankers that bring real insight to the Bank and they will soon have a seat on the Board. The Bank further issued additional Tier 2 debt of MUR 305m and the Bank now has a broad base of investors and instruments to raise capital which bodes well for the new Holding Company restructuring. Capital Adequacy at Bank level was 12.45% and at Group was 11%, both strong results. The Directors have declared a dividend of MUR 1,50 per share to reflect this performance and ensure all providers of capital are regularly rewarded.

The sustainable success of the Bank lies in the commitment of its stakeholders to work passionately, as a team, to reinvent our way of doing business. This is what has made the difference this year again, and I wish to express my great appreciation to them all, particularly to our Chief Executive Officer and the management team for their valuable contribution which allowed us to deliver this excellent performance.

Arnaud Lagesse
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE

With customers in over 95 countries now and several new awards of recognition, the Bank has developed into a powerful boutique corporate and private bank with corporate finance, asset management, trade finance and global custody capabilities. The various parts of this Report, especially the Management Discussion & Analysis, Strategy & Business model provide deep insights into how we drive the business. I therefore focus on some key developments not related to specific business lines but rather speak to the complete essence of AfrAsia 'bank different'.

LIQUIDITY

Of particular note, our deposit growth reached MUR 27,2bn and will soon surpass MUR 30,5bn or USD 1bn - a real milestone for a bank that did not exist 6 years ago. We have now achieved a level playing field with the strongest domestic and global competitors and our ability to attract deposits is strong.

Customers look for a committed bank, with strong treasury, payments and trade capabilities to reward with their deposit business and we have made strong inroads this year. Our strong brand and reputation for execution allow us to attract deposits at market competitive rates. We have made several top executive hires in Treasury from leading global banks to further drive this business and they are delivering strong volumes and innovation.

We are mindful that rewarding customers with good rates comes at a cost. We have therefore developed a strategic high yield bond portfolio and other money market placement strategies with global banks. We have also developed several attractive investment products within AXYS Capital Management Ltd.

We are committed to maintain the best liquidity ratio in the market as this is a key advantage of Mauritius as an international financial centre for corporate, private clients and other banking and financial services intermediaries.

CREDIT

Credit conditions around the globe remain fragile and we retained a conservative Loan to Deposit Ratio of 51%. If we factored in some bond issues we participated in, the ratio would be slightly higher. We have a steady pipeline of lending which gives us plenty of room for opportunistic growth.

Indeed on the domestic market we now serve 85% of the Top 100 companies and have used our strong capital adequacy and liquidity to deepen relationships for the long term. We have become an employer of choice and have taken on board several new key relationship hires reflecting our views that Mauritius is becoming THE NEXT international financial services and business hub and that will provide strong underpinnings of growth locally.

Internationally, we have built up our teams. We have hired a Regional Head of Corporate Banking for Africa based in Johannesburg with further support staff. That team works with our Mauritius operations, our SA Corporate Finance teams and our Zimbabwe bank and other local banks to develop quality African lending. We are deepening our expertise to allow us to take on more assets and grow interest income.

THE AFRICAN LIONS ARE CONTINUOUSLY ON THE MOVE. WITH OUR STRATEGIC PRESENCE IN MAURITIUS, SOUTH AFRICA AND ZIMBABWE AS WELL AS OUR TRADE SHOWS FROM EUROPE, ACROSS AFRICA AND ASIA, AFRASIA BANK LIMITED IS BUILDING A MAJOR REGIONAL BANKING AND CAPITAL MARKETS PLATFORM TO PARTICIPATE IN THE AFRICAN GROWTH STORY.

Furthermore, AfrAsia Corporate Finance continues to expand funds under management in our AfrAsia Special Opportunities Fund which provides short term, secured working capital to regional companies. Further credit/mezzanine funds are planned with the expanded team. This is potentially a very high growth area.

During the year we had separate African and Indian credit strategy papers developed which provide the framework for our credit appetite.

MARKETING AND BRANDING

We are as active as any domestic or international bank in the market as can be seen in 'The AfrAsia Difference' section of this report. We participate in numerous government and industry trade shows from London to Europe to Asia and all across Africa. Locally, we support the AfrAsia Golf Masters Anahita at Four Seasons, the Rugby Union of Mauritius, AfrAsia World of Art at our Gallery and many others.

The sum of this activity and great customer acceptance has allowed us to win further Euromoney awards as 'Best Local Private Bank'; 'Best Bank in Southern Africa' from African Banker Magazine and the 'Best Private Bank in Mauritius' from The Banker/Financial Times.

We will continue to spend nearly USD 2m for the next year to build these brands. With the consolidation of our operations at AXYS Capital, AfrAsia Corporate Finance and AfrAsia Kingdom Zimbabwe Ltd we have a unique chance to build the brand more completely this year.

OPERATIONS AND HUMAN RESOURCES

Business has expanded greatly and with that the need for good operations and human resources collaboration. We have made new hires in both SA representative office and SA Corporate Finance teams. However, these teams need to have "Chinese walls" and we have therefore taken separate space to host them in Johannesburg.

We decided to exercise our rights in AfrAsia Corporate Finance and AXYS Capital Management this year. These have been strong businesses for several years now and by consolidating them we will be able to scale them up and show the results more transparently. These two units will also launch a series of alternative investment funds next year and form the back bone of our capital markets, non-banking intermediate holding company. We are making several executive hires in both teams for that.

A key challenge for the year was the March flood and our handling of that is outlined in the Risk section. We have always had a disaster recovery site and this year it was put to the test and delivered. That said we are taking the opportunity to build a robust and complete business continuity capability along with marketing and executive space at Ebene. This will be completed by early 2014.

We have made a senior executive hire at Operations level along with others to build a robust delivery capability both here and in our other operations and investments for which we are increasingly providing centralised support.

The Zimbabwe investment has now been restructured and has taken considerable management time and the share of losses from that during the year were partly due to restructuring costs. We have fresh plans in place and look forward to a turnaround this year.

THE BOTTOM LINE

We continue to invest heavily in people, premises and products while the industry is generally consolidating. This bears some risk in the medium term if growth rates in the region soften. However, with our niche focus and the unique role of Mauritius as a financial centre, we believe we are building a major regional banking and capital markets platform which will perform well even if market conditions are subdued.

James Benoit
Chief Executive Officer

OUR ACHIEVEMENTS IN 2012 & 2013

- SHARPEN FOCUS INTO AFRICA
- BUILD FINANCIAL STRENGTH
- IMPROVE PERFORMANCE

MABONENG PRECINT
JOHANNESBURG

DO NOT FOLLOW WHERE THE PATH MAY LEAD. GO INSTEAD WHERE THERE IS NO PATH AND LEAVE A TRAIL

- RALPH WALDO EMERSON -

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

(INCLUDING OTHER STATUTORY DISCLOSURES AS PER SECTION 221 CA 2001)

STATEMENT OF COMPLIANCE

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

AfrAsia Bank Limited and its Group Entities
Year ended 30 June 2013

We, the Directors of AfrAsia Bank Limited, confirm that to the best of our knowledge that AfrAsia Bank Limited and its Group Entities have complied with all of its obligations and requirements under the Code of Corporate Governance.

Arnaud Lagesse
Chairman

James Benoit
Chief Executive Officer

Kevindra Teeroovengadum
Director

24 September 2013

CORPORATE GOVERNANCE REPORT (CONTINUED)

As a public company incorporated on 12 January 2007 and holder of a Banking Licence issued on 29 August 2007, AfrAsia Bank Limited remains guided by the principles issued by the Mauritius Financial Reporting Council in its "Guidelines on Compliance with the Code of Corporate Governance", by the Bank of Mauritius in its "Guidelines on Corporate Governance" and by the provisions of the Mauritius Companies Act 2001.

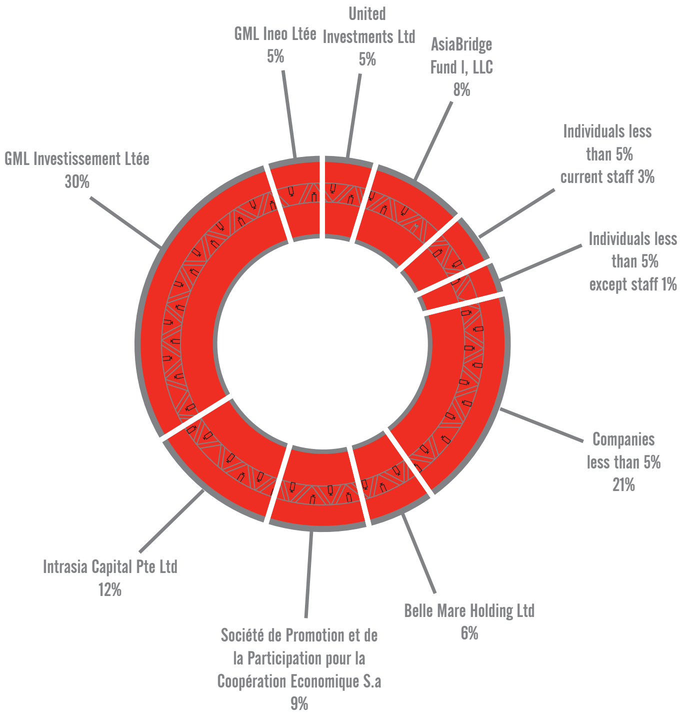
STATEMENT OF AFFAIRS AND REVIEW OF ACTIVITIES

The main activities of AfrAsia Bank Limited are that of lending and deposit taking for Corporate and Private Clients, Treasury Operations, Investment Banking and Wealth Management.

SHAREHOLDING STRUCTURE

AfrAsia Bank Limited has a good mix of local and foreign private institutional investors of reputation renowned across various continents contributing to a strong regulatory capital base of MUR 2,7bn as at 30 June 2013. Conversely, the Bank's aim is to ensure that there is proper and efficient information dissemination to all of its shareholders ensuring rights of minority shareholders are not neglected. We also highlight that approximately 3% of the Bank's shareholding structure is held by current staff of the Bank, a testament to staff involvement and participation in the Bank's growth story.

The shareholding structure as at 30 June 2013 was as follows:



BOARD OF DIRECTORS

The Board of Directors of AfrAsia Bank Limited plays a key role in ensuring that a good level of corporate governance is maintained. Some of the key functions of our Board of Directors include the:

- Determination of the Bank's purpose, strategy and values and providing feedback to management on the implementation of same
- Monitoring and evaluating the implementation of the Bank's strategies, policies and management performance criteria and business plans
- Approving the Bank's risk management policies including the setting of limits by assessing its risk appetite, skills available for managing risk and the risk bearing capacity
- Monitoring the Bank's financial health and performance against budgets set including ensuring that the balance between "CONFORMANCE" and "PERFORMANCE" is

healthy – conformance is linked to the Bank's compliance with various laws, regulations and codes governing it while performance relates to the development of a commensurate enterprise culture that will ensure maximization of shareholders' returns is not detrimental to other stakeholders' interests
- Reviewing and approving senior management's compensation package

POWERS OF THE BOARD

The powers of Directors are set out in the Bank's Constitution and in the Terms of Reference for the Board newly adopted on 19 June 2013. The Board is aware of its responsibility to ensure that the Bank adheres to all relevant legislations such as the Banking Act 2004, the Financial Services Act 2007 and the Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the National Code on Corporate Governance where, for example, the Bank makes full disclosure of the compensation of its Executive Directors as detailed on page 47.

PRIOR APPROVAL OF THE BOARD

As per the Companies Act 2001, the Terms of Reference and the Constitution of the Bank, the decisions requiring prior approval of the Board are set out below:

- Issue of other shares
- Consideration for issue of shares
- Shares not paid for in cash
- Authorisation of Distribution
- Shares in lieu of Dividend
- Shareholder discount
- Purchase of own shares
- Redemption at option of Company
- Restrictions on giving financial assistance
- Change of Registered Office
- Approval of Amalgamation proposal
- Short form Amalgamation

COMPOSITION OF THE BOARD

The constitution of AfrAsia Bank Limited provides for a Board comprising a minimum of five Directors and maximum of twelve Directors. Currently, the Bank has a unitary Board of eleven members with a blend of experienced and well-known Mauritian executives with high calibre international financiers from South Africa, Singapore, Canada and Australia. Furthermore, the eleven members, two of whom are Executive Directors and nine Non-Executive Directors, function independently of management.

The Bank of Mauritius requires a minimum of 40% independent Directors and certain Board Committees, that is, Risk and Audit must all be independent. The Bank of Mauritius also places term limits of 6 years for all Directors, except for executive Directors.

The Board welcomed a new member, Mr Kevindra Teeroovengadum, as Independent Director on 5 December 2012. A complete induction pack was submitted to him and he was given various opportunities to discuss this with the Chief Executive Officer and Corporate Officers to better understand the business.

During the period under review, the Board met on four occasions. Decisions were also taken by way of resolutions in writing, assented and signed by all the Directors.

Moreover, the Bank's Terms of Reference also provide for a clear definition of the Chairman's and Chief Executive Officer's roles and responsibilities.

DIRECTORS

The names of the Directors of the Bank and its subsidiaries during the year ended June 30, 2013 were as follows:

THE COMPANY
AFRASIA BANK LIMITED

Arnaud LAGESSE (Chairman)
Jean-Claude BÉGA
James BENOIT
Brett CHILDS
Jean DE FONDAUMIÈRE
Catherine DVORAK
Thierry LAGESSE (Resigned on 12 August 2013)
Lim Sit Chen LAM PAK NG
Kamben PADAYACHY
Michael John PIKE
Graeme ROBERTSON
Kevindra TEEROOVENGADUM

THE SUBSIDIARIES
AFRASIA INVESTMENTS LIMITED
AFRASIA HOLDINGS LIMITED

James BENOIT
Rouben CHOCALINGUM
Jennifer JEAN-LOUIS
Lim Sit Chen LAM PAK NG
Kamben PADAYACHY
Thierry VALLET

BOARD OF DIRECTORS

ARNAUD LAGESSE

Non-Executive Chairman
Appointed: 12 January 2007 as Non-Executive Director and 13 February 2007 as Chairman
Qualifications: "Maîtrise de Gestion" from the University of Aix-Marseille III, France and is a graduate of "Institut Supérieur de Gestion", France. Also completed an Executive Education Program at INSEAD, Fontainebleau, France and an Advanced Management Program at Harvard University, Boston, USA.

Born in 1968, Arnaud joined GML in 1995 as the Finance and Administrative Director before becoming, in August 2005, its Chief Executive Officer. He also participated in the National Corporate Governance Committee as a member of the Board of Directors' subcommittee. He is a member of the Board of Directors of several of the country's major companies and is also the Chairman of Alteo Limited, IOREC Ltd, LUX Island Resorts Ltd, United Investments Ltd and Ireland Blyth Limited, amongst others. He is an ex-President of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers' Association and the Sugar Industry Pension Fund.

Committees:
Board of Directors (Chairman)
Corporate Governance Committee

JAMES BENOIT

Chief Executive Officer and Executive Director
Appointed: 31 May 2007
Qualifications: Chartered Financial Analyst

James was previously a global management executive with the Hongkong and Shanghai Banking Corporation Group for 16 years in emerging and developing markets in China, Philippines, Hong Kong, the Middle East, Canada and Mauritius. He has developed, implemented and grown leading consumer banking, wealth management, credit card and corporate banking businesses in these regions with proven ability to engage customers, regulators and staff from diverse backgrounds. He is also a co-founder of the local Chapter of the CFA Institute which has won global awards for revitalization under his Presidency. He is a sought-after financial conference speaker and opinion leader published in media channels in South Africa, London, India, UK, Vietnam, Singapore, Philippines and Mauritius.

Committees:
Board of Directors
Risk Committee
Conduct Review Committee
(In Attendance)
Audit Committee (In Attendance)
Corporate Governance Committee
(In Attendance)

BRETT CHILDS

Independent Non-Executive Director
Appointed: 27 January 2010
Qualifications: Chartered Accountant (South Africa)

Prior to moving to Mauritius, where he has been for twelve years, Brett spent fifteen years living in London during which time he was involved in the development of Equitas, the vehicle set up by Lloyds of London to acquire distressed re-insurance contracts from Names. He was one of the first individuals to be approved by Lloyds of London to act as the Chief Finance Officer to corporate capital providers in Lloyds of London. After leaving the re-insurance industry, he helped build a successful venture capital business focused on the IT industry, ultimately culminating in the listing of companies on the London Stock Exchange, Finnish HEX exchange and exiting other investments via trade sales. Brett resides in Mauritius and is executive Chairman of Brait in Mauritius. He also sits on the Boards, in a non-executive capacity, of a number of privately and publicly owned investment businesses.

Committees:
Board of Directors
Audit Committee

JEAN DE FONDAUMIÈRE

Independent Non-Executive Director
Appointed: 12 January 2007
Qualifications: Chartered Accountant (Scotland)

Jean acquired experience in the field of Merchant Banking with Kleinwort Benson in Australia between 1984 and 1991 before joining the Swan Group in 1992. He retired as Chief Executive Officer of the Swan Group in December 2006. He is a Director of a number of companies involved in various economic activities such as finance, tourism, agriculture and commerce in Mauritius and in the region. Several of those companies are listed on the Stock Exchange of Mauritius. He was the Chairman of the Stock Exchange of Mauritius from 2002 to 2006 and is a member of a number of Corporate Governance and Audit Committees.

Committees:
Board of Directors
Audit Committee (Chairman)
Conduct Review Committee

CATHERINE DVORAK

Independent Non-Executive Director
Appointed: 8 February 2011
Qualifications: Chartered Accountant (South Africa)

Catherine, a Mauritian citizen, holds a Bachelor of Accountancy degree from the University of the Witwatersrand, Johannesburg, South Africa and has been a member of the South African Institute of Chartered Accountants since 1992. She then joined the investment banking industry and has held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg. She returned to Mauritius in 2004 to join Investec Bank where she was Head of Banking until June 2010. Catherine is a Fellow Member of the Mauritius Institute of Directors ("MIoD") and is currently working for her own account as a Financial Advisor. She is a non-executive Director of a number of public and private companies in Mauritius.

Committees:
Board of Directors
Audit Committee
Risk Committee
Conduct Review Committee

THIERRY LAGESSE

Non-Executive Director
Appointed: 12 January 2007
Resigned: 12 August 2013
Qualifications: "Maîtrise des Sciences de Gestion" from the University of Paris Dauphine.

Thierry born in 1953, is the founder and Executive Chairman of the Palmar group of companies, a textile and garment manufacturing group, and Parabole Réunion SA, a Direct to Home Satellite TV company in the media and communication fields across the islands of the Indian Ocean. Thierry Lagesse is a director of the following listed companies: Phoenix Beverages Limited, Ireland Blyth Limited, The United Basalt Products Ltd, Mauritius Stationery Manufacturers Limited, Sun Resorts Limited and Alteo Limited.

Committees:
Board of Directors
Corporate Governance Committee
(Resigned 12 August 2013)

BOARD OF DIRECTORS (CONTINUED)

LIM SIT CHEN LAM PAK NG

Independent Non-Executive Director
Appointed: 12 February 2007
Qualifications: MBA degree from the Graduate School of Business of Columbia University, New York, N.Y, USA.

Lim Sit Chen (Maurice) is a Mauritian and Canadian citizen, born in 1947. He is the founding partner of Stewardship Consulting, a strategy consulting firm in Singapore. He serves as a member of the Presidential Investors' Advisory Council of Burkina Faso and Chairman of AXYS Leasing Ltd. Prior to Stewardship Consulting, Maurice was in investment banking, advising multinational companies, government agencies and fund management companies in financial strategy, investment management, treasury and risk management. He has worked in London, New York, Singapore and Tokyo.

Committees:
Board of Directors
Risk Committee
Corporate Governance Committee (Chairman)

KAMBEN PADAYACHY

Executive Director
Appointed: 14 February 2011
Qualifications: Masters degree in Monetary Economics from the University of Paris Dauphine and a post-graduate degree in Banking and Finance.

Kamben is one of the Founding Executives of AfrAsia Bank Limited since its early inception in May 2007. He has over 19 years' experience in banking, having successively worked with BNP Paribas (BNPI), Barclays Bank and Standard Bank prior to joining AfrAsia Bank Limited. He has held senior management roles at both retail and corporate levels throughout his career and has originated investment banking transactions from debt capital markets to structured trade finance. Kamben is the Deputy CEO and Head of Global Banking, Treasury and Markets at AfrAsia Bank Limited.

Committee:
Board of Directors

MICHAEL JOHN PIKE

Independent Non-Executive Director
Appointed: 14 February 2011
Qualifications: ACIB

Michael joined the Hongkong and Shanghai Banking Corporation (HSBC) in 1968 in London. He worked for HSBC for 35 years in eight different countries in Europe, the Far East, the Middle East and South America and has a wide banking experience in Corporate, Retail and Operations. He was the Head of Group Risk for the Mauritius Commercial Bank Ltd from 2005 to 2007.

Committees:
Board of Directors
Risk Committee (Chairman)
Conduct Review Committee (Chairman)

JEAN-CLAUDE BÉGA

Non-Executive Director
Appointed: 28 October 2011
Qualifications: Fellow of the Association of Chartered Certified Accountants

Born in 1963, Jean-Claude was appointed as Alternate Director to J. Cyril Lagesse in June 2007 and as Non-Executive Director in October 2011. He joined GML in 1997 and is presently the Chief Financial Officer of GML Management Ltée. He is also Chairman of Phoenix Beverages Limited and Director of a number of companies including LUX Island Resorts Ltd, Mauritius Stationery Manufacturers Ltd and Alteo Ltd.

Committee:
Board of Directors

GRAEME ROBERTSON

Independent Non-Executive Director
Appointed: 16 August 2011
Qualifications: FAICD (F) - Australian Institute of Company Directors, MAIE (M) Australian Institute of Energy

Born in 1950 and educated in Sydney, Australia, Graeme has lived in Indonesia and South East Asia since 1972 and is a Singapore citizen. He has been responsible for pioneering the development and managing world-class international mining, energy and infrastructure operations. His expertise in the development of significant commercial operations in developing nations has blended well with his humanitarian activities in health improvement and poverty alleviation. He is the Chairman, owner and CEO of Intrasia Capital Pte Ltd, an investment and development group, and also Chairman of listed companies Intra Energy Corporation and Nu Energy Gas Limited with operations in Eastern Africa.

Committee:
Board of Directors

KEVINDRA TEEROOVENGADUM

Independent Non-Executive Director
Appointed: 5 December 2012
Qualifications: BSC Economics, MSC Finance, MBA (University of Leicester)

Kevindra has spent his career working in partnership with African companies to help them build their respective countries. After gaining his MBA and MSc in Finance from Leicester, England, he moved back to Mauritius and worked for KPMG, Deloitte and Ernst & Young in corporate finance and business consultancy before moving to the pan-African advisory and investment banking boutique, Loita Capital Partners Group in Johannesburg. Here he assisted clients in fundraising activities in countries including Angola, Cameroon, Ivory Coast, Ghana, Kenya, Nigeria, Tanzania and Zambia and covering multiple sectors including banking, telecoms, commodities, and logistics. In 2007, Kevindra joined Actis to be part of the Africa Real Estate team as a Director. Actis was one of the first to have a dedicated Private Equity Real Estate Fund focused on developing real estate on the continent.

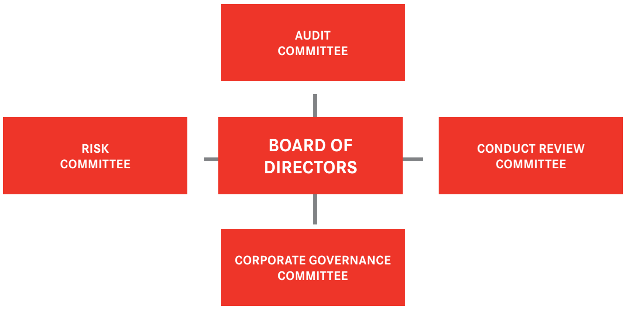
Committee:
Board of Directors

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES

Board Committees are a mechanism for the Board to discharge its powers and duties necessary for managing, directing and supervising the management of the business and affairs of the Bank. AfrAsia Bank Limited has four Board Sub-Committees for more in-depth analysis and review of various issues as may be appropriate. A report is then prepared by each Board Sub-Committee and presented to the Board after each meeting.

AfrAsia Bank Limited Board Sub-Committees include: an Audit Committee, a Conduct Review Committee, a Corporate Governance Committee and a Risk Committee.



AUDIT COMMITTEE

In line with Banking Act 2004, the committee's principal responsibilities are to:

- review the audited financial statements of the Bank before they are approved by the directors
- require management of the Bank to implement and maintain appropriate accounting, internal control and financial disclosure procedures and review, evaluate and approve such procedures
- review such transactions as could adversely affect the sound financial condition of the Bank as the auditors or any officers of the Bank may bring to the attention of the committee or as may otherwise come to its attention
- and appoint auditors

During the year under review, the Audit Committee met four times.

At 30 June 2013, the committee comprised the following three Independent Directors:

- Jean de Fondaumière, Chairman
- Brett Childs
- Catherine Dvorak

Also attending this committee:

- James Benoit, Chief Executive Officer
- Loteswar Fangoo, Head of Compliance
- Bishwajit Mazumder, Head of Group Operations
- Deshmukh-Rao Dhondee, Head of Group Internal Audit

CONDUCT REVIEW COMMITTEE

This committee:

- reviews the Bank's transactions with parties ensuring that the latter is in compliance with all reporting and/or approval procedures of the Bank of Mauritius
- ensures that transactions which could materially affect the financial stability of the Bank are identified at source
- reviews all related party transactions with any shareholder when said dealings are above 2% of Tier 1 capital

The Conduct Review Committee met four times during the year under review.

The three members are:

- Michael Pike, Chairman
- Jean de Fondaumière
- Catherine Dvorak

Also attending this committee:

- James Benoit, Chief Executive Officer
- Joelle Ng Foong Lee, Head of Credit and Risk
- Jean Paul de Chazal, Advisor*

** Jean Paul de Chazal sits on the Conduct Review Committee as advisor and has signed an oath of confidentiality as per the Banking Act 2004.*

CORPORATE GOVERNANCE COMMITTEE

This committee:

- approves the nomination and remuneration of the Directors and Senior Management of the Bank
- reviews and advises on the general remuneration policy of the Bank, compliance with the Guidelines on Corporate Governance issued by the Bank of Mauritius
- reviews the annual corporate social responsibility policies and related budgets
- oversees Compensation, Human Resources and Corporate Social Responsibility issues
- approves all senior Officer contracts when base salary will exceed MUR 1,2m per annum
- requests an annual headcount and budget plan but leaves management to execute and report thereon at regular intervals

The Corporate Governance Committee met four times during the period under review. The two members are:

- Lim Sit Chen Lam Pak Ng, Chairman
- Arnaud Lagesse

Also attending this committee:

- James Benoit, Chief Executive Officer

RISK COMMITTEE

This committee:

- reviews and approves the strategy, policies and practices relating to the management of the Bank's liquidity
- monitors the implementation thereof by putting in place appropriate reporting structures
- approves the Credit and Risk Policy manual and updates which set out the credit granting process and limits for each of the Bank's core business lines
- reviews recommendations from the Management Credit and Risk Committee for credit facilities above its delegated limits;
- approves all operational risk issues and policies of the Bank
- monitors large and impaired credits as well as the overall level of provisioning, that is, overseeing Credit and Risk exposures and approving amounts in excess of the Bank's management team delegated limits

The Risk Committee met four times during the period under review.

The three Independent Director members are:

- Michael Pike, Chairman
- Lim Sit Chen Lam Pak Ng
- Catherine Dvorak

and James Benoit, Chief Executive Officer

Also attending this committee:

- Kamben Padayachy, Deputy CEO, Head of Global Banking, Treasury and Markets
- Jennifer Jean-Louis, Head of Finance and Treasury Back Office
- Joelle Ng Foong Lee, Head of Credit and Risk

ATTENDANCE REPORT

The attendance report of the Directors and Advisor at Board and Committee meetings for the year ended 30 June 2013, as well as their individual remuneration and benefits, are shown below:

	BOARD MEETING	RISK COMMITTEE	CORPORATE GOVERNANCE COMMITTEE	CONDUCT REVIEW COMMITTEE	AUDIT COMMITTEE	REMUNERATION AND BENEFITS
DIRECTORS						MUR
Arnaud Lagesse	4 out of 4		4 out of 4			-
Jean-Claude Béga	4 out of 4					150,000
James Benoit	4 out of 4	4 out of 4	*	*	*	25,226,121
Brett Childs	3 out of 4				4 out of 4	175,000
Catherine Dvorak	3 out of 4	3 out of 4		3 out of 4	4 out of 4	300,000
Jean de Fondaumière	4 out of 4			4 out of 4	4 out of 4	300,000
Thierry Lagesse (resigned on 12 August 2013)	4 out of 4		3 out of 4			200,000
Lim Sit Chen Lam Pak Ng	4 out of 4	4 out of 4	3 out of 4			239,041
Kevindra Teeroovengadum (appointed on 5 December 2012)	2 out of 4					78,493
Michael John Pike	4 out of 4	4 out of 4		4 out of 4		350,000
Kamben Padayachy	4 out of 4	*				13,118,218
Graeme Robertson	3 out of 4					125,000
ADVISOR						
Jean Paul de Chazal				4 out of 4		50,000

* Directors also attend these committees.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD APPRAISAL

The Board of Directors has undergone a performance appraisal exercise during the year. The Directors have evaluated the Board as regards to:

- its function
- the size, composition and independence of the Board
- whether the Board meetings are professional, efficient and well structured
- the role and function of the Chairman
- the role and function of the Board Committees

The results of the performance appraisal exercise were encouraging and the Directors also identified areas that can be improved to enhance the performance of the Board as a whole.

DIRECTORS' REMUNERATION AND BENEFITS

Total remuneration and benefits received, or due and receivable, by the Directors from the Bank and its subsidiaries for the year ended June 30, 2013 were as follows:

	YEAR ENDED 30 JUNE 2013		YEAR ENDED 30 JUNE 2012		YEAR ENDED 30 JUNE 2011	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
	MUR	MUR	MUR	MUR	MUR	MUR
The Bank						
AfrAsia Bank Limited	38,344,339	1,917,534	28,926,872	1,948,631	21,211,093	1,900,616
The Subsidiaries						
AfrAsia Investments Limited	-	-	-	-	-	-
AfrAsia Holdings Limited	-	-	-	-	-	-

The Directors did not derive any remuneration or benefits from Group entities.

DIRECTORS' SERVICE CONTRACTS OF THE BANK AND ITS SUBSIDIARIES

James Benoit has a service contract with the Bank for a period of five years expiring on 3 June 2017 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Rouben Chocalingum, Director of AfrAsia Investments Limited, has a service contract with the Bank for a period of five years expiring on 30 June 2017 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Jennifer Jean-Louis, Director of AfrAsia Investments Limited, has an unexpired service contract with the Bank.

Kamben Padayachy has a service contract with the Bank for a period of five years expiring on 30 June 2017 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Thierry Vallet, Director of AfrAsia Investments Limited, has a service contract with the Bank for a period of five years expiring on 30 June 2017 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

DIRECTORS' SHARE INTEREST

The interests of the Directors in the securities of the Group and the Bank as at 30 June 2013 were:

	YEAR ENDED 30 JUNE 2013		YEAR ENDED 30 JUNE 2012		YEAR ENDED 30 JUNE 2011	
Directors	Ordinary shares held directly	% Shares held indirectly	Ordinary shares held directly	% Shares held indirectly	Ordinary shares held directly	% Shares held indirectly
Arnaud LAGESSE	-	3.08%	-	3.37%	-	3.89%
Jean-Claude BÉGA	-	-	-	-	-	-
James BENOIT	749,270	-	1,063,820	-	1,035,420	-
Brett CHILDS	-	-	-	-	-	-
Jean de FONDAUMIÈRE	-	-	-	-	-	-
Catherine DVORAK	-	-	-	-	-	-
Thierry LAGESSE	-	3.89%	-	4.26%	-	3.39%
Lim Sit Chen LAM PAK NG	-	-	-	-	-	-
Kamben PADAYACHY	598,320	-	648,320	-	648,320	-
Michael John PIKE	-	-	-	-	-	-
Graeme ROBERTSON	-	-	-	-	-	-
Kevindra TEEROOVENGADUM	-	-	-	-	-	-

The Directors do not hold any shares in the subsidiaries of the Bank whether directly or indirectly.

DIVIDENDS POLICY

The Bank's dividends are proposed by the Executive Committee to its Board regarding the amount of dividends payable in line with the provisions of the Banking Act 2004, Companies Act 2001 and the Bank's Constitution. Once the Board is satisfied with the Bank's recommendation along with the solvency tests being met, approval of the Bank of Mauritius can then be sought for distribution of same.

In general, the Bank aims for a 40% payout ratio. It has achieved a satisfactory financial return to again allow that and dividends of MUR 88,068,022, that is, MUR 1,25 per share have been declared and paid during the year under review (2012: MUR 34,560,878, that is, MUR 60 cents per share / 2011: MUR 9,572,363, that is, MUR 20 cents per share).

SHARE OPTION PLANS

Please refer to the note on "Other Reserves" contained on Note 30 of our Annual Report.

GIFTS AND DONATIONS

The Group and the Bank made MUR 271,746 of gifts and donations during the year ended 30 June 2013 (2012: MUR 2,918,961 / 2011: MUR 748,073).

POLITICAL DONATIONS

The Group and the Bank did not make any political donations during the year ended 30 June 2013 (2012: Nil / 2011: Nil).

CORPORATE GOVERNANCE REPORT (CONTINUED)

AUDITORS' REMUNERATION

The fees paid to the auditors for audit and other services were:

	YEAR ENDED 30 JUNE 2013		YEAR ENDED 30 JUNE 2012		YEAR ENDED 30 JUNE 2011	
	Audit	**Others***	**Audit**	**Others***	**Audit**	**Others***
	MUR	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
Ernst & Young						
The Bank						
AfrAsia Bank Limited	1,142,992	75,825	1,556,623	55,000	867,840	62,009
The Subsidiaries						
AfrAsia Investments Limited	140,000	28,750	103,500	28,750	133,000	25,000
AfrAsia Holdings Limited	40,000	13,800	-	-	-	-

* Fees captured under "Others" are principally fees paid to Ernst & Young for taxation services rendered to the Bank and its subsidiaries.

INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

Please refer to the Risk Management Report on Page 64-89.

SENIOR MANAGEMENT TEAM PROFILE

From left to right : THIERRY VALLET, ROUBEN CHOCALINGUM, KAMBEN PADAYACHY (Ben)

JAMES BENOIT

Chief Executive Officer

Please refer to James' profile under the "Board of Directors" section of this report.

THIERRY VALLET

General Manager and Director AfrAsia Private Banking

Thierry started his career as an engineer and worked for companies such as LONRHO, ILLOVO and IBL. In 2000 he went to Paris for his MBA where he specialised in International Finance. His financial career started in 2002 when he worked for Groupe Generali as an Insurance Inspector; in 2005 he returned to Mauritius to join the Mauritius Commercial Bank Limited as Corporate Banker, before leaving in 2007 to join AfrAsia Bank Limited. As one of the Founding Executives, Thierry is responsible for strategic development and currently heads AfrAsia Private Banking.

ROUBEN CHOCALINGUM

General Manager Domestic Banking Relationships and Sales

Rouben started his career with the State Bank of Mauritius in 1992 where he acquired extensive experience in credit and corporate banking before moving to Standard Bank (Mauritius) in 2006 as Senior Relationship Manager. He joined AfrAsia Bank Limited in 2007 as a Founding Executive and with his qualifications in Business Administration, Banking Studies and more than 20 years' experience, he continues to develop our domestic market.

KAMBEN PADAYACHY (Ben)

Deputy CEO, Head of Global Banking, Treasury and Markets

Please refer to Ben's profile under the "Board of Directors" section of this report.

From left to right: BISHWAJIT MAZUMDER, SUNEETA MOTALA, YOGESH GOKOOL

BISHWAJIT MAZUMDER

Head of Group Operations

Bishwajit is a banker of about 30 years' standing and has international exposure working in various capacities. He, in addition to being an accomplished international speaker, has a strong educational background. He is a Chartered Accountant, MBA holder, has a Bachelor of Law as well as many other international certifications. He joined AfrAsia Bank Limited from State Bank of Mauritius Limited where he occupied the post of Head of Operations. Prior to this he held key positions at ING Vysya Bank (India), Central Bank of Oman and IDBI Bank (India).

SUNEETA MOTALA

Head of Marketing and Public Relations

Suneeta brings 20 years of banking experience to her role as Head of Marketing and Public Relations at AfrAsia Bank Limited. She started her career at HSBC in 1994, spanning through several key responsibilities in Sales & Marketing, Credit & Risk, CRM as well as branch operations. Before joining AfrAsia Bank Limited in July 2007, she was Head of Marketing at Mauritius Post Cooperative Bank Limited. Suneeta holds a Pre Associateship from the Chartered Institute of Bankers and an International Certificate for Financial Advisors from the Chartered Insurance Institute.

YOGESH GOKOOL

Head of International Banking, Trusts and Custody

Yogesh joined the Bank in July 2008 as Head of International Banking, Trusts and Custody. He has over 20 years' experience in financial management gained whilst working for International Financial Services Limited, a leading international management company in Mauritius and Deutsche Bank (Mauritius) where he headed the fiduciary services division. Yogesh is a member of the Society of Trust and Estate Practitioners (STEP), the Association of International Wealth Management (AIWM) and the Mauritius Institute of Directors (MIoD).

MAUREEN TREANOR

Head of Human Resources and Change Management

Maureen started her career with Barclays Bank (UK) where she gained experience in the local and African market. Prior to joining the AfrAsia team in June 2010, she was Head of Human Resources for Bramer Banking Corporation (a British American Insurance company). Maureen has more than 20 years of banking experience, is a member of the Mauritius Institute of Directors (MIoD) and has qualifications in Human Resources and Project Management.

DESHMUKH-RAO DHONDEE

Head of Group Internal Audit

Deshmukh-Rao (Vinod) Dhondee has more than 35 years of Banking experience in the Global Business and Domestic Banking environment mostly acquired at middle and senior management level at Hongkong and Shanghai Bank Corporation (HSBC) where he initiated his career. Within this institution, he occupied various managerial positions in the Personal Banking and Corporate divisions, Sub Custody business and in Risk Management functions such as Credit Risk and Recovery, Operational Risk, Compliance and Internal Control. He has also served as director for several HSBC Global business companies.

SOODESH BEEGUN

Head of Information Communication Technology (ICT)

Soodesh holds an MBA (IS) from University of Technology Mauritius, a Certificate in Banking Studies from University of Mauritius, an Oracle DBA and WEB programmer Certificates from NIIT - Mauritius. He started his career at Indian Ocean International Bank Ltd (now SBI Mauritius) in 1987 and has more than 20 years' experience in the Banking/IT sector. In 1994 he moved to F.U.E.L as Assistant Planter's Adviser before returning to the financial industry in 2000 to join SBI Mauritius as Head of IT. In March 2009 Soodesh joined the AfrAsia Bank Limited team as Head of ICT.

JENNIFER JEAN-LOUIS

Head of Finance and Treasury Back Office

Jennifer joined AfrAsia Bank Limited in 2007 as Head of Finance and Treasury Back Office, to oversee the Bank's financial management frameworks incorporating finance, taxation and back office treasury. She has more than 20 years' experience gained locally and internationally in both the industry and public practice. She holds a Masters degree in Applied Finance, is a Fellow of The Institute of Chartered Accountants in England and Wales and a Chartered Tax Adviser.

From left to right: MAUREEN TREANOR, DESHMUKH-RAO DHONDEE, SOODESH BEEGUN, JENNIFER JEAN-LOUIS

CORPORATE GOVERNANCE REPORT (CONTINUED)

DWEJENDRANATH RAMANAH (Jen)
Money Market Executive

Jen's banking career started with the Bank of Mauritius in 1980, where he gained a wide ranging experience culminating as a Senior Dealer in the Financial Markets Department. Prior to joining AfrAsia Bank Limited in September 2007, he worked for the Mauritius Commercial Bank Limited as the Chief Money Market Trader. Jen holds a BSc (Hons) Management and an MBA from the Edinburgh Business School.

LOTESWAR FANGOO (Anil)
Head of Compliance

Anil joined the AfrAsia Bank Limited team in July 2009 as Head of Compliance. His career started with Indian Ocean International Bank Ltd (now SBI Mauritius) in 1990, when he joined the Legal Department before moving on to master both Retail and Corporate Banking. He was headed the Legal and Compliance Department before leaving SBI in 2009. Anil has more than 20 years' experience in Banking with Legal and Credit Recovery being his specialty.

JOELLE NG FOONG LEE
Head of Credit and Risk

Joelle joined AfrAsia Bank Limited in September 2007 to head the Credit & Risk Management department. With more than 18 years of experience in the banking sector, at Hongkong and Shanghai Banking Corporation ("HSBC") in Personal Banking and in Credit & Risk Management departments and at the Mauritius Commercial Bank Limited as Special Assets Manager. Joelle completed the Associate PRM from the Professional Risk Managers International Association (PRMIA) and the International Certificate for Financial Advisers of the Chartered Insurance Institute (CII) after her Banking Studies at the University of Mauritius.

From left to right: DWEJENDRANATH RAMANAH (Jen), LOTESWAR FANGOO (Anil), JOELLE NG FOONG LEE

COLIN GRIEVE

Chief Representative Officer – South Africa Representative Offices

Colin has over 25 years' experience with local and international banks and financial markets in various roles including Head of Treasury, Head of Corporate Banking and General Manager of investments. During his career he has acted as mandated lead arranger in pan-African banking transactions, is the author of a book on investment strategy and is a Master of Commerce graduate from one of South Africa's leading universities.

AFRASIA CORPORATE FINANCE (PTY) LTD

CHARLES PETTIT

Chief Executive

Charles graduated from the University of Cape Town with a First Class Honours degree in Finance and subsequently qualified as a CFA charter holder while working in London for Close Brothers Corporate Finance. At Close Brothers, Charles worked on a wide range of M&A and Restructuring transactions and following his return to South Africa in 2008 established AfrAsia Corporate Finance to focus on the provision of independent advisory services to clients in the SADC region. AfrAsia Corporate Finance now provides a range of advisory, structuring and lending solutions to corporate and financial institution clients across SADC from its offices in Johannesburg, Cape Town, Harare and Mauritius. Charles also serves as a director of Johannesburg Stock Exchange-listed companies Torre Industrial Holdings Ltd and ConvergeNet Holdings Ltd.

AFRASIA BANK (ZIMBABWE) LIMITED

LYNN MUKONOWESHURO
Chief Executive Officer

Lynn holds a Bachelor of Science degree from the University of Zimbabwe, Masters of Business Administration (MBA) from Nottingham Trent University, Euromoney training on Bank Operations and Asset and Liability Management from Riskflow Institute South Africa. Prior to joining Kingdom as the Group Human Resources Director and her appointment as the Group Chief Executive Officer, she worked for TA Holdings Limited, The Coca-Cola Company and IBM covering Central and Southern Africa. She has extensive leadership and management experience, and a global perspective combined with significant international market experience gained from working in leadership positions across the African continent and Indian Ocean Islands.

AFRASIA CAPITAL MANAGEMENT LTD (EFFECTIVE OCTOBER 2013)

SWADICQ NUTHAY
Chief Executive

Swadicq holds an MSc in International Business & Finance from the University of Reading, UK, with specialisation in international financial markets and risk management. He is also holder of a BSc (Hons) in Economics and is an affiliate member of the CFA Institute. Swadicq has more than 15 years' experience as fund manager. He started his career with AXYS in 1998 and was, until September 2013, the Managing Director of Axys Capital Management. Has also worked as a consultant for a risk management consultancy firm in Mauritius and has performed several risk management assignments for parastatal bodies and companies operating in different sectors of the economy. Swadicq joins the AfrAsia Group as Chief Executive of AfrAsia Capital Management Ltd in October 2013.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION PHILOSOPHY

Our strategy is to offer competitive remuneration and compensation packages throughout the Bank; individual rewards are a reflection of overall performance; this has proven to be a proactive way to both reward and retain our talent.

SIGNIFICANT CONTRACTS

Agreement has been entered by the Bank for supply of Core Banking Software "Flexcube Version 12". The software upgrade work is in progress and is scheduled to be completed by January 2014. Another agreement has been entered by the Bank to provide hardware to install the Core Banking upgraded software.

MATERIAL CLAUSES OF CONSTITUTION

There is no clause of the Constitution deemed material enough for special disclosure.

MEETING OF AND RELATIONSHIP WITH SHAREHOLDERS

Please refer to Page 24.

SHAREHOLDERS' CALENDAR

Financial Year End	June
Annual General Meeting of Shareholders	December

PUBLICATION OF FINANCIAL STATEMENTS:

30 September quarter end	November
31 December quarter end	February
31 March quarter end	May

DIVIDENDS:

Declaration	September
Payment	Upon receipt of approval from local regulators

COMPANY SECRETARY

The Bank has outsourced its secretarial functions to IBL Corporate Services Ltd.

ANTI-MONEY LAUNDERING

Please refer to the Risk Management Report on page 64-89.

CODE OF ETHICS

In line with Section 65 of the Bank of Mauritius “Guidelines on Corporate Governance”, the Bank has adopted and published a written Code of Ethics that sets out explicit expectations for decision making and personal behaviour by all Board Members in the performance of their duties. The members of the Board, including ex officio members of the Board, shall at all times abide by and conform to the code of conduct in their capacity as Board Members.

At an employee level, our Conduct and Ethics policy is one of the first policies we share with all new recruits. The policy is reviewed by the Senior Executive team on an annual basis to ensure it not only is compliant, but remains relevant to our day to day activities.

SOCIAL RESPONSIBILITY

The sustainability of our economy and local communities is very much reliant on having access to talented people that have the necessary tools to achieve these long term goals. As an organisation, we understand the pivotal role education has to play in the delivery of economic and social transformation; we are therefore supporting this change through a number of educational and social initiatives that aim to develop the skills and knowledge today’s youth will need to achieve success in tomorrow’s world. This year our investment in Corporate Social Responsibility was in excess of MUR 1,8m.

ENVIRONMENTAL PROTECTION

We maintain our longstanding commitment to environmental protection to bring a deep cultural change in society.
Refer to CSR initiatives on page 118-121.

HEALTH & SAFETY

In line with our commitment to helping our employees remain safe and healthy, we continue to develop initiatives that concentrate on improving the general well-being of our workforce and maintaining a culture of safety.

Health and Wellness

A successful organisation begins with healthy, dynamic people, so we invest in proactive initiatives and support programmes that help our employees adopt healthy lifestyles.

Focus areas of the year: Fruity Fridays which are a real 'hit', awareness on the prevention of occupational diseases, relaxation sessions.

Safety

Our mandate is to make sure that every member of our workforce is safe within working hours and reaches home safe. We invest in specific training, certifications, coaching, mentoring and safe-work activity verification in order to operate incident-free.

Focus areas of the year: Training to become qualified First Aiders and defensive driving techniques.

As an organisation we aim to have a proactive approach to health and safety; as well as ensuring the regular inspections of the work environment, several employees became qualified First Aiders, and others have attended fire awareness sessions. We value the role our office attendants and drivers have in terms of promoting safe practices throughout the organisation. It was for this reason they recently completed a course in defensive driving techniques and will soon become trained in first aid as well as fire safety.

28 April 2013 was International Safety Day with the topic "The prevention of occupational diseases". Recent statistics state that more than 2 million people worldwide die annually from occupational diseases. The Bank organised an event for all employees; attendees benefitted from a lecture by a local health and safety specialist, an office safety demonstration from our in-house Health and Safety Officer and a relaxation session encouraged good posture and gentle stretching exercises in the workplace. The objectives of the event were to increase awareness, provide employees with the opportunity to seek advice and to ultimately reduce the chance of injury or work-related illness in the workplace. Our in-house Health and Safety Officer continues to conduct regular awareness sessions on all aspects of Health and Safety.

RELATED PARTY TRANSACTIONS

Please refer to the note on "Related Party Disclosures" contained on Note 35 of our Annual Report.

IBL CORPORATE SERVICES LTD
COMPANY SECRETARY

24 September 2013

NAIROBI - KILIMANJARO
KENYA

EVERY MOUNTAIN IS
WITHIN REACH
IF YOU JUST KEEP CLIMBING

- BARRY FINLAY (KILIMANJARO AND BEYOND) -

RISK MANAGEMENT REPORT

AfrAsia Bank Limited (the "Bank" or "ABL") ensures that all risks inherent to its business activities are identified and allocated to one of the four primary risks namely, credit, operational, market and liquidity risks and three secondary generic risk categories comprising strategic, business and reputation risk in a systematic manner. This is supported by clearly defined policies, roles and responsibilities which are documented and subject to regular reviews. ABL's pursuit of stringent risk management practices have contributed to:

- a consolidation of the capital base of the Group, predominantly through the organic growth of its core capital
- an improvement in the credit quality of the loan portfolio notably as a result of progress in the measurement and pricing of risks and
- the effective management of funding and liquidity in all currencies while achieving a superior risk-return relationship in spite of competitive business conditions and a challenging economic environment

AFRASIA BANK LIMITED RISK MANAGEMENT STRUCTURE

AfrAsia Bank Limited has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes.

At a strategic level, our risk management objectives are to:

- identify the Bank's significant risks
- formulate the Bank's risk appetite and ensure that business profile and plans are consistent with it
- optimise risk-return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures
- ensure that business growth plans are properly supported by effective risk infrastructure and
- manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions

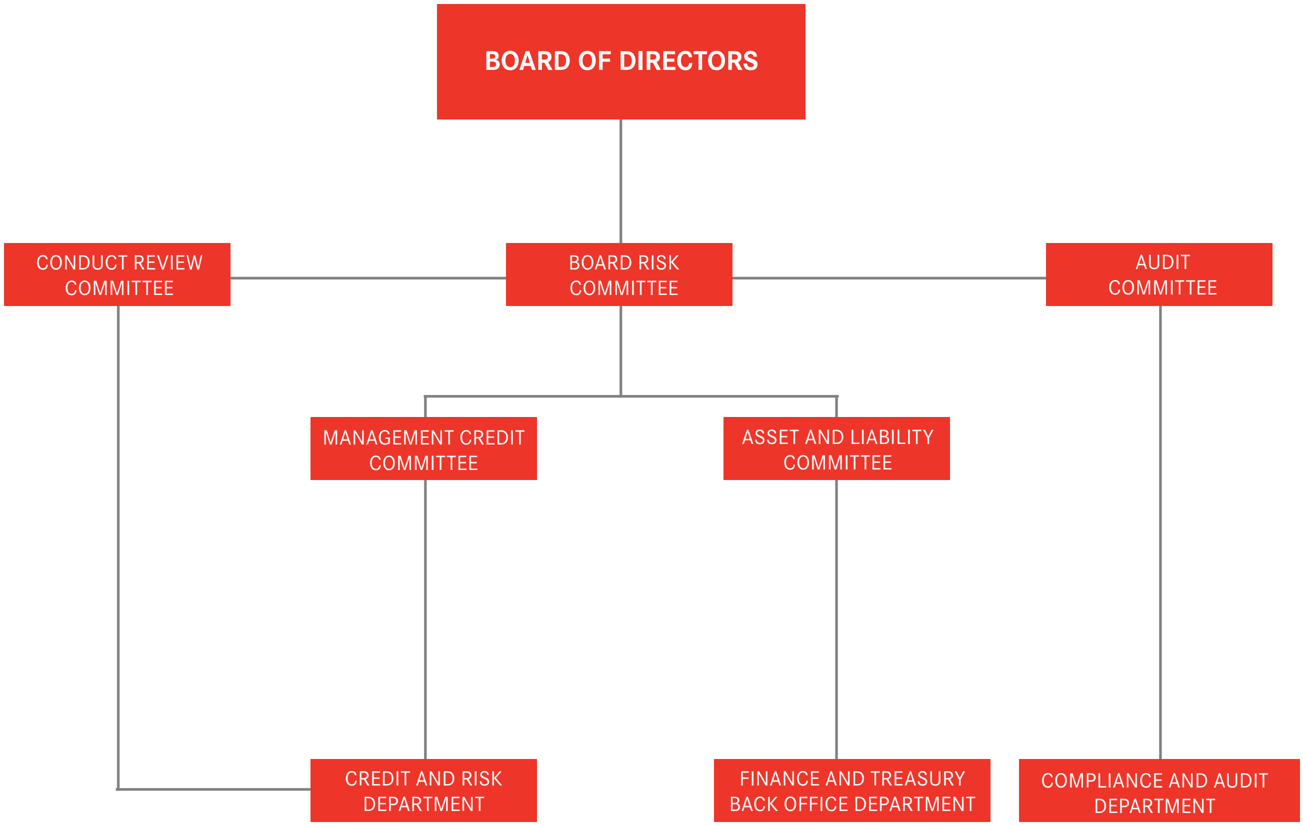
The Bank's approach is to provide direction on:

- understanding the principal risks to achieving the Bank's strategy
- establishing risk appetite
- establishing and communicating the risk management framework

It also has a sound risk management organisational structure as well as comprehensive policies and procedures to identify, measure, monitor and control various risks across the organisation. These risk management policies and procedures are regularly reviewed and modified to reflect changes in markets and business strategies.

RISK MANAGEMENT REPORT (CONTINUED)

The Board has delegated some of its functions to a number of committees and departments as follows:



The Board Risk Committee performs several fundamental functions for the Bank as follows:

- reviews and recommends for Board's approval the Bank's Risk Appetite Framework at least annually
- reviews the alignment of the Bank's strategic plan with the Risk Appetite Framework
- reviews and recommends for Board's approval of the Bank's Credit Risk Strategy at least annually
- approves the delegation of credit limits to management and approves any transactions exceeding those delegated authorities
- as required by regulatory agencies, reviews, monitors and recommends to the Board for approval risk related policies, procedures and standards
- reviews on a quarterly basis management's report on the Bank's lending profile, and discusses with management identified material risks and emerging risk issues and trends
- reviews and approves risk management policies recommended by the Bank's management for identifying, accepting, monitoring, managing and reporting on the significant risks to which the Bank is exposed; as part of such review, satisfies itself with the manner in which material exceptions to such policies are identified, monitored, measured and controlled, as well as the remedial actions required when exceptions are identified
- reviews quarterly reports on the Bank's enterprise-wide risk profile (including credit, market, operational and liquidity risks) including review against its risk appetite
- reviews and approves any other matters required by regulators from time to time
- oversees the risk management function, having regards to its independence by periodically reviewing the results of independent reviews of the risk management function and reporting such results to the Board and overseeing that deficiencies identified related to the risk management function are remedied within an appropriate time frame and reporting to the Board on the progress of necessary corrective actions

The above regular reporting enables the Board of Directors to monitor whether the overall risk policies and authorities are being complied with and whether they meet the Group's needs. In addition, the Board regularly reviews reports analysing the Group's portfolio, including data on industry concentrations.

RISK COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

BOARD RISK COMMITTEE	The Board Risk Committee ("BRC") is made up of three Independent Non-Executive Directors and one Executive Director i.e the Chief Executive Officer. The Independent Directors are experienced risk professionals with extensive experience in emerging markets and Mauritius. The BRC is a consultative as well as an approval panel for facilities exceeding the Management Credit Committee's lending authority as defined in the Credit Risk Policy. In this capacity, the BRC examines and approves large credit applications where global exposures exceed MUR 50m.
AUDIT COMMITTEE	The Audit Committee is composed of the three Non-Executive Directors, who met four times during the year under review. The Audit Committee's principal responsibilities are to ensure that the Bank implements and maintains appropriate accounting, internal control and financial disclosure procedures, evaluating and approving the related procedures. It can also have consultations with both the Bank's internal and external auditor, as required.
CONDUCT REVIEW COMMITTEE	The Conduct Review Committee ("CRC") met four times during the period under review. CRC reviews the Bank's transactions with parties ensuring that the latter are in compliance with all reporting and/or approval procedures of the Bank of Mauritius, all related party transactions with any shareholder when said dealings are above 2% of Tier I capital and ensures that transactions which could materially affect the financial stability of the Bank are identified at source.
MANAGEMENT CREDIT COMMITTEE	The Management Credit Committee ("MCC") assists the Board to formulate, approve and implement loan policies, guidelines and credit practices of the Bank. It is also responsible for the implementation and maintenance of the Bank's credit risk management framework. The MCC reports to the BRC and comprises eight permanent members among whom there are three voting members: the CEO, the Head of Finance & Treasury Back Office and the Head of Credit & Risk. The other five members are "in attendance": The DCEO, Head of Global Banking Treasury & Markets, the General Manager, Head of Domestic Banking Relationships & Sales, the General Manager, Director AfrAsia Private Banking and the Head of Financial Institutions and Structured Finance. The key objective of the MCC is to evaluate, review and sanction credit applications up to and including MUR 50m and those referred by lower mandates or which cannot be sanctioned at lower levels.
ASSET AND LIABILITY COMMITTEE	The Asset and Liability Committee's overall responsibility is to ensure that the Bank's overall asset and liability structure including its liquidity, currency and interest rate risks are managed within limits and targets set by the Board Risk Committee. This committee, which comprises the CEO, the Deputy CEO, Head of Global Banking, Treasury & Markets, the General Manager, Domestic Banking Relationships & Sales, the General Manager and Director AfrAsia Private Banking, the Head of Finance & Treasury Back Office, the Head of Credit & Risk, the Money Market Executive, the Head of International Banking, Trusts and Custody and the Head of Financial Institutions and & Structured Finance, meets at least once a month.

RISK MANAGEMENT REPORT (CONTINUED)

MANAGEMENT OF KEY RISK AREAS

CREDIT RISK MANAGEMENT OVERVIEW

Credit risk is the risk of suffering financial loss should any of the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. Funding is a core activity and the focus continues to be on the development of diversified funding sources and effective risk management. The effective management of risk is fundamental to activities as the Group remains committed to manage the business in a way that is consistent with the agreed risk appetite.

The credit risk that ABL faces arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from trading activities, including debt securities; settlement balances with market counterparties, available-for-sale assets and reverse repurchase loans.

Credit risk management objectives are to:

- maintain a framework of controls to ensure credit risk-taking is based on sound credit risk management principles
- identify, assess and measure credit risk clearly and accurately across the Group and within each separate business, from the level of individual facilities up to the total portfolio
- control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations
- monitor credit risk and adherence to agreed controls
- ensure that risk-reward objectives are met

ORGANISATION AND STRUCTURE

ABL has structured the responsibilities of credit risk management so that decisions are taken as close as possible to the business, whilst ensuring robust review and challenge of performance, risk infrastructure and strategic plans. The credit process of the Bank is governed by the credit risk policy and is segregated in different steps with the intervention of separate functions at various stages of the process.

In designing credit policies and the credit process, due consideration is given to the Bank's commitment to:

- create, monitor and manage credit risk in a manner that complies with the Bank of Mauritius guidelines and the Bank's credit risk policy
- identify credit risk in each investment, loan or other activity of the Bank
- utilize appropriate, accurate and timely tools to measure credit risk
- set acceptable risk parameters

The responsibilities of the credit risk management teams in the businesses include: sanctioning new sources of risk; monitoring risk against limits and other parameters; ensuring all elements of post sanction fulfillment are completed in line with terms of the sanction; maintaining robust systems, data gathering, quality, storage and reporting methods for effective credit risk management; and performing effective turnaround and workout scenarios via dedicated restructuring and recovery teams.

Credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the head of the department entrusted with the higher levels of delegated authority.

An overview of the credit approval process and procedures is depicted below:

CREDIT APPROVAL PROCESS

FRONT OFFICE | **RELATIONSHIP MANAGEMENT** | **CREDIT MANAGEMENT** | **APPROVAL PROCESS**

CSA/CSO	RELATIONSHIP MANAGER	CREDIT MANAGER	CREDIT ADMIN & LEGAL	CREDIT RISK MANAGEMENT	MCC/BRC/CRC
ACCOUNT OPENING; KYC PERFECTION;	OPERATIONAL EVALUATION PROVIDE DETAILS ON BACKGROUND AND DEALS	COLLECT AND REVIEW DATA; CREDIT ANALYSIS AND SUBMISSION OF CREDIT PROPOSAL	VETTING AND ADVICE ON PROPOSED SECURITY STRUCTURE	CREDIT RECOMENDATIONS; INDUSTRY ANALYSIS; COUNTRY ANALYSIS	APPROVAL BY MANAGEMENT CREDIT COMMITTEE OR BOARD RISK COMMITTEE
establishing contact	makes operational evaluation on the credit request	request supporting documents	provide in-depth advice on appropriate security structure	check compliance with authority structure and crp	approved by decision-makers and depending on authority structure
evaluate first customer info	provides details on the deal and rationale for financing	propose facility structuring	vetting of documentation	review documents and facility structure	
customer meeting	provide details on client's background, client base and products base market	obtain information	review of existing securities (and advises)	inspect object	
shareholding structure	highlights the key business risks	completeness and plausibility review		assess credit-related factors linked to lending	
segmental information	review mcib and search report	fin spreading and financial analysis		assess loan to value	
		provides recommendation to rm and to gm (domestic banking or global)		valuate exposure	
				formulate recommendation on the credit request	
				industry/country analysis	

RISK MANAGEMENT REPORT (CONTINUED)

CREDIT RISK

CREDIT POLICIES

The Board of Directors sets the overall credit policies for the Bank and these policies are reviewed on at least an annual basis. The policies that the Directors have established are designed to provide effective internal control within the Bank. Credit facilities are generally granted on the basis of an understanding of customers' individual financial circumstances, cash flows assessments of market conditions and security procedures. The Bank's ongoing monitoring of developments in the customers' financial situation enables it to assess whether the basis for granting the credit facility has changed. This review is done on at least an annual basis. However, changes in regulations and guidelines trigger new reviews. The facilities should match the customers' creditworthiness, capital position and assets to a reasonable degree and customers should be able to substantiate their repayment ability. In order to reduce credit risk, the Bank generally requires collateral that corresponds to the risk for the product segment.

CREDIT RATING

As per Basel II Capital Accord, a Rating System must have 2 dimensions and provide for a separate assessment of borrower and transaction characteristics to provide for a meaningful differentiation of risk. In that respect, over the reporting financial period, the Bank implemented CRISIL Risk Solutions which provide a suite of software that is critical for ensuring compliance with regulatory guidelines, such as Basel II. CRISIL's Risk Assessment Model (RAM) is the largest deployed internal risk rating solution in India. This Model as well as CRISIL Retail Scoring Solution (CRESS) has been implemented at the Bank to assist us in complying with the requirements under the internal ratings-based approach of the Basel II Accord. Both models now facilitate credit risk appraisal of a borrower through a judicious mix of objective and subjective methodologies and act as a comprehensive database for all borrower-specific information. CRISIL's rating grades and description for each grade is as follows:

RATING GRADES	DESCRIPTION	DESCRIPTION
AAA	Investment Grade - Highest safety	Borrowers rated AAA are judged to offer highest safety of timely payment
AA+	Investment Grade - High safety	Borrowers rated AA+ are judged to offer high safety of timely payment
AA	Investment Grade - High safety	Borrowers rated AA are judged to offer high safety of timely payment. They differ in safety from AA+ only marginally
A	Investment Grade - Adequate safety	Borrowers rated A are judged to offer adequate safety of timely payment
BBB	Investment Grade - Moderate safety	Borrowers rated BBB are judged to offer moderate safety of timely payment of interest and principal for the present
BB	Investment Grade - Moderate safety	Borrowers rated BBB are judged to offer moderate safety of timely payment of interest and principal for the present. There is only a marginal defference in the degree of safety provided by borrowers rated BBB
B	Investment Grade - Minimum safety	Borrowers rated B are judged to carry minimum safety of timely payment of interest and principal for the present
CC	Sub-Investment Grade - Inadequate safety	Borrowers rated CC are judged to carry inadequate safety of timely payment
C	Sub-Investment Grade - High risk	Borrowers rated C have a greater susceptibility to default
D	Highly susceptible to Default/ Default	Borrowers rated D are in default or are expected to default on maturity

CREDIT MONITORING

Monitoring Weaknesses In Portfolios

Whilst the basic principles for monitoring weaknesses in corporate and retail exposures are broadly similar, they reflect the differing nature of the assets. As a matter of policy all facilities granted to corporate or wholesale counterparties are subject to a review on, at least, an annual basis, even when they are performing satisfactorily. For those identified and put on watchlist, the files are reviewed at least monthly to ensure prompt actions are taken.

Corporate Portfolios

Corporate accounts that are deemed to contain heightened levels of risk are recorded on the watchlists (WL) comprising two categories graded in line with the perceived severity of the risk attached to the lending, and its probability of default.

These lists are updated monthly and circulated to the relevant recovery manager. Once an account has been placed on WL, the exposure is carefully monitored and, where appropriate, exposure reductions are effected. Should an account become impaired, it will normally, but not necessarily, have passed through each of the two categories, which reflect the need for increasing caution and control. Where an obligor’s financial health gives grounds for concern, it is immediately placed into the appropriate category. While all obligors, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate.

Retail Portfolios

Within the retail portfolios, the approach is consistent with the Bank’s policy of raising a collective impairment allowance as soon as objective evidence of impairment is identified. Retail accounts can be classified according to specified categories of arrears status, which reflects the level of contractual payments which are overdue. The probability of default increases with the number of contractual payments missed, thus raising the associated impairment requirement. Once a loan has passed through a prescribed number of statuses and downgrades, it will enter recovery status where the file shall be classified and monitored by the recovery unit.

RISK MANAGEMENT REPORT (CONTINUED)

ASSET CREDIT QUALITY

All loans and advances are categorised as either neither past due nor impaired; past due but not impaired; or impaired, which includes restructured loans.

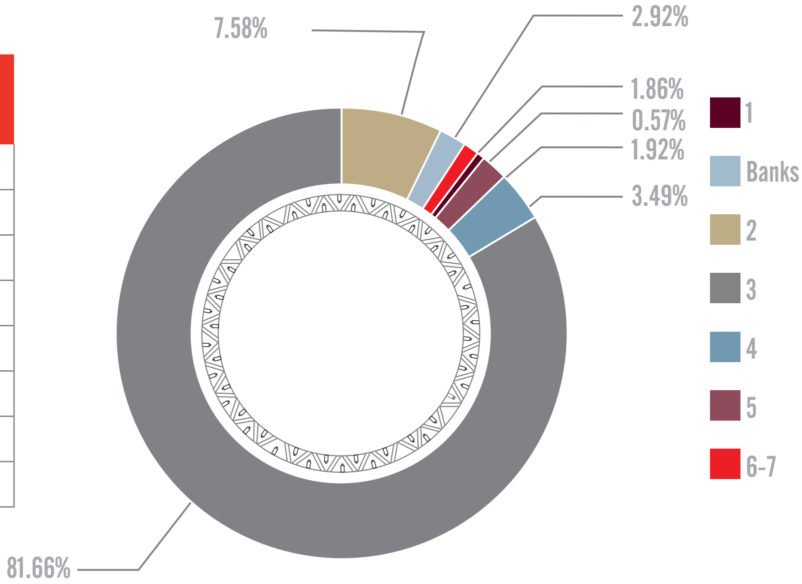
A loan is considered past due when the borrower has failed to make a payment when due under the terms of the loan contract.

The impairment allowance includes allowances against financial assets that have been individually impaired and those that are subject to collective impairment.

Loans neither past due nor impaired consist predominantly of loans that are performing.

In carrying out credit transactions, AfrAsia Bank Limited strives not only to improve its volume growth, but also keeps in mind the quality of its loan portfolio.

FACILITY GRADE (INTERNAL RISK RATING)	GRADING DEFINITION	%
1	Superior	1.86
Banks	Banks	2.92
2	Good	7.58
3	Acceptable	81.66
4	Marginal/Watchlist	3.49
5	Watchlist	1.92
6 to 7	Bad and Loss	0.57
Total		100.00



As at 30 June 2013, 1.86% of the Bank's asset book was fully cash secured while 2.92% represented advances granted to investment grade financial institutions/banks.

In 2013, non-performing loan (NPL) balances stood at MUR 79,84m. The ratio of NPL to gross loans and advances was at 0.57% and remains low. The percentage of specific provision to NPL was at 17.49% and the uncovered portion is backed by adequate collateral as impairment testing is done on all classified/watchlisted files.

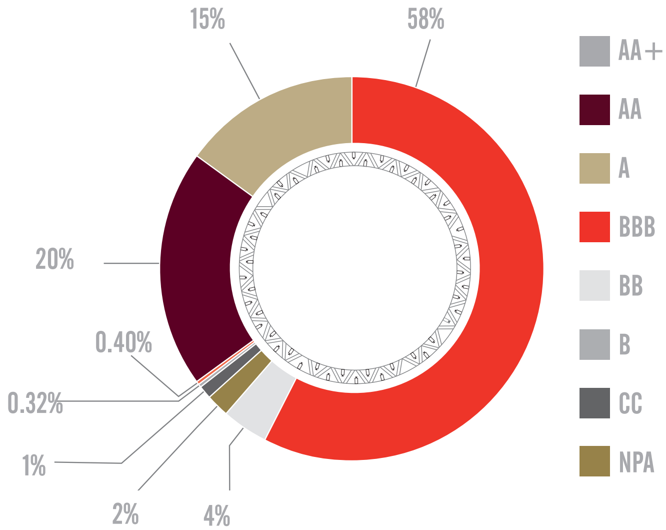
Overall, portfolio provisioning is maintained at regulatory 1%, of which 0.42% has been passed directly in profit or loss and the difference in statement of financial position reserves.

RATINGS OF LOAN BOOK UNDER NEW RATING SYSTEM (EXCLUDING CREDIT CARDS)

Under the new rating system, our facility book is as follows:

	RATING		
	SME AND CORPORATE MUR	INDIVIDUAL MUR	TOTAL MUR
AAA	-	-	-
AA+	55,276,086	-	55,276,086
AA	2,751,183,816	-	2,751,183,816
A	1,755,603,905	265,501,064	2,021,104,969
BBB	7,367,526,622	704,028,228	8,071,554,850
BB	513,437,110	97,076,314	610,513,424
B	202,362,560	-	202,362,560
CC	191,333,063	-	191,333,063
C	-	-	-
D	-	-	-
HPA	71,714,781	3,991,623	75,706,410
	12,908,437,949	1,070,597,229	13,979,035,179

Total	13,979,035,179
Credit Cards	110,995,584
	14,090,030,763



As at 30 June 2013, 98% of the Bank's asset book (excluding Credit Cards) was in the range AA+ to B, thus, reflective of investment grade status of the borrowers. The remaining 2% were either sub-investment grade (facilities being on the "watchlist" where there are arrears) or borrowings classified as non-performing.

RISK MANAGEMENT REPORT

CREDIT EXPOSURE

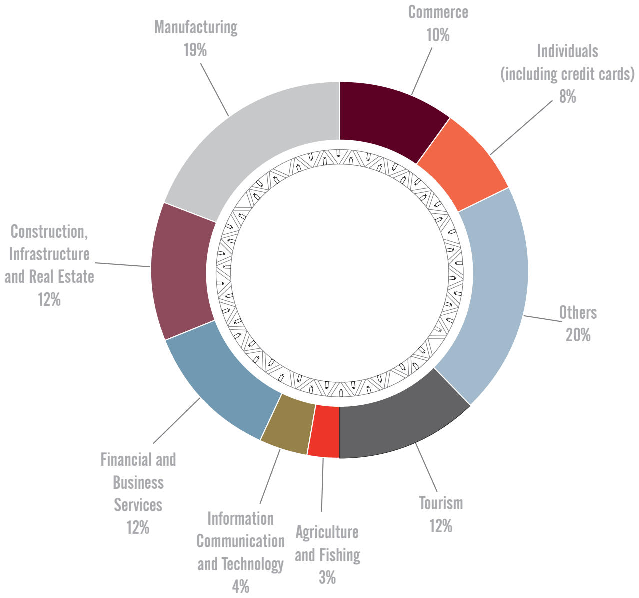
The Bank manages portfolios for individual industries by determining the credit appetite and limit for each industry on the basis of total exposure, credit quality and industry outlook. The portfolio monitoring and reporting system enables the Group to manage portfolios and to focus on specific industries and business units.

Exposure risk arising due to the over-dependency on a particular sector of the economy, geographical area, industry, currency and exposure for a single party or a group is managed through sector limits with monitoring and approval on a monthly basis to the Management Credit Committee and Board Risk Committee.

The Bank's key portfolio concentrations by industry are set out below:

SECTOR	OUTSTANDING BALANCE	
	30 JUNE 2013 (MUR 000's)	30 JUNE 2012 (MUR 000's)
Financial and Business Services	1,710,325	3,769,631
Tourism	1,611,347	1,332,696
Construction, Infrastructure and Real Estate	1,683,111	1,453,060
Manufacturing	2,638,846	2,269,171
Commerce	1,455,915	877,038
Individuals (Including Credit Cards)	1,175,214	888,116
Others	2,807,856	1,487,275
Agriculture and Fishing	482,290	420,307
Information, Communication and Technology	525,124	372,889
Total Exposure	14,090,031	12,870,185

UTILISATION LEVEL



During the financial year 2013, AfrAsia Bank Limited succeeded in building a well-diversified loan book by economic sector, with exposures well spread across major economic sectors and no single sector exceeding 30% of the Bank's overall loan book.

CONCENTRATION OF RISK / LARGE EXPOSURES

The Bank of Mauritius "**Guidelines on Credit Concentration**" (revised December 2011) restricts the granting of credit facilities to non-financial institutions and other related parties, to:

- a maximum exposure to any single customer of 25%
- related group of companies to 40% of the Bank's capital base and
- in aggregate, any individual exposure of 15% above the Bank's capital base shall not exceed 800% of its capital base

The Bank has always kept its large exposures within these limits. For instance, our concentration ratio of large exposures above 15% was 294% as at 30 June 2013, well within the regulatory limit of 800%, as shown below:

MCAPITAL BASE AS AT 30 JUNE 2013	MUR 000's
Tier I Capital	1,892,472
Tier II Capital	805,223
Capital Base	2,697,695
Total large exposures (15% above)	7,938,075
% Large exposure v/s Capital Base (limitation 800%)	294%

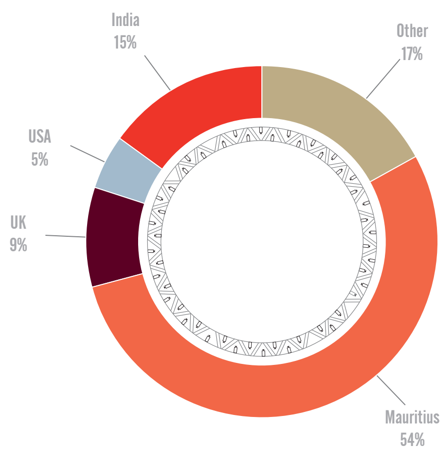
To manage industry risk, AfrAsia Bank Limited also regularly prepares economic and industry reports, which are submitted to the Board Risk Committee, that highlight industry developments and risks to the Bank's credit portfolio. These reports are used to define strategies for both our industry portfolio, and individual counterparties within the portfolio.

COUNTRY RISK AND CURRENCY RISK

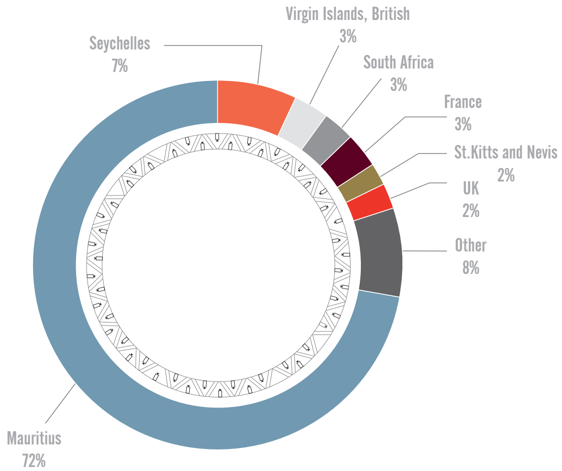
The Bank conducts regional banking in accordance with our Africa-Asia strategic mandate. Hence, managing country risk is another key component of the Bank's overall concentration risk management approach especially as the Bank recorded a growth in its loan book with gross loans and advances closing at USD 455,32m.

Growth came from both Segment A (domestic) and Segment B (non-resident, foreign currency activities), driven in line with our targeted expansion in these segments. Segment A exposure (including placements) constituted 54% while Segment B represented 46% of the Bank's overall asset book. Moreover, 54% of the Bank's deposits base emanated from Segment B entities.

LOANS & PLACEMENTS



DEPOSITS



Deposits under Mauritius are inclusive of deposits from Global Business License Holders which constitute 25% of overall deposit base.

Other than Mauritius, the Bank's other large country exposure is towards India with 15% of overall exposure, of which nearly 36% of this exposure is on banks (mainly of investment grade).

The Bank regularly compares its internal risk ratings with the ratings of the major international rating agencies. Country risk limits are reviewed regularly, in conjunction with the review of country risk ratings. Country risk limits are set by the Board Risk Committee.

RISK MANAGEMENT REPORT (CONTINUED)

CREDIT RISK MITIGATION

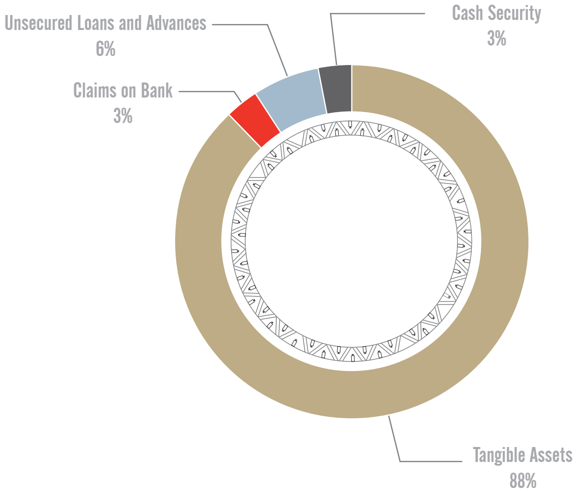
A key element in the Bank's credit policy is reducing risks in the loan portfolio by entering various risk-mitigating agreements. ABL employs a range of techniques and strategies to actively mitigate credit risks to which it is exposed. These can broadly be divided into two types:

- netting and set-off (sureties, guarantees...)
- collateral (cash cover, pledge of shares, charges on assets)

The Bank has detailed policies in place to ensure that credit risk mitigation is appropriately recognised and recorded. The recognition of credit risk mitigation is subject to a number of considerations, including ensuring legal certainty of enforceability and effectiveness, ensuring the valuation and liquidity of the collateral is adequately monitored, and ensuring the value of the collateral is not materially correlated with the credit quality of the obligor.

Both types of credit risk mitigation may be used by different areas of the Bank for exposures with a full range of counterparties. For instance, investment bank, corporate banking and other business areas may all take property, cash or other physical assets as collateral for exposures to retailers, property companies or other client types.

COLLATERAL COVER



Where a claim on counterparty is secured against eligible collateral, the secured portion of the claim is weighted according to the risk weight of the collateral and the unsecured portion against the risk weight of the counterparty. To mitigate counterparty risk, the Bank also requires closeout netting agreements. This enables to net the positive and negative replacement values of contracts if the counterparty defaults. The Bank's policy is to promote the use of closeout netting agreements and mutual collateral management agreements with an increasing number of products and counterparties in order to reduce counterparty risk.

As an indication, claims secured by cash which have been net off against exposure is 3% of the asset book, whilst 3% of total asset book was for claims on banks.

MARKET RISK

Market risk refers to the risk of gain or loss resulting from movement in market prices, in particular, changes in interest rates, foreign exchange rates and equity and commodity prices. Market risk also includes other risks such as liquidity and funding risk. On a monthly basis, the Asset and Liability Committee (ALCO) reviews the risk ratios and limits for these areas wherein the Bank has exposure together with sensitivity analysis/stress tests done to monitor impact of potential changes in interest rates or currency movements.

ASSET AND LIABILITY COMMITTEE

The objective of the Asset and Liability Committee is to ensure that the Bank's overall asset and liability structure and market risk including liquidity, currency and interest rate risks are managed within the prudential limits and targets delegated by its Board Risk Committee and in accordance with the Guidelines set by the Bank of Mauritius.

The Bank's Board Risk Committee delegates the implementation and monitoring of the Bank's ALCO strategy, policies and procedures to Management ALCO, which is composed of some of the Executive Committee members. ALCO meets at least once monthly to review the ALCO risk ratios, financials and other relevant information.

A sub-committee of the ALCO is the Treasury Committee; the main purpose of which is to monitor on a weekly basis the Bank's liquidity position and decide on its investment in Government securities and bank placements.

INTEREST RATE RISK

Interest rate risk is the exposure of the Bank with respect to adverse movements in interest rates and/or maturity mismatches with respect to the re-pricing dates of its interest earning assets and interest paying liabilities according to the different time bands.

To manage its interest rate risk, AfrAsia Bank Limited uses the Interest Rate Gap analysis which segregates its Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) and off balance sheet instruments according to re-pricing characteristics by time horizon across limits set. The Bank maintains its RSA as a proportion of its RSL within the 0.9 to 1.1 bracket, as it is not our strategy to take on large exposure to interest rate changes.

The table assesses the impact of interest rate fluctuations on the Bank's financial statements over a 12-month period and this is done on a monthly basis and reviewed at ALCO level.

A 50 basis points fluctuation up and down on interest earning assets and paying liabilities has been used for such an assessment, except for rupees, which is based on 100 basis points analysis. The table indicates that a 100 basis points negative move in rupees will have a positive impact of MUR 7,5m on our profit or loss and vice versa in case of a positive move.

CURRENCY	CHANGE IN BASIS POINTS	SENSITIVITY OF PROFIT OR LOSS AND EQUITY
		MUR 000's
AUD	+50 -50	206 (206)
EUR	+50 -50	(2,295) 2,295
GBP	+50 -50	(155) 155
USD	+50 -50	3,802 (3,802)
MUR	+100 -100	(9,479) 9,479

RISK MANAGEMENT REPORT

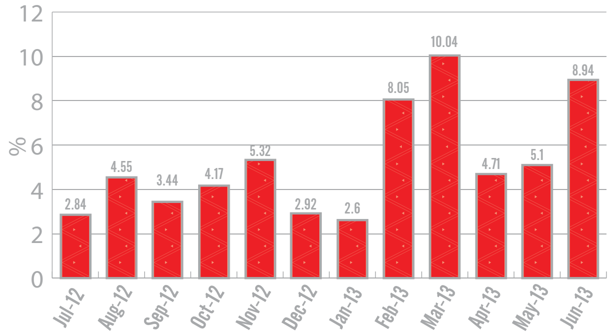
RISK MANAGEMENT REPORT (CONTINUED)

CURRENCY RISK

Currency risk or foreign exchange risk is defined as the risk that the value of the Bank's foreign currency positions may be adversely affected by movements in foreign exchange rates. The Bank does not actively take foreign exchange risk in its core deposit taking and lending operations.

Acting as a market maker dealer for corporate and institutional clients however does require the management of "open positions" from foreign exchange transactions with these counterparties. They are monitored daily relative to prudential trading limits that have been delegated to dealers by Board Risk Management Committee on intra-day and overnight open exposures.

These limits must also be within Bank of Mauritius (BOM) requirements and this table shows compliance to Bank of Mauritius requirement to maintain our net open, either overbought/oversold, position against the Rupee to no more than 15% of Tier I capital, throughout the financial year ended 30 June 2013. As at 30 June 2013, overall foreign exchange exposure as a percentage of Tier I Capital was 8.94%, mainly in USD at 8.58%.



Impacts of currency rate fluctuations per currency on the Bank's Statement of Comprehensive Income are also closely monitored within set limits by currency. The table below measures the level of exposure the Bank might have against a particular currency.

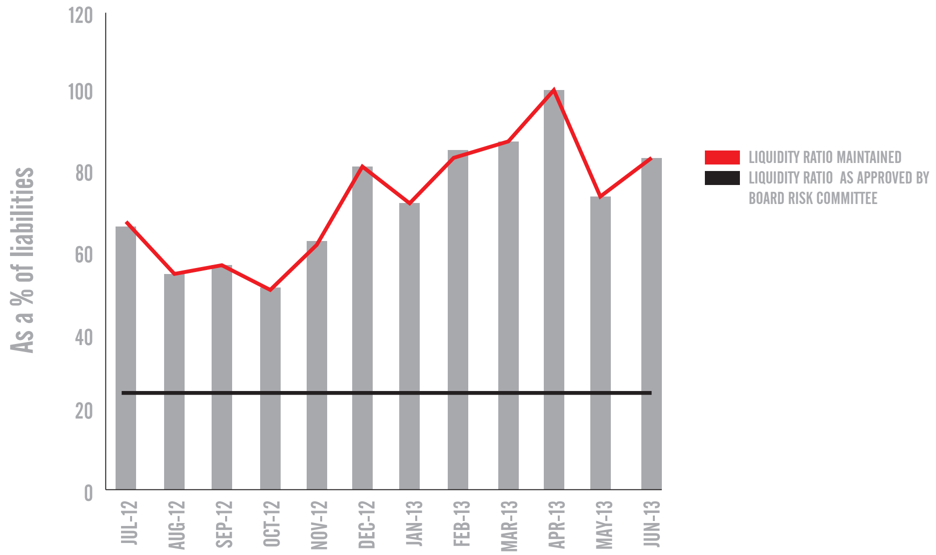
A 5% movement has been used against each currency on currency sensitive on/off balance sheet assets and liabilities. An overall assessment as at 30 June 2013 shows that the currency with the most impact is the United States Dollar and will affect the Bank's Statement of Comprehensive Income to the tune of MUR 7m - an amount considered as immaterial based on the Bank's overall turnover.

	% CHANGE IN	EFFECT ON PROFIT OF CHANGE IN CURRENCY ON		SENSITIVITY OF NET INCOME AND EQUITY
CURRENCY	CURRENCY RATE	ASSETS	LIABILITIES	
		MUR'000	MUR'000	MUR'000
AUD	+5% -5%	18,387 (18,387)	(17,771) 17,771	616 (616)
EUR	+5% -5%	200,211 (200,211)	(199,895) 199,895	316 (316)
GBP	+5% -5%	117,631 (117,631)	(117,167) 117,167	464 (464)
USD	+5% -5%	681,711 (681,711)	(688,731) 688,731	(7,020) 7,020
OTHERS - FCY	+5% -5%	66,940 (66,940)	(66,886) 66,886	54 (54)

LIQUIDITY RATIO

The Bank's Net Funding Ratio ("NFR") analysis requires the building of a maturity ladder to determine any fund excess or shortage at selected maturity dates on a day-to-day basis and on a much longer period. The Bank has, in this respect, prudently set its NFR Gap in line with the new guidelines on Liquidity Risk Management issued by the Bank of Mauritius (BOM). No excess is recorded as at 30 June 2013.

The liquidity ratio assesses the extent to which assets can be readily converted into cash or cash substitutes to meet financial obligations. AfrAsia Bank Limited's liquidity ratio reflects a strong liquidity position, adequate to absorb the impact of a stressed liquidity and funding environment. The table below shows the month end liquidity ratio maintained during the financial year ended 30 June 2013 against the limit approved by the Board Risk Committee.



OPERATIONAL RISKS

Operational risks include risks of losses resulting from defects in IT systems, legal disputes, inadequate or erroneous procedures, and fraud. AfrAsia Bank Limited ("ABL") limits its operational risks with business procedures and internal controls that are updated and adjusted to its current business conditions on an on-going basis. ABL has been computing its operational risks capital computation in line with the Bank of Mauritius Guidelines under the Basel II Basic Indicator Approach where the capital charge for operational risk is taken at 15% of average gross income over the past 3 years.

The Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of risk indicators, controls and risk mitigation plans for key operational risks.

On an annual basis, the Bank performs a complete review of all its processes and its procedures across all the areas of operation to mitigate the risk arising from the fast growing operations. Each subsidiary, business unit and resource area is now responsible for the day-to-day monitoring of its operational risks and for reducing and preventing losses caused by operational risks. To that end, all Head of Departments have participated in this review and each department has nominated an Operational Risk Business Coordinators (ORBC) who works closely with risk management. Procedures and processes have been updated accordingly and an action plan designed for each area.

Review conducted during the financial year ended 30 June 2013 showed that risk ranges from "low" to "medium" for most departments and one department with a "medium" to "high" risk. Additional controls have been put in place and additional staff recruited as well as restructuring with the help of consultants have been done following the review for the "B" rated department. The results from the last review are as follows:

DEPARTMENT	AVERAGE RATING
Strategic Development/AIL	C
Credit & Risk Management	C
Domestic Sales	C
Treasury	C
Finance	C
Marketing	C
Global Business	C
Human Resources	D
Information Technology	C
Administration	C
Business Operations	B

The Risk Matrix / Measurement at the Bank being:

		EXPOSURE				
		1	2	3	4	5
ABSOLUTE/ INHERENT LEVEL OF RISK	>10	C	B	B	A	A
	8 to 10	C	C	B	B	A
	5 to 7	C	C	C	B	B
	3 to 4	D	C	C	C	B
	0 to 2	D	D	C	C	C

A- HIgh
B - Medium to High
C - Low to Medium
D - Low

INFORMATION RISK MANAGEMENT

AfrAsia Bank Limited recognises the critical importance of information security and places same as one of the essential preconditions for doing business.

Various levels of information security have been addressed including:

- physically, the IT data centre is housed in a separate concrete building with high-raised flooring, dual air-conditioning, dual UPS and automatic power generator facilities and fire-fighting equipment. Access to data center is controlled via access card
- the local area network is protected by firewall and all accesses to the various servers and services are password protected with expiry lifetime set
- network is secured by firewall set at both hardware and software level with content filtering and network management tools to manage same
- access to the core banking and internet banking systems, SWIFT and other critical systems is managed by restricting access rights to given set of functionalities, thus limiting the range of operations for a given user as per requirement

- firewall and antivirus software are in place for securing the network
- email platform is secured through symantec technology support and detection of unsolicited email is in place
- use of secured email with encryption to transmit data to customer who can get access via secured portal
- internet banking secured site has VeriSign SSL certification
- data backup is taken on a daily basis and systems backups are done as per required frequency

BUSINESS CONTINUITY MANAGEMENT (BCM)

Business Continuity Management Policy has been put in place, with appropriate plans to mitigate operational risks, and as a commitment to continue business to our shareholders, customers and employees. The BCM framework has been implemented to provide for a Disaster Recovery site with data being updated as per preset recovery time objectives. This minimises operational, financial, legal, reputational and other material consequences arising from any disruption.

The BCM Framework in place has the following in-built principles:

- responsibility rests on the Bank's Board of Directors and Senior Management
- explicitly consider and plan for major operational disruptions;
- recovery objectives reflect the risk they represent to the operation of the banking system
- in a "worst case scenario" the recovery time objective (RTO) is set as 24 hours to a maximum and certain functions may be recovered within the threshold of 4 hours after declaring a crisis. The recovery point objective is set to the state of business as of previous end of day. For the core banking system, the recovery point objective is set to 15 minutes as the data replication is scheduled every 15 minutes to the Disaster Recovery Site
- preparation for clear and regular communication during a major operational disruption
- highlights on cross-border communications during a major operational disruption, as the Bank has global reach
- ensuring that business continuity plans are effective and identify necessary modifications through periodic testing
- ensuring that appropriate implementing approaches to business continuity management that reflect the recovery objectives are adopted and reviewed periodically

The Bank has put in place a BCM Steering Committee to review the processes after each testing exercise and reviews the policy every year in view to improve resilience as we move along. The ultimate objective is to cater for any eventual disruption of operations to be restored in a minimum lapse of time and that the Bank will be back to normal operation within a reasonable time frame.

Over and above the monthly Disaster Recovery testing, the Bank has tested its Disaster Recovery (DR) and Work Area Recovery (WAR) site involving a minimum of 22% of its staff force. The tests done were conclusive and the Bank was able to test all its processes including end of day procedures to start a new day.

INTERNAL AUDIT

The Bank has adopted a three-layer control system:

Line Management remains primarily responsible for establishing appropriate control over their operations, independent periodic assessment of the risks associated, the setting up of appropriate procedures and active walking-of-the-job to identify lapses and bring in remedying measures. The Bank is committed to operate as per best industry practices so far as controls are concerned and to enforce day to day application. At the beginning of each financial year, all executives and staff are assigned a number of appropriate control-related measurable performance indicators which have an equal weightage as normal commercial targets.

To safeguard the total independence of Internal Audit, the latter reports directly to the Audit Committee with a dotted line reporting to the CEO for day-to-day matters and the Bank has subscribed to the principle that Internal Audit has unfettered access to all the Bank's records and information.

Internal Audit implements an annual inventory of all lines of business and operations followed by a risk assessment and risk scoring of each of these entities. Based on this risk assessment, an annual audit plan is drawn up and submitted to the Audit Committee for approval. The calendar of execution of the audits is known only to the CEO and Audit Committee.

The coverage of the Bank's internal audit also includes the entities where the Bank has material shareholding interests.

The ultimate audit reports provide clearly identifiable examples in support of findings, highlight the risk associated with each finding, and provide concrete remedying recommendations, which are ultimately agreed with line management prior to the issue of the reports. Every finding is allocated a rating depending on the level of the associated risk. It is to be noted that internal audit will systematically allocate a higher risk rating where findings may be contrary to law or relate to deficient observance of regulatory guidelines.

During the period 1 July 2012 to 30 June 2013, a total of 24 audit reports have been issued and, as on date, 96% of the audit recommendations has been implemented.

RISK MANAGEMENT REPORT (CONTINUED)

We are targeting to systematically conduct audits of entities at least per the following frequency:

RISK RATING OF ENTITY	NO OF AUDITS ANNUALLY
HIGH	2
MEDIUM	1
LOW	ONCE EVERY TWO YEARS

During the coming year, the Bank is planning to recruit additional head counts to strengthen its internal audit function.

COMPLIANCE

The Bank strongly believes in being a law abiding entity and recognises that, as part of its prime responsibilities to its customers and other stakeholders, it should ensure that it does not incur any financial and/or reputational loss through failure to comply with laws, regulations, contractual obligations etc.

The following measures have been taken by the Bank to ensure compliance with laws and regulations:

- All employees of the Bank are required to sign the Bank's Code of Conduct
- The Bank is committed to treat all its customers and employees fairly and to conduct dealings with related parties at arm's length
- The Bank remains committed to the health and safety of all the employees, customers and relevant third parties and, in this respect, has instituted a special committee to mitigate and monitor related risks

The Compliance function, with direct reporting to the Audit Committee is mandated to independently mitigate compliance risks through pro-active monitoring of the Bank's activities and timely advice to line management. Compliance activity is covered through an Annual Compliance plan, approved by the Audit Committee, which comprises a schedule and frequency of field reviews of all the areas of regulatory risks.

The Compliance function through the Money Laundering Reporting Officer is empowered to report to the Financial Intelligence Unit ("FIU") any suspicious transactions without prior referral to senior management or the Board.

The Bank has adopted a strong Anti-Money Laundering ("AML") framework to prevent and report any AML activity, which will be further supported by installation of an AML software soon.

Other activities of the Compliance function are:

- Regular KYC checks on domestic and global accounts
- Review of advertising materials and any other publications before being distributed to the public customers
- Ensure filing of regulatory returns in a timely manner
- Respond within the time frame to the queries raised by the relevant authorities
- Proactive corrections are done based on the latest court judgments, related to the banking sector that are required in the existing processes
- Implement the Bank of Mauritius **"Guideline on Corporate Governance"**
- For the Foreign Account Tax Compliance Act (FATCA), an internal workgroup was set up at the Bank's level and an impact and cost assessment and implementation plan was prepared
- Account Opening Forms are now in line with new changes in the regulatory framework including FATCA
- The Complaint Desk, also managed by the Head of Compliance, is operated in line with the Complaints Regulations and Policy
- The Area and Departmental Compliance Chart has been completed and made available to all staff

The Head of Compliance represents the Bank at the Mauritius Bankers' Association Committee on compliance issues and at the Industry Compliance Committee. This is in addition to participating in various working groups of the Mauritius Bankers' Association and Bank of Mauritius.

Compliance function at AfrAsia Bank Limited covers all the lines of business thereby ensuring a high standard of compliance being maintained at all times.

PHYSICAL SECURITY

AfrAsia Bank Limited ensures the physical safety of its employees, customers and assets and reviews and addresses its controls and procedures on an on-going basis.

On a more practical level, this includes the following measures taken since the launch of the Bank:

- The Bank has engaged the services of the Mauritius Police Force to provide armed guards during the operational hours of the Bank
- A specialized private security agency also ensures an around-the-clock service to the Bank's personnel, customers and its assets
- A 24-hour alarm system is also in place
- The risks of fire have been addressed by fitting the building with fire detection and alarm systems throughout with proper training to take the right measures in the event of a fire and fire drills
- The vault room is entirely built with reinforced concrete using the latest standards. Access within the Bank, offices and operation centres is controlled using magnetic cards
- The Bank is equipped with security cameras and each access to the building is monitored and registered on the system for future review

RISK MANAGEMENT REPORT (CONTINUED)

MANAGING DISASTER EVENT – FLASH FLOOD ON 30 MARCH 2013

Port Louis suffered a Flash Flood on Saturday 30 March in which 11 lives were lost, in addition to huge loss of property and business. As per meteorological services, 152 mm of rain fell in a very short period of time causing all canals in Port Louis to be flooded. On 1 April, a day of mourning was declared by the Government.

AfrAsia Bank Limited was also impacted by this unprecedented disaster. Members of the Business Continuity Management (BCM) Steering Committee managed the whole incident. The sequence of events was as follows:

DATE	KEY DEVELOPMENTS	WHAT WE DID	STATUS
SATURDAY 30 MARCH 2013	• At 14.32 we received a System Alert on mobile that power had been shifted to Generator - Power off • Water level had reached more than 3 feet outside the IT Department and around 1 foot in the Bank. BCM Committee informed • BCM Committee was updated every 10 minutes through mobile phones as the landlines and data lines were down • It took about 3 hours to access Port Louis. As from 17.30, the BCM members arrived at the Bank. It was found that the servers were running on backup power but the air conditioning was down	• A remote shut down of all servers was attempted immediately after the first call, but the effort was only partially successful • Immediately on arrival all servers, other than those that were not shut from remote due to link failure, were systematically shut down, ensuring that there was no data loss • Power was already off and the generator was also switched off for safety reasons. Committee took stock of the damage • One IT staff was requested to be standby at DR Site	• Servers were not affected, however PCs, adaptors, data points and electric points on the ground floor were damaged in addition to the floor being covered with sludge that was brought in by the flood waters • 1st floor was not affected. Connectivity between Data Centre and DR Site was down. IB, email and land line phones were not working. Telecom was contacted to revive connectivity but could not intervene due to traffic jams on the roads. Telecom planned to intervene early next morning • All servers were kept shutdown during the night as the humidity was high

DATE	KEY DEVELOPMENTS	WHAT WE DID	STATUS
SUNDAY 31 MARCH 2013	• Executive Committee (EXCO) was convened at 8.00 at the DR Site at Ebene. IT and Admin Team were requested to contact the suppliers to bring the Head Office Building to an operational state to start work on Monday morning • EXCO met at 13.00 to take stock of the status and by that time, Govt had declared a day of mourning for Monday	• Cleaning began at ground floor and continued through the day • In the meantime, the decision was taken to use 1st floor meeting rooms to work as war site and arrangements were made to provide the connectivity to the systems for finance and global business staff. Business Support worked from their own stations after the clean-up	• This being Sunday, IT worked through the night to make the data point available to all the staff who would be working on the 1st floor
MONDAY 1 APRIL 2013	• EXCO met in the morning to finalize how to make the Banking Hall operational by Tuesday morning	• It was decided to a re-floor the Banking Hall as the flooring was badly damaged	• Work started at 11.00 and completed by 3.00 on Tuesday • All 33 laptops that were rented to replace the defective PCs were configured
TUESDAY 2 APRIL 2013	• Process started to return the staff that were shifted to 1st floor meeting rooms to their original positions. The whole process of return took about three weeks to complete	• The EXCO and BCM team met regularly to take stock of the situation and resolve issues quickly, through improvisation where needed.	• A regular customer service was given to all customers on Tuesday 2 April starting at 9.00
FINAL IMPACT	Bank recovered the situation without any loss of data and there was no denial of any service to any client.		

RISK MANAGEMENT REPORT (CONTINUED)

CAPITAL STRUCTURE AND ADEQUACY

AfrAsia Bank Limited closed its sixth financial year with a conservative statement of financial position reflecting a capital adequacy ratio of 12.45%, above the minimum recommended regulatory requirement of 10%.

The table hereunder provides a summary of our capital structure under Basel II as at 30 June 2013. Of note, Tier I Core Capital consists of paid-up capital, share premium, statutory reserve, and surplus arising from sale of fixed assets, general reserve, other disclosed free reserves and undistributed balance in retained earnings attributable to previous years.

Accumulated losses, current year's interim losses, goodwill and other intangible assets are deducted from Tier I Core Capital. Tier I Core Capital provides the most stable and readily available support to a bank against unforeseen losses.

Tier II Capital is less permanent in nature, consisting primarily of profit participation rights, long-term subordinated debt, unrealised gains on listed securities and other inherent loss allowances. The Bank consolidated its Tier II capital during the year to reach MUR 805m as at 30 June 2013.

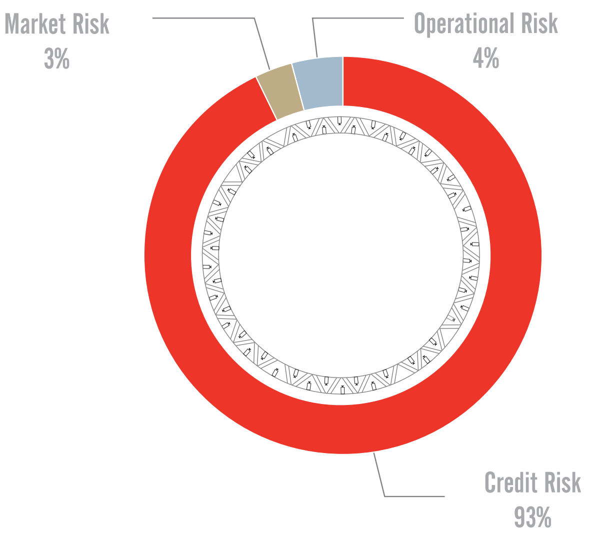
AFRASIA BANK LIMITED BASEL II	2013	2012	2011
	MUR'000	MUR'000	MUR'000
Tier I Capital			
Paid up or assigned capital	1,694,593	1,398,457	921,638
Statutory reserve	92,464	47,075	20,035
General reserve	30,440	36,745	26,452
Other disclosed free reserves	290,007	199,885	91,264
Deduct:			
Other tangible assets	(15,420)	(17,095)	(13,591)
Deferred tax	(8,055)	(7,638)	(2,494)
Core capital	**2,084,030**	**1,657,429**	**1,043,304**
Less:			
50% investment in unconsolidated banking and financial subsidiary companies	(41,781)	(31,781)	(12,500)
50% investment in capital of other banks and financial institutions	(149,776)	(149,800)	-
50%of significant minority investments in other entities	-	-	(2,511)
Net core capital	**1,892,472**	**1,475,848**	**1,028,293**
Tier II Capital			
General Banking Reserve	87,163	-	-
Portfolio provisions	68,317	74,687	56,941
Term subordinated debt (limited to a maximum of 50% of total core capital)	841,301	565,480	421,574
Supplementary Capital	**996,780**	**640,167**	**478,515**
Less:			
50% investment in unconsolidated banking and financial subsidiary companies	(41,781)	(31,781)	(12,500)
50% investment in capital of other banks and financial institutions	(149,776)	(148,800)	-
50% of significant minority investments in other entities	-	-	(2,511)
Net Supplementary Capital	805,223	458,586	463,504
Capital Base	2,697,695	1,934,433	1,491,797
Total Risk Weighted Assets	21,664,854	14,230,547	9,515,827
Capital Adequacy Ratio (%)	12.45%	13.59%	15.68%

RISK WEIGHTED ASSETS

Basel II – Total Risk Weighted Assets as at 30 June 2013 was at MUR 21,664,853,953 versus capital base of MUR 2,697,695,268. Analysis by risk type:

Credit Risk	MUR 20,2bn (93%) **
Market Risk	MUR 681,9m (3%)
Operational Risk	MUR 767,2m (4%)

*** Includes counterparty credit risk, that is, placements at risk weights assigned under Basel II.*



SUPERVISORY REVIEW PROCESS AND STRESS TESTING

In line with the Bank of Mauritius **"Guideline on Supervisory Review Process"**, stress tests are performed on AfrAsia Bank Limited's risk portfolio at least annually in order to assess the impact of possible adverse events on key Statement of Comprehensive Income and Statement of Financial Position ratios as well as on the Bank's ability to meet capital requirements at distinct stages of the economic cycle. The Supervisory Review Process recognises the responsibility of the Bank's management in developing a sound Internal Capital Adequacy Assessment Process (ICAAP) and setting up capital targets that are commensurate with the Bank's risk profile.

Stress testing is one of the main elements of the ICAAP and are performed on a monthly basis via Asset and Liability Committee to measure impact of changes on interest rate (negative and positive interest rate shocks of 100 basis points across all maturity buckets), foreign currency (5% variance in foreign currency exchange) and liquidity position. On at least an annual basis, stress tests are done on AfrAsia's portfolio to assess any impact on key performance indicators such as asset downgrade, decline in specific sectors, deposit withdrawal and defaulting counterparties as well as on AfrAsia's ability to meet capital requirements on the targeted plans. The ICAAP process is to ensure that the capital base reflects the risk and return profile of its business operations while adhering to all regulatory and statutory requirements and good corporate governance. ICAAP certificate for financial year 2012 has been prepared in line with the guidelines and shows that we have adequate capital to sustain targeted growth.

BASEL III

Basel III is a new global regulatory standard on bank capital adequacy and liquidity agreed by the members of the Basel Committee on Banking Supervision in December 2010. Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. It proposes many newer capital, leverage and liquidity standards to strengthen the regulation, supervision and risk management of the banking sector. The capital standards and new capital buffers will require banks to hold more capital and higher quality of capital than under current Basel II rules. The new leverage and liquidity ratios introduce a non-risk based measure to supplement the risk-based minimum capital requirements and measures to ensure that adequate funding is maintained in case of crisis. As per the recommendations, banks are expected to be compliant by 1 January 2018. Our local supervisor has issued proposed draft guidelines and recommendations as to measures to be taken by banks in line with Basel III. Banks in Mauritius have started the process to ensure these will be met.

RISK MANAGEMENT REPORT (CONTINUED)

RELATED PARTY TRANSACTIONS, POLICIES AND PRACTICES

The Bank adheres to the **"Guideline on Related Party Transactions"** issued by the Bank of Mauritius in January 2009. In line with this Guideline, the Board of Directors appointed a Conduct Review Committee to review and approve all related party transactions. The Board has also adopted a policy which sets out the rules governing the identification of related parties, the terms and conditions applicable to transactions entered into with them, and reporting procedures to the Conduct Review Committee.

The Conduct Review Committee comprises of three independent directors and one independent member who are not officers and employees of the Bank. This Committee is responsible for the approval of all Category 1 and Category 2 related party transactions, which are not exempted as per Bank of Mauritius guidelines (falling below 2% of Tier I capital).

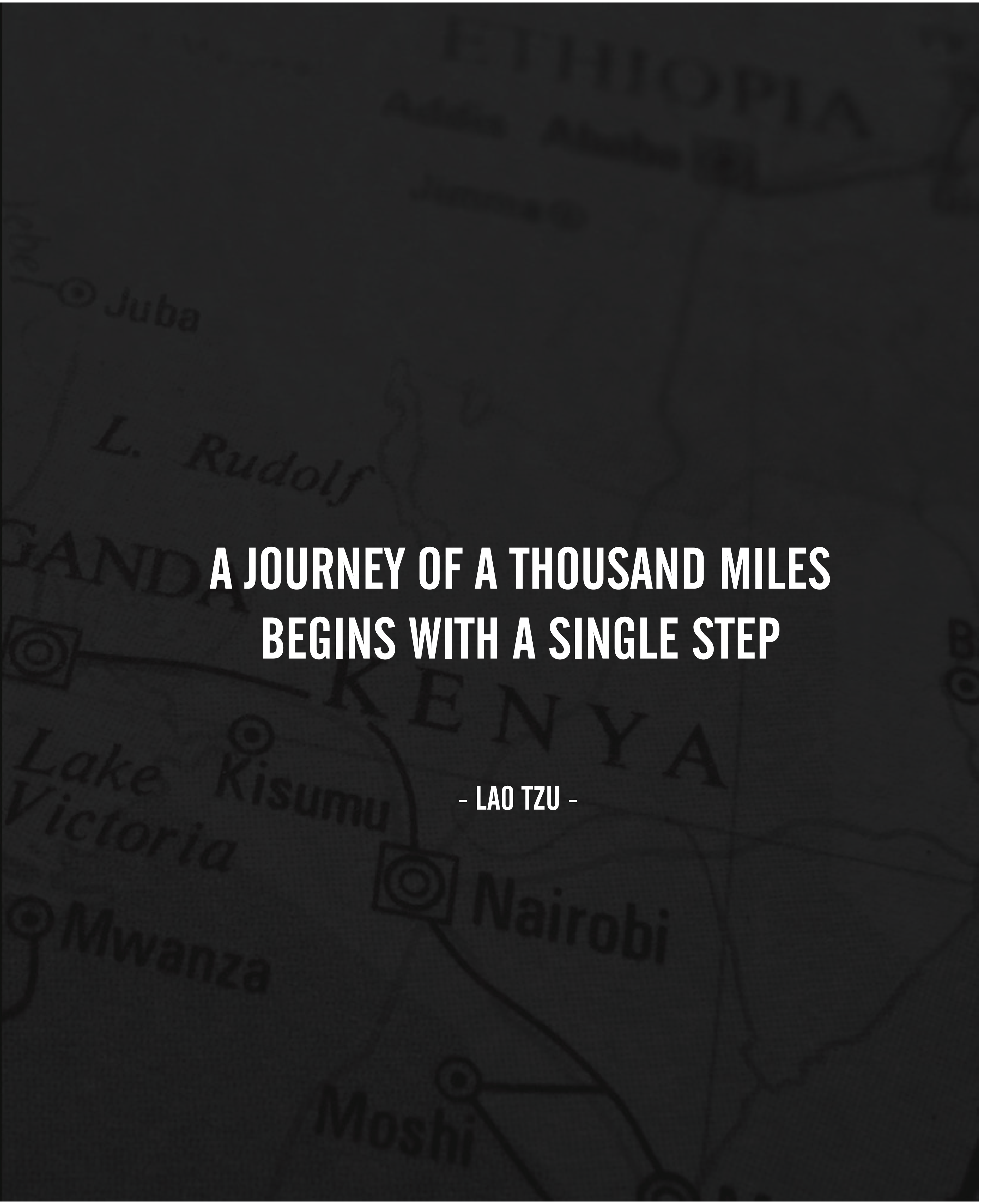
All related party transactions are reviewed at the level of the Conduct Review Committee, which ensures that market terms and conditions are applied to such transactions. Those exceeding the 2% of Tier I capital, as and when request is sent for approval and for those exempted transactions i.e. below the 2% of Tier I capital; these are reviewed in the quarterly meetings. Furthermore all facilities granted to minority shareholders of ABL and exceeding 2% of Tier I capital, even not classified as Related Party as per Bank of Mauritius guidelines are reviewed by CRC on a quarterly basis.

During the normal course of business in the year, the Bank entered into a number of banking transactions with its related parties. These include placements or loans to/from banks, deposits as well as other normal banking transactions. As at 30 June 2013, related party exposure was within regulatory guidelines at 48% and no specific charge for bad and doubtful debts had to be made on these balances (30 June 2013 – nil provision).

The Bank has complied in all respects to the Bank of Mauritius **"Guideline on Related Party Transactions"**. Related party reporting to the Bank of Mauritius is done on a quarterly basis. Moreover, all related party transactions (including those transactions which are exempted as per the **"Guideline on Related Party Transactions"** are monitored and reported to the Conduct Review Committee on a quarterly basis.


L. Rudolf
UGANDA
KENYA
Lake Victoria
Kisumu
Nairobi
Mwanza
Moshi

VICTORIA FALLS BRIDGE
ZIMBABWE



A JOURNEY OF A THOUSAND MILES
BEGINS WITH A SINGLE STEP

- LAO TZU -

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OUTLOOK

THE DOMESTIC ECONOMIC OUTLOOK

Year in Review 2012/2013: Relative resilience of the economy

The Bank commends the fact that, despite lacklustre conditions and subdued demand in the major trading-partner countries of Mauritius, the fiscal and monetary authorities have managed to prolong the resilience of the economy, albeit to a lesser extent than initially planned. Total economic activity, as measured by gross domestic product (GDP), is expected to grow by 3.3% in 2013, which is slightly below forecast but similar to 2012.

GDP and GDP per capita are forecast to reach USD 11,5bn and USD 9,395 respectively in 2013, amongst the highest in Africa. Interestingly, in June 2012, Moody's Investors Service has upgraded the credit rating of Mauritius to Baa[1], which it said reflected "the demonstrated resiliency of the economy and public finances to shocks, the government's pragmatic policy-making, and the stable and investment-friendly environment, which encourages foreign direct investment[1]." For the fifth year in a row, in 2013 Mauritius was ranked 1st in Africa by the World Bank in terms of overall ease of doing business, and 19th worldwide, out of 183 economies.

It is also commendable that Government has maintained focus on the reform agenda, especially in terms of fiscal consolidation and debt management. Additionally, provision of funds/support to the productive sectors of the economy has remained a priority and is expected to remain so in Budget 2014, which is to be presented in November 2013. Several incentive schemes have been maintained, including those under the National Resilience Fund but also the SME Financing Schemes designed in collaboration with commercial banks, which has been fully supported by us. Overall credit to the private sector has increased by 11% during the year. The Bank, on its part, has allocated some MUR 5,39bn as credit facilities to the corporate sector in 2013 and, as the economy recovers, plans to increase its exposure accordingly.

DESPITE LACKLUSTRE CONDITIONS AND SUBDUED DEMAND IN THE MAJOR TRADING-PARTNER COUNTRIES OF MAURITIUS, THE FISCAL AND MONETARY AUTHORITIES HAVE MANAGED TO PROLONG THE RESILIENCE OF THE ECONOMY, ALBEIT TO A LESSER EXTENT THAN INITIALLY PLANNED.

Notwithstanding the above, a small negative output gap[2] (possibly between the range 0.5%-1%), perhaps caused by the persisting unemployment phenomenon, has caused some degree of economic slack to continue, thus hindering business and consumer confidence. Enterprises in the textile and hospitality sectors in particular depend heavily on demand from EU (Mauritius' largest trading partner), which has remained subdued and below expectations throughout the year. The output gap is expected to return to positive territory by 2016 according to IMF estimates.

A SMALL NEGATIVE OUTPUT GAP (POSSIBLY BETWEEN THE RANGE 0.5%-1%), PERHAPS CAUSED BY THE PERSISTING UNEMPLOYMENT PHENOMENON, HAS CAUSED SOME DEGREE OF ECONOMIC SLACK TO CONTINUE.

[1] Moody's report is an annual update to the markets and does not constitute a rating action.

[2] Broadly speaking, an 'output gap' is a measure of the difference between actual output and potential output and, thus, could be interpreted as a summary measure of the overall slack in the economy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

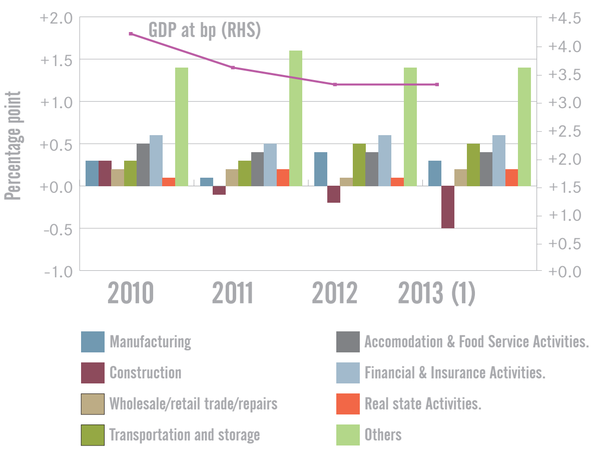
SECTORAL PERFORMANCE: MODERATE TO HIGH GROWTH RATES IN A FEW KEY SECTORS

Several sectors of the economy are expected to end 2013 with moderate to high growth rates such as Seafood (11%), ICT (8.3%), Arts, Entertainment & Recreation (8.3%), Professional, Scientific and Technical Activities (7.7%), Financial Sector (5.5%) and Export-Oriented Enterprises (2.4%). Textile Manufacturing, which was in negative territory in 2012 at -1.1%, is expected to grow by 2% in 2013. Both tourist arrivals and tourism earnings are expected to reach record levels by the end of 2013 (at some 990,000 and MUR 46,1bn respectively). This is against the backdrop of severe deceleration in growth rates of the "Accommodation & Food Service Activities" sector (0% and 2.5% growth rate in 2012 and 2013 respectively).

For the third consecutive year as depicted in *Figure 1*, the Construction sector, which used to be a non-negligible engine of growth, will remain in negative territory at a whopping -7% growth rate in 2013 (as compared to -2% and -3% in 2011 and 2012 respectively). In parallel, the Bank of Mauritius (BoM) has observed that the sector has recorded the largest increase in non-performing loans (NPL) over the year to end-March 2013, with the NPL ratio increasing from 5.4% to 7.9%. In contrast, despite its direct exposure to the crisis in EU, the NPL ratio in the Tourist sector has remained at below 2% during the same period.

Even though the Construction sector is the only major one to record negative growth rates in 2013, the Bank views this as worrying, given that it is a direct result of stagnating private and public sector investments in Mauritius. The latter is unlikely to pick up at a time when political wrangling will become inevitable against the backdrop of the 2015 General Election.

Figure 1: Contribution of key economic sectors to GDP (2010-2013): Sharp contrast of the Construction sector relative to the others.



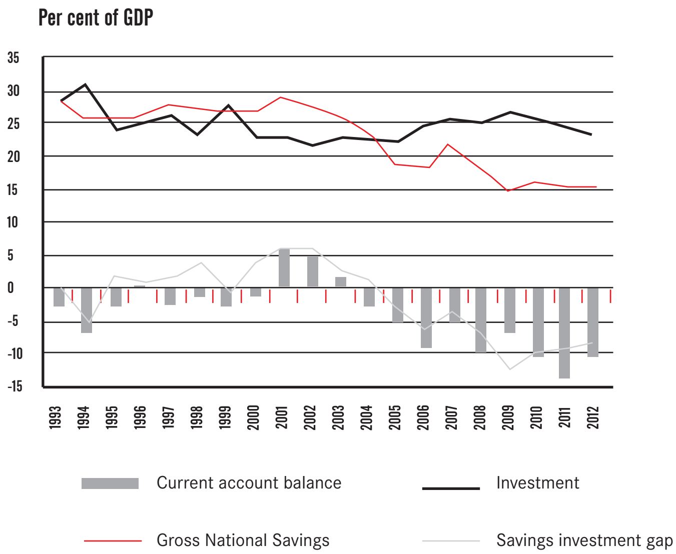
Source: Statistics Mauritius, Quarterly National Accounts, Q1 2013

[1] Forecast

MACROECONOMIC DEVELOPMENTS

Most of the macroeconomic fundamentals have also remained relatively resilient. The ratio of Budget Deficit to GDP (including extra-budgetary funds) will remain largely under control at -2.3%; Public Sector debt is on a declining trend, suggesting that Government could manage to achieve its target of 50% of GDP by 2018 (down from 55.8% in 2013); The Balance of Payments (BoP) will remain in surplus position for the seventh consecutive year, despite large, but declining, Current Account deficits. A significant contributor to the deficit is the ballooning merchandise trade deficit which could remain at persistently high levels given that the nature of the Mauritius economy is shifting more towards services than merchandises.

Figure 2: The long-term sustainability of the Current Account deficit remains questionable amidst a persistently negative Savings-Investment gap



Source: Statistics Mauritius and Bank of Mauritius (BoM, April 2013)

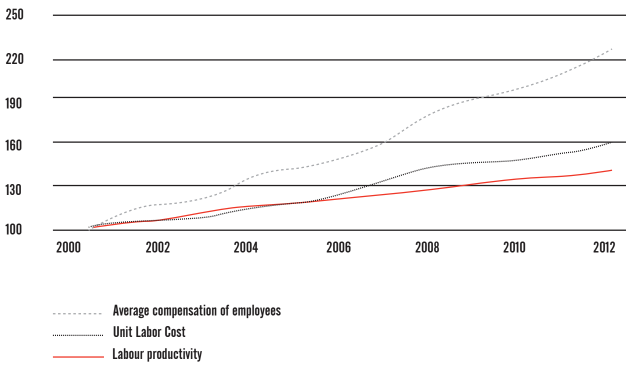
Despite the fact that the core macro fundamentals appear sound, the Bank is becoming increasingly concerned with the persistently low saving rate (Figure 2), which has fallen from around 25% of GDP in the 2000s to below 15% in 2013. When compounded with the effects of declining investment rates, eroding competitiveness of key export sectors, and lower Total Factor Productivity in Mauritius, this could represent a serious threat to the sustainability of the Current Account deficit and the long-run growth potential of the economy, unless promptly addressed via bold economic reform initiatives.

SEVERAL INDICATORS DO INDEED TEND TO SHOW THAT THE COMPETITIVENESS OF MAURITIUS HAS BEEN ERODING BETWEEN 2000 AND 2012.

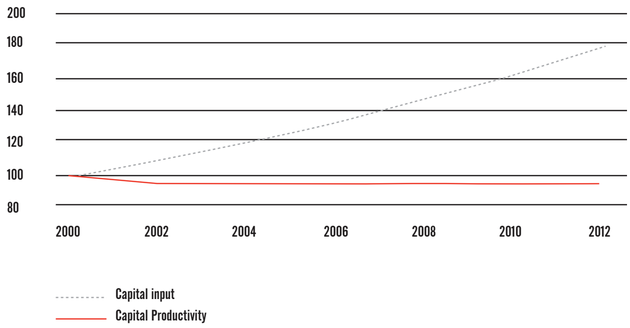
Several indicators do indeed tend to show that the competitiveness of Mauritius has been eroding between 2000 and 2012. An analysis conducted by the IMF reveals that exports-to-GDP has been falling against the backdrop of a worsening of the terms-of-trade and declining labour and capital productivity (Figure 3).

Figure 3: Rising unit labour cost over the past decade may have led to a decrease in both labour and capital productivity, thereby eroding the export competitiveness of Mauritius

LABOUR COST AND PRODUCTIVITY



CAPITAL INPUT AND PRODUCTIVITY



Source: International Monetary Fund, Mauritius: Article IV Consultations 2013, IMF Country Report No. 13/97, April 2013

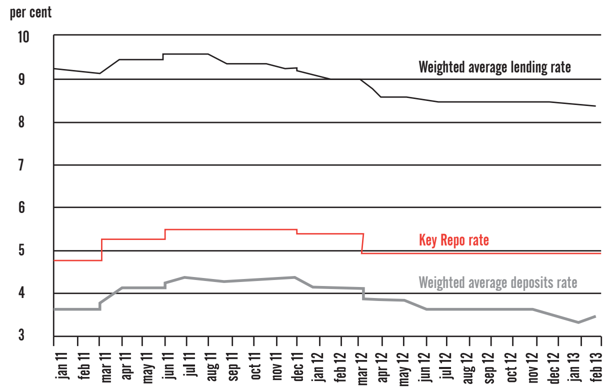
To address these core issues, bold reforms would be required. These could require "unpopular" and austere policies (such as review of the pension system, social-aid targeting, labour market reforms, adherence to governance principles at the level of state-owned entreprises and so on). We do not expect such bold moves to materialise in 2014 since the forthcoming general elections will start looming large on the calendar and agenda of the political masters. It is a consolation though that the IMF has predicted that the surplus in the BoP could double by 2018 to reach USD 278m, driven by net private investments, thereby making less likely the possibility of an unsustainable Current Account deficit in the medium term.

MONETARY DEVELOPMENTS

IT IS A CONSOLATION THOUGH THAT THE IMF HAS PREDICTED THAT THE SURPLUS IN THE BOP COULD DOUBLE BY 2018 TO REACH USD 278M, DRIVEN BY NET PRIVATE INVESTMENTS, THEREBY RULING OUT THE POSSIBILITY OF AN UNSUSTAINABLE CURRENT ACCOUNT DEFICIT IN THE MEDIUM TERM.

On the monetary front, headline inflation fell to 3.9% in 2012 (down from 6.5% in 2011) but could increase to between 4.5%-4.7% in 2013, according to the Bank of Mauritius, which also qualifies the upside risks to the inflation outlook as "significant" in the wake of the recent increases in remuneration in the public sector and pressures on global commodity prices. A tightening of monetary policy in 2014, therefore, remains a possibility. An increase in the Repo Rate is largely anticipated by the market before end-2013. The key Repo Rate, which had been maintained at 4.90% between March 2012 and June 2013(Figure 5), was further reduced to 4.65% in June 2013 amidst a divided Monetary Policy Committee.

Figure 4: Evolution of the Repo, Deposit and Lending Rates (Jan. 2011-Feb. 2013)



Source: Bank of Mauritius, Inflation Report, April 2013

STOCK MARKET PERFORMANCE

The last 12 months saw a wide gap in the performance of developed and emerging stock markets. MSCI World had a return of 14.6% with MSCI Emerging Market with a –6.5% performance. This has resulted in a sharp gap in valuations as well, with 12 month forward price earnings ratio of just 11.0x for MSCI EM vs 14.0x for MSCI World and 17.5x for Stock Exchange of Mauritius which has traded with the developed markets. The SEM in fact returned 12.3 YTD to September 2013 with Banks, Conglomerates and Hotels gaining. However the local stock market looks richly valued now on these measures.

Furthermore, with a large current account deficit in Mauritius, and some commentators making a good case the Mauritian Rupee could be overvalued, along with continued weak European demand and new markets still to generate growth, it could be difficult to see broad based growth in the real economy or the stock market.

Against this backdrop though there are many opportunities for AfrAsia Corporate Finance (Pty) Ltd and the Bank to deepen relationships with companies that have strong long term balance sheets and that will be looking to diversify into emerging markets further.

FDI STOCK AND INFLOWS

MAURITIUS ALSO HELD THE LARGEST SHARE OF SOUTH AFRICA'S OUTWARD FDI STOCK IN AFRICA IN 2012.

The World Investment Report (WIR) 2013, released in June 2013, referred to Mauritius as "a gateway for routing funds into Africa and India," thanks to its "substantial network of treaties and double taxation avoidance agreements (DTAA)." In Africa, indeed, Mauritius has signed DTAAs with Botswana, Congo, Lesotho, Madagascar, Mozambique, Namibia, Rwanda, Senegal, the Seychelles, South Africa, Swaziland, Uganda and Zimbabwe. It has the same with India. In total, Mauritius has signed 43 DTAAs but also 39 Investment Promotion and Protection Agreements (IPPAs).

The WIR highlights the fact that "FDI stock in finance" in Africa is concentrated in Mauritius largely thanks to India, which had the majority of its USD 14bn FDI in Africa channelled towards Mauritius "because of the country's offshore financial facilities and favourable tax conditions." Mauritius also held the largest share of South Africa's outward FDI stock in Africa in 2012.

In terms of FDI inflows (excluding GBC1s[3]), Mauritius has attracted an annual average of MUR 11,3bn (around USD 400m) every year since 2007. The biggest chunk traditionally goes to four sectors namely Real Estate Activities (mostly the IRS/RES/HIS schemes), Financial & Insurance Activities, Accommodation & Food Service Activities, and Construction which accounted for 38%, 30%, 12% and 8% of the total of the six-year period respectively (Figure 5).

Figure 5: Inflows of FDI in Mauritius by Sector: 2007-2012 (Excluding GBC1s)

(MUR million and percent)

SECTOR	2007	2008	2009	2010	2011 (1)	2012 (2)
Total (MUR mn)	11,514	11,419	8,793	13,948	9,456	12,669
of which (in % terms):						
(a) Real Estate activities	33%	40%	49%	25%	48%	40%
(b) Financial & Insurance activities	35%	40%	16%	33%	17%	34%
(c) Construction	0%	1%	2%	9%	22%	14%
(d) Accommodation & Food Service activities	28%	12%	21%	6%	6%	5%
Total: (a) to (d) above	96%	92%	88%	73%	94%	94%

(1) Revised (2) Provisional

Source: Bank of Mauritius (April 2013) and AfrAsia Bank Limited's calculations

[3] Global Business Companies of Category 1

MANAGEMENT DISCUSSION AND ANALYSIS

The origins of the FDI inflows are quite varied but five countries/regions have accounted for over 80% of the total every year, on average, over the period 2010-2012 (Figure 6). South Africa's share of FDI from developing economies has risen from 16% in 2007 to 50% in 2012, reaching a peak of 62% in 2011. Inflows from France and U.K. have peaked at 89% of total inflows from developed economies in 2012, up from 48% in 2007.

Figure 6: Inflows of FDI in Mauritius by Geographical Origin: 2007-2012 (Excluding GBC1s)

REGION/COUNTRY	2007	2008	2009	2010	2011	2012
					(MUR million and percent)	
DEVELOPED ECONOMIES (MUR MN)	8,316	5,740	6,187	7,952	5,931	7,037
of which, France and U.K. (in % terms)	48%	56%	62%	78%	85%	89%
DEVELOPING ECONOMIES (MUR MN)	3,196	5,679	2,606	5,996	3,525	5,632
of which:						
South Africa (in % terms)	16%	25%	20%	24%	62%	50%
'South and East Asia' (in % terms)	21%	37%	37%	59%	9%	39%
OTHERS (MUR MN)	2	-	-	-	-	-
TOTAL FDI INFLOWS (MUR MN)	11,514	11,419	8,793	13,948	9,456	12,669
of which France, U.K., South Africa and 'South & East Asia' (in % terms)	45%	59%	60%	80%	79%	89%

(1) Revised (2) Provisional

Source: Bank of Mauritius (April 2013) and AfrAsia Bank Limited's calculations

FORECASTS FOR 2014

THE BANK IS OF THE VIEW THAT, FOR MAURITIUS TO SUCCESSFULLY CLIMB THE LADDER TO BECOME A HIGH-INCOME ECONOMY IN LESS THAN TEN YEARS' TIME, AN AVERAGE ANNUAL GROWTH RATE OF WELL ABOVE 5% IS REQUIRED. THAT THE IMF FORECAST DOES NOT COME CLOSE TO THAT FIGURE IS WORRISOME.

The IMF, in its Article IV Consultation Paper released in April 2013, forecasts further improvements in most of the key macroeconomic fundamentals by 2018. However, its prediction for GDP growth does not exceed 5% in any year during that period. The Bank is of the view that, for Mauritius to successfully climb the ladder to become a high-income economy in less than ten years' time, an average annual growth rate of well above 5% is required. That the IMF forecast does not come close to that figure is worrisome despite the fact that the Ministry of Finance & Economic Development has recently kickstarted an "Economic and Social Transformation Programme" with the support of the IMF and other donors.

In regard to GDP growth in the next few years, uncertainties persisting in the Eurozone have led to different hypotheses on possible growth scenarios for 2014 and beyond.

The Economist Intelligence Unit (EIU) predicts a GDP growth rate of 3.7% in 2014. The IMF, on the other hand, forecast the economy to grow by 4.4% in 2014 (Figure 7).

Figure 7: Selected Economic Indicators for Mauritius: Actual (2010-2013) v/s Forecasts (2014-2018)

INDICATOR	2010 Actual	2011 Actual	2012 Estimate	2013 Projected	2014	2015	2016	2017	2018
Real GDP growth (%)	4.1	3.8	3.3	3.7	4.4	4.7	4.6	4.5	4.5
GDP per capita (in USD)	7,562	8,725	8,850	9,395	9,912	10,486	11,101	11,806	12,561
Real GDP per capita (% growth)	3.6	3.4	2.7	3.2	3.8	4.1	4.2	4.1	4.1

Source: International Monetary Fund, Mauritius: Article IV Consultations 2013, IMF Country Report No. 13/97, April 2013

In 2014, the Bank will continue to support viable enterprises with promising business models and will collaborate with Government under the umbrella of the Mauritius Bankers' Association to support growth initiatives in 2014.

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

International Outlook

Developed economies

FOR THE FIRST TIME IN HISTORY, DEVELOPING ECONOMIES HAVE ATTRACTED MORE FDI THAN THEIR DEVELOPED COUNTERPARTS.

The Bank has taken good note of the interesting finding contained in UNCTAD's World Investment Report (WIR) 2013 that, for the first time in history, developing economies have attracted more FDI than their developed counterparts, accounting for some 52% of global FDI flows. Even more revealing is the observation that these economies have also managed to generate nearly one-third of global FDI outflows, which confirms the rising trend of previous years. Indicators clearly suggest that the trend is set to continue in the medium term.

However, this is being achieved against the backdrop of faltering global FDI flows in 2012, as opposed to the upward trend which started in 2010. The slight decrease to USD 1,35trn stands in contrast to other key global macro variables such as GDP, Trade, and Gross Domestic Fixed Capital Formation (GDFC), which have all remained positive even after a sharp decline.

In its World Economic Outlook released in July 2013, the IMF confirms the downside risks, which they claim are being supported not only by "old risks" but also the emergence of "new risks." The new threats include the likelihood that emerging market economies continue to experience growth slowdown in last quarter of 2013 and 2014.

Developments in the developed economies include positive signs in the U.S. as more and more Americans are being employed, but mostly on a part-time basis and at a lower wage. U.S. businesses have started to hire at a robust rate. Jobless rate has fallen to 7.4% in July 2013, down from 7.8% in December 2012. Markets also anticipate that the Federal Reserve could start tapering its monetary stimulus in the fourth quarter of 2013. The IMF expects U.S. growth rate to reach 2.7% in 2014, up from 1.7% in 2013.

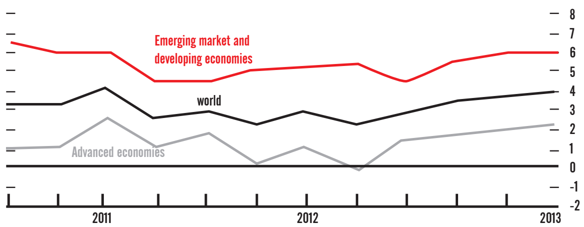
The outlook for EU, which is the main trading-partner of Mauritius, is less predictable even though signs that the Eurozone has slowly started to stabilise. The fundamentals in Germany appear good but widespread uncertainties are still impinging markedly on business sentiments.

Markets anticipate that 2014 could mark the end of the recession in the euro area. Several indicators in July 2013 (such as the Markit's Eurozone Composite Purchasing Managers Index) are showing signs of a recovery and slight improvements in confidence. However, unlike the U.S., no unwinding of the monetary stimulus is expected in 2014. In addition, considerable economic slack will remain, given significant output gaps and unemployment gaps in almost all countries of the Eurozone and in U.K.

Emerging market and developing economies

As reported by the IMF in July 2013 (Figure 8), growth in the emerging and developing economies is forecast to be more moderate in 2014, including all the BRICS countries. However, signs on the ground show better-than-expected results. The Chinese economy, for instance, appears to be resisting well amidst targeted measures announced by Government to support the economy. In August, for instance, the Flash Purchasing Managers' Index showed a rebound in new orders, when China's manufacturing sector hit a four-month high. The Chinese economy will most likely attain its growth target of 7.5% in 2013.

Figure 8: Global GDP Growth (2011-13)
(percent, q-o-q, annualised)



Source: International Monetary Fund, World Economic Outlook, July 2013

REGIONAL DEVELOPMENTS

South Africa and FDI

South Africa remains the single largest recipient of private equity in Africa, with 53% of the total in 2011. The remaining countries, including Mauritius, remain way behind with 8% or less of the total each. The WIR 2013 reveals that South Africa has concluded the biggest PE deals on the continent by hosting 7 of the 10 largest FDI deals by PE firms between 1996 and 2012 (Figure 9)

Figure 9: The ten largest FDI deals undertaken by private equity firms in Africa (1996-2012)

YEAR	VALUE (USD MILLION)	ACQUIRING COMPANY	HOME ECONOMY	ACQUIRED COMPANY	HOST ECONOMY	INDUSTRY OF THE ACQUIRED COMPANY
2006	4802	Shareholders	South Africa	Kumba Iron Ore	South Africa	Iron ores
2007	3502	Bain capital LLC	United States	Edgars Consolidated Stores Ltd	South Africa	Retail stores, nec
2006	2313	Investor group	United Arab Emirates	Tunisie-telecoms	Tunisia	Telephone communications, except radio telephone
2007	1438	Shareholders	South Africa	Mondi Ltd	South Africa	Paper mills
2007	1410	Abraaj Capital Ltd	United Arab Emirates	Egyptian Fertilizers Co SAE	Egypt	Nitrogeneous fertilizers
2009	1277	Paulson & Co Inc	United States	AngloGold Ashanti Ltd	South Africa	Gold ores
1997	1261	Investor group	United States	Telkom South Africa (Telkom)	South Africa	Telephone communications, except radio telephone
2011	1200	Lexshell 44 General Trading (PTY) Ltd	Kuwait	Orascom Telecom Tunisie SA	Tunisia	Communications, except radio telephone
2006	1000	Cleansheet	United Kingdom	Victoria & Alfred Waterfront (Pty) Ltd	South Africa	Land subdividers and developers, except cemeteries
2007	933	Investments (Proprietary) Ltd	United States	Alexander Forbes Ltd	South Africa	Insurance agents, Brokers and Service

Source: UNCTAD, World Investment Report 2013

The attractiveness of South Africa also reflected in the fact that it is the leading recipient of Chinese FDI in Africa. It is the fifth largest holder of FDI stock on the continent in 2011 with USD 18bn. South Africa is also the second largest developing country investor after Malaysia. Whilst the largest share of this stock is in Mauritius, 25% of the total lies in Nigeria, Mozambique and Zimbabwe.

SOUTH AFRICA REMAINS THE SINGLE LARGEST RECIPIENT OF PRIVATE EQUITY IN AFRICA, WITH 53% OF THE TOTAL IN 2011.

Growing importance of cities/urban agglomerations in Africa's development.

As the political masters in various African countries increase their marketing and lobbying efforts to attract business to their countries, investors have remained wary about how to set foot on the continent, and where. As we highlighted last year, investors argue that Africa is not a country but a land representing 54 different countries, with 54 different decision-makers, whereas China and India are sovereign countries, each having one single leader/head of state. Market-entry strategies for Africa differ from those for countries like India and China even though the three "regions" have about the same demographic characteristic of over 1 billion people.

Against this "fear" and uncertainty to choose beyond doubt a specific land for doing business in Africa, in many cases the strategy has now shifted to cities/urban agglomeration, rather than countries. This is the new economic geography approach *à la* Krugman. Several research studies have convincingly demonstrated that cities are playing an increasing and dominating role in contributing to national economic growth, accumulation of wealth, and upliftment of the youth and the vulnerable ones.

CITIES AND COMPETITIVE URBAN AGGLOMERATIONS RATHER THAN COUNTRIES COULD PLAY A MORE MEANINGFUL ROLE IN AFRICA IN ATTRACTING BUSINESS, CAPITAL, TALENT AND VISITORS IN THE NEXT DECADE.

It is estimated that, by 2030, more than 50% of the African population will be living in and around agglomerations. By then, the economy would have doubled to reach nearly USD 4 trillion. A significant contributor to such growth will come from so-called megacities like Lagos, Accra, and Nairobi amongst others, but also from emerging cities where it will be increasingly exciting to do business. These include Addis Ababa (Ethiopia), Alexandria (Egypt) Luanda (Angola), Dakar (Senegal), Douala (Cameroon), Kampala (Uganda), Maputo (Mozambique), Lusaka (Zambia), Lubumbashi (DRC), Brazzaville (Rep. of Congo), Abidjan (Ivory Coast), Harare (Zimbabwe) amongst others. AfrAsia Bank Limited has already established a plan to conduct roadshows in these emerging cities.

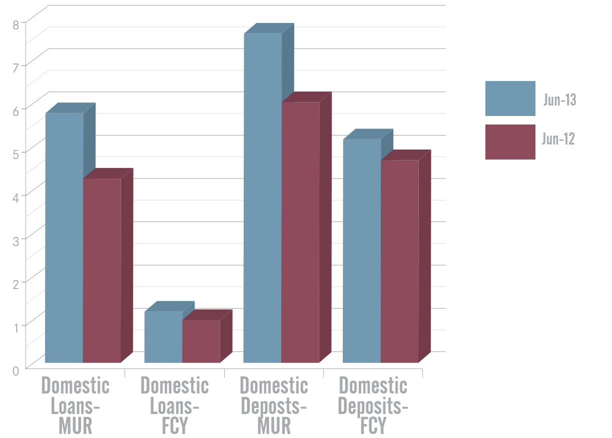
The urban migration is expected to be supported by the youthful population of Africa. Currently, about 60% of Africans are below 30 years old. As education improves and infrastructural developments concentrate around key cities to attract even more FDIs, the youth is expected to drive the economic revolution and lead to an ongoing urban drift. Lagos in Nigeria, for instance, has experienced a significant urbanisation process in only a few decades. The population has rocketed to over 17 million today from only 300,000 inhabitants in 1960.

Cities and competitive urban agglomerations rather than countries could play a more meaningful role in Africa in attracting business, capital, talent and visitors in the next decade.

BUSINESS SEGMENTS REVIEW

CORPORATE BANKING

Notwithstanding still challenging market conditions, which have, among other things, translated into adverse pressures on earnings of export oriented enterprises and tourism operators, in addition to private sector investment moving at a sluggish pace amidst lingering uncertainties, Corporate Banking consolidated its position as a steady and dependable financial partner to its stakeholders. By living the brand of "can-do-attitude" and "bank different", the corporate segment has ensured proximity and delivery of tailor-made solutions to address financing needs of clients with acceptable risk framework. The resultant has been a repeated double digit growth both in corporate advances and deposits.



Advances in domestic currency have experienced a 30% increase from MUR 4,545bn to MUR 5,913bn in FY2012/13 and at the same time maintaining asset quality. Regarding foreign currency lending, despite the shrinking credit spreads, a remarkable growth of 36% in advances was recorded in FY2012/13. Domestic banking credit represents 50% of the bank asset book and with a well-diversified sector base in the Mauritian economy.

Deposits in domestic currency have experienced a 27% increase from MUR 6,012bn to MUR 7,634bn in FY2012/13. Regarding foreign currency lending, a double digit growth of 12% in deposits was recorded in FY2012/13.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Corporate Assets & Liabilites Growth

Corporate segment growth has been fuelled through a combination of organic growth and acquisition strategy. During the FYE2012/13, corporate segment has taken on board major names in the hospitality segment, construction sector, property development as well as expanded its niche market of RES project financing. The corporate segment has amongst its clients, most of the Top 100 companies in Mauritius.

In terms of income, focus has been on diversification of income. Domestic Banking segment improved its non-interest to interest income ratio through focus on ancillary income by diversifying its product offerings for its clients.

Specifically, apart from the financing of several landmark projects in the hospitality industries in particular, Domestic Banking posted notable market development accomplishments through tailor-made financing for real estate projects and participation in syndicated lending with prominent involvement in the economic growth and development of the country.

Domestic Banking is well aware the fragility of the economic landscape against the backdrop of the unfolding Eurozone crisis, will represent a key challenge for business development endeavours across markets and deserves utmost vigilance. Bearing this in mind, the division is confident that it can leverage on its core competencies in order to withstand the difficult times and subsequently maintain its market and product development thrust, backed by a strong pledge to be consistent in its approach with its clients as well as an uncompromising emphasis on customer service and quality. Specifically, a key commitment of the division is continued reinforcement of its customer base by way of differentiated, comprehensive and customized financial solutions to existing and new customers.

PRIVATE BANKING

At AfrAsia Bank Limited, we lay strong emphasis on listening to clients to craft strategies which respect their circumstances and financial aspirations while offering protection to their wealth. All this is done while building and cultivating trust through dedication, availability of our staff and transparency in the way we conduct business while respecting confidentiality.

We value service and provide solutions to our clients' needs over time, from wealth generation and management to its protection, preservation and ultimate transfer. We define strategies which fit our customers and ensure that clients' interests and ours are aligned.

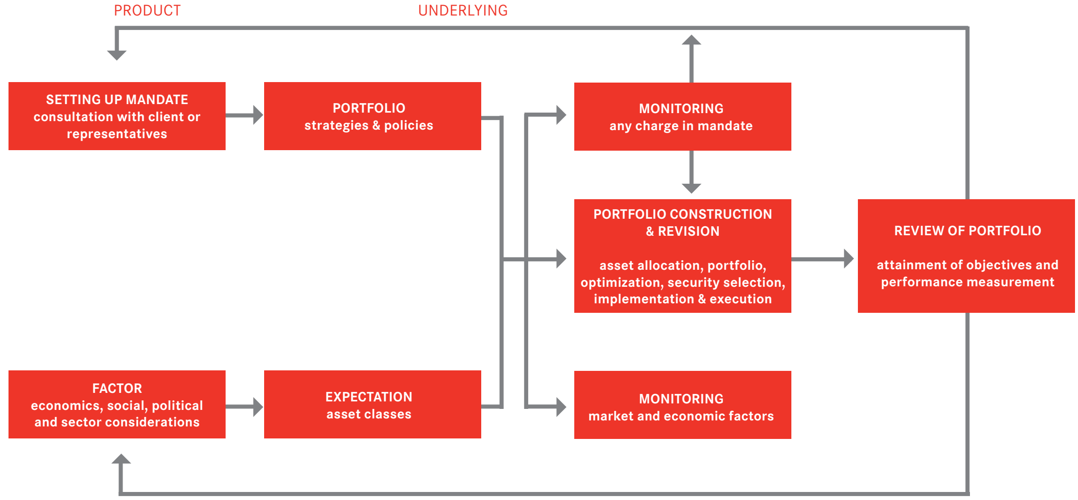
Our services are continuously innovating with the aim to deliver a customer experience lifestyle besides our traditional banking products and services. We have been active in launching new investment solutions during the year as well as our new World MasterCard in 3 different currencies (MUR, USD and EURO), with the latest EMV technology. This top of the range card avails world class travel insurance package and worldwide benefits exclusive to World MasterCard holders as well as a concierge service linked to Quintessentially.

The Bank hosted financial road shows in Africa, UK, Asia and Europe last year to develop enduring relationships and build a resilient and diversified access to our target markets. Our continuous partnership with our corporate finance entity based in SA and our partly-owned Zimbabwean bank also contributed to expand our franchise and recognition in the SADC region, leading us to win the prestigious "Best Bank in Southern Africa" award for 2013.

Our Private Banking client base has increased by a strong 23% between June 2012 and June 2013. As of today, we employ 26 Relationship Managers and Private Bankers and are recruiting more in order to keep our level of service as high while maintaining our growth rate. We are now serving a wider range of clients but still remaining focussed on High Net Worth Individuals. Our continued development has brought us clients from more than 95 nationalities across the world. Over the past year, we have become the third largest local bank in Mauritius and improved our ranking in the top 200 African Banks Ranking to 175th place.

We continuously offer quality products and services at competitive rates and regularly launch new investment solutions adapted to constantly moving market conditions and customer needs. Our top down approach has enabled us to deliver a good performance on our recommended investment strategy throughout last year, in particular after the reorientation of portfolios towards the US market at the right time.

The chart below outlines the design of investment portfolios for our clients:

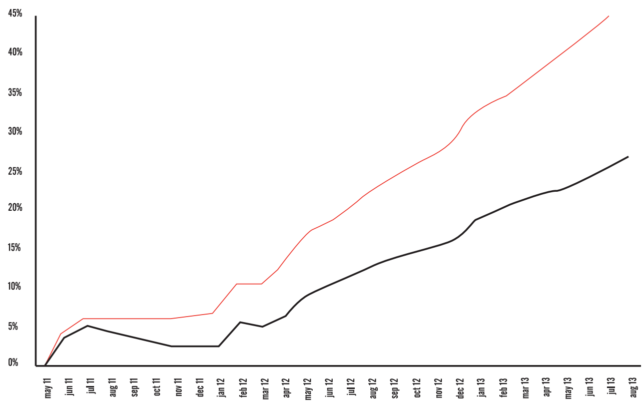


Some of our index-linked capital protected notes launched over the last 12 months are highlighted below:

PRODUCT	UNDERLYING
AFRICA NOTE 110% (USD)	S&P Africa 40 Daily Risk Control 18% Excess Return Index
COMMODITY NOTE (AUD)	Rogers International Commodity Agriculture Index Excess Return
EM NOTE (coupon-AUD)	iShares MSCI EM
CHINA NOTE MUR OPTION 1 (MUR)	Hang Seng China Enterprises Index
CHINA NOTE (AUD)	Hang Seng China Enterprises Index
GOLD NOTE (AUD/GBP)	SDPR Gold Trust
EUROSTOXX NOTE	Eurostoxx 50

Our ZAR denominated AfrAsia Special Opportunities Fund (ASOF), invests in short term, secured credit opportunities in the SADC region, with a focus on the provision of credit to mid-market corporates. The Fund which displayed an interesting performance achieved 41.81% net returns since its inception in May 2011 and a 20.00% net return in the 12 month period to 30 June 2013. This fund is also available in USD. The performance over the last 2 years in both currencies is shown below:

THE AFRASIA SPECIAL OPPORTUNITIES FUND



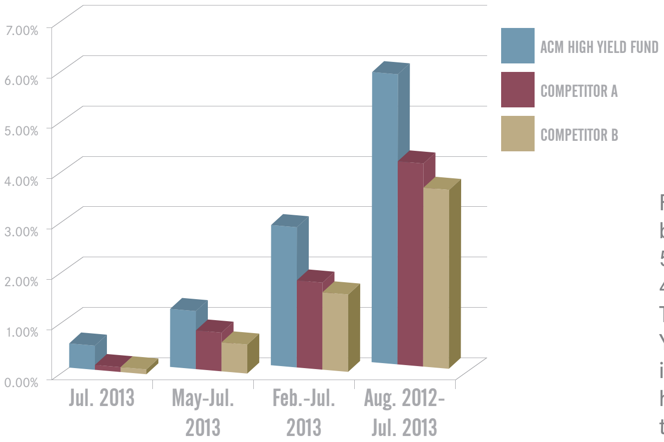
Performance in	ZAR	USD
1 month:	1.57%	1.01%
3 months:	4.98%	3.25%
6 months:	9.30%	5.60%
1 year:	20.38%	12.72%

The Fund targets return in excess of 18% and 10% p.a. in ZAR and USD respectively; it continues to grow consistently with a total growth of 46.49% since inception. To date, the Fund has completed 22 deals with all completed deals repaid in full. Currently, ASOF manages 12 deals and has a strong deal pipeline in place with the intention to grow the number of active deals to 20 in the next 6-12 months.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Launched in July 2012, the ACM high yield fund is one of our open ended funds denominated in MUR and which is performing above its benchmark. The fund which is constituted of MUR quoted and unquoted bonds, fixed deposits and cash, offers low risk with interesting returns. Our yield fund outperforms our main competitors' fund as can be shown below:

	JUL 2013	MAY-JUL 2013	FEB-JUL 2013	AUG 2012-JUL 2013
ACM HIGH YIELD FUND	0.49%	1.51%	2.93%	6.19%
COMPETITOR A	0.15%	0.76%	1.85%	4.44%
COMPETITOR B	0.00%	0.49%	1.68%	3.71%



For the month of July, the ACM High Yield Fund outperformed its benchmark, 0.49% against 0.37% while realizing 6.19% against 5.44% between August 2012 and July 2013; Competitor A scored 4.44% and Competitor B scored 3.7% over the same period. Three factors explain the strong performance of the ACM High Yield Fund since its inception: diligent monitoring of liquidity is carried out, well-negotiated investment products providing higher rates than our competitors', and a total expense ratio that is much inferior to our competitors'.

Conclusion

AfrAsia Bank Limited is committed to be the reference for Private Banking in Mauritius, in addition to being recognized as the specialist Private Bank for the region. We are building on the relevant expertise and skills to cover the Indian Ocean, Eastern and Southern African markets.

As a testimony of our customer service and performance, we have been once more rewarded by Euromoney as the 'Best Local Private Bank' as well as the 'Best Bank in Southern Africa' at The African Banker Awards in 2013.

GLOBAL BUSINESS BANKING

Evolution of the Global Business Sector

The last financial year was marked by the financial depression in Cyprus and the crackdown of G20 countries on, bank secrecy in international financial centres (IFCs). In Mauritius, continued uncertainties concerning the implementation of the provisions of the Indian GAAR, a depreciating Indian Rupee and the apprehensions that this situation has raised for the global business sector in Mauritius have affected our Indian business. In spite of these negative factors, we have seen the number of Management Companies and Global Business companies increasing, as illustrated in the chart below:

GLOBAL BUSINESS DATA SHEET - MONTHLY EVOLUTION – JAN 2012 TO MAY 2013

	Category 1[1]	Category[2]	Global Funds[3]	MCs[4]
Net Cumulative GBCs beginning Jan 2012 (revised)*	9,758	14,166	829	152
Total Newly Licensed Companies				
Total Net Cumulative Figures - end May 2013	10,520	15,034	887	166

Note:

**Data exclude Struck off GBCs (Source: RoC)*

1: Include Global Funds

2: Including funds in process of winding up or wound up

3:MCs (Include Corporate Trustees as from May 2008)

4:Data include Struck off GBCs for year 2013 (Source: RoC)

Leveraging on Mauritius as an IFC of good repute and substance, the financial services sector, including banks, has actually benefitted from the above crisis. These have prompted the Management Companies into diversifying their business geographically, adopting new business models and partnering with trust companies based outside of Mauritius in order to service the banking needs of their clients from Mauritius. The treaty network has also been enlarged with treaties signed/ratified with Kenya, Nigeria, Zambia and Egypt.

Mauritius is also quickly emerging as a regional IFC and the private banking platform of choice for the growing African population of High Net Worth Individuals. As an example, Mauritius is the country with the highest number of Society and Trust and Estate Practitioners (STEP) members in Africa, with more than 157 fully qualified members registered with the local branch as at June 2013.

AfrAsia Bank Limited Global Business Banking Desk

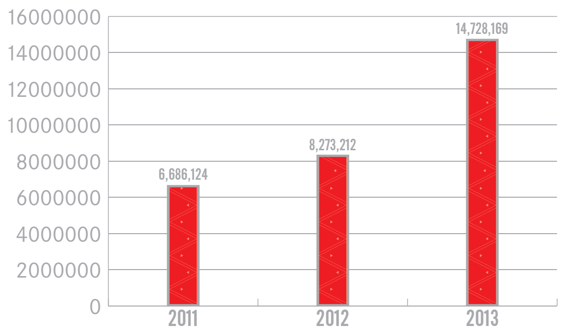
Strong Performance

- 115 LOCAL IMC AND 50 OUTSIDE OF MAURITIUS
- 95 COUNTRIES WHERE WE HAVE CLIENTS
- 6,633 RELATIONSHIPS (GB) AS AT 30/06/13
- 6,467 BANK ACCOUNTS (GB) AS AT 30/06/13
- 101,631 INTERNATIONAL BANK TRANSFERS FOR FINANCIAL YEAR ENDED 30/06/13
- USD 1.1 BILLION OF DEPOSITS AND INVESTMENTS UNDER MANAGEMENT AS AT 30/06/13

The AfrAsia Bank Limited Global Business Desk delivered another solid performance during FY 2012/13, supported by inherent dynamics such as the provision of tailored financial solutions and the nurturing of alliances with various business introducers.

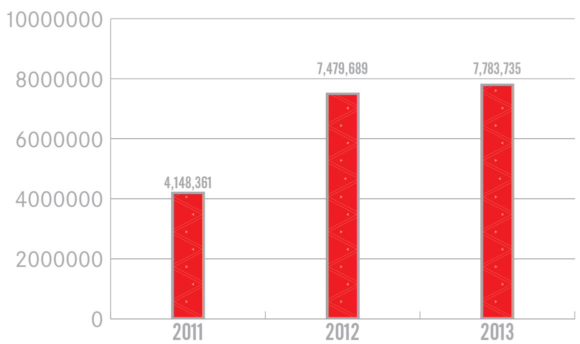
Indeed, the Segment B Deposits registered a substantial rise during the period as non-resident depositors gained more confidence in the Bank. Segment B deposits increased by 78% over the year.

DEPOSITS FROM CUSTOMERS- SEGMENT B (MUR'000)

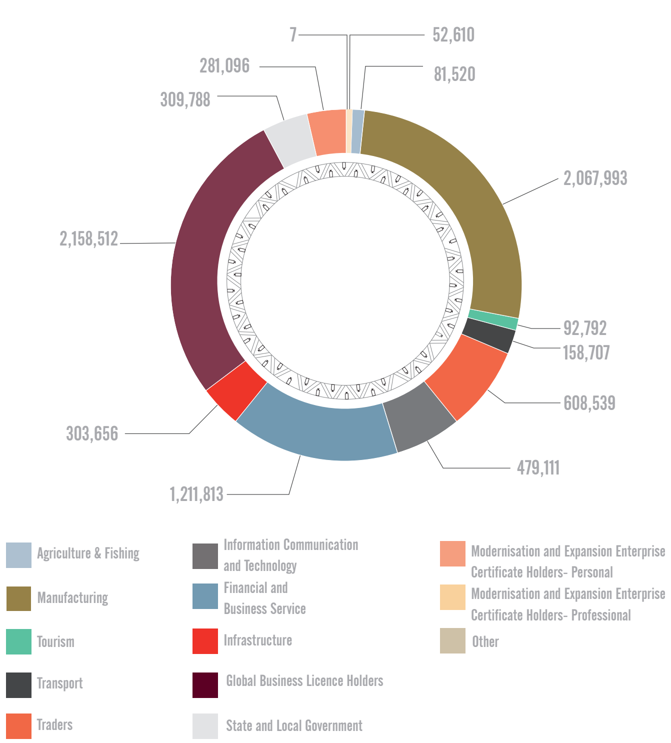


With regard to Segment B advances, the growth has been realized on short term working capital facilities (including trade finance) as well as term project financing, an important portion of which is generated from participation in international syndications. For the year under review, Segment B advances grew by 4%.

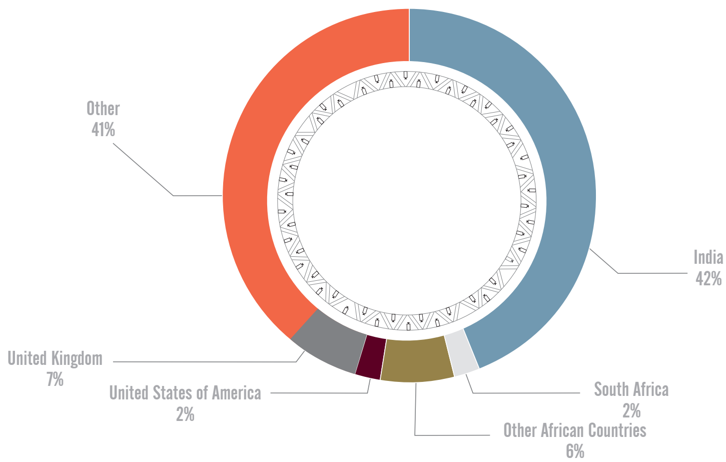
CREDIT CONCENTRATION- SEGMENT B (MUR'000)



SEGMENT B – LOANS AND ADVANCES BY SECTOR (2013)



SEGMENT B – LOANS AND ADVANCES BY COUNTRY EXCLUDING PLACEMENTS (2013)



Reinforced links with Intermediaries

The Desk widened its client portfolio as at June 2013, further establishing its position as a permanent partner for Management Companies. Currently, the Bank has adopted 115 intermediaries in Mauritius and 50 based outside of Mauritius, in several IFCs.

The Desk prides itself on the close partnership with its clients and the proactive attitude of the team in responding to their needs and requirements. During the year under review, we worked closely with several clients in order to find and provide viable solutions to their projects. A few notable examples include:

- Helping one of Africa's largest Private Equity funds (with Assets under Management exceeding USD 5bn) in terms of their payments in and out of Africa
- Further nurturing our relationship with a Top 500 BEE company (one of South Africa's most successfully managed companies) in providing their Mauritius subsidiary with the best FX treasury solutions and private banking services to their top management
- Following an introduction made in 2011 during a road show in South Africa, attracted a Financial Services Board registered company to use Mauritius as a hub for their African FX deals. This South African company is now one of the Desk's biggest FX clients
- Providing cash management and money market solutions to a Mauritius joint venture company owned by two mining giants and involved in mining and concentration of platinum group metals in Zimbabwe
- Being responsive to a trust company (and their clients), which had relocated to Mauritius in 2012 due to lower cost, time zone advantage and the Island's sound and reputable financial services sector
- Helping one of the top 15 Indian pharmaceutical manufacturing and trading companies (with a Cyprus subsidiary) in the issuance of bid bonds to beneficiaries based in Algeria, Nigeria, Mozambique and some other African countries. This listed Indian company exports to more than 25 African countries and the Bank has also helped in terms of their working capital requirements. The bank account has now moved to Mauritius and the Client is also looking at migrating their subsidiary to Mauritius in order to benefit from, inter alia, the DTAs and IPPAs network of Mauritius
- Setting up a structured trade finance facility for one of the biggest petroleum distribution companies in East Africa in financing the imports of oil from Beira into Zimbabwe. The Bank is now leveraging on the FX transactions and capturing the deposits of the Distribution Company

Improved Product offering

Building on its comprehensive product and service offerings, for example, the new World Card, bulk payment platform and beefed up FX capabilities in many African currencies, the Desk diversified its portfolio in terms of clients, financing packages and sectors of activity. The Bank has also opened a new Global sub-custody account with BNP Paribas Singapore in order to enlarge its market coverage to more than 50 countries including some 21 African countries. As at 30 June 2013, the total Assets Under Custody amounted to USD 36,9M, an increase of 51% over last year. Besides, consistent with the Bank's objective of building an extensive global network, the Desk has its increased syndications activity with international banks, while its exposure to India has been downsized given the current Indian economic climate.

Roadshows, Awards and Rating

In support of its market development thrust, the Desk has worked towards the continuous showcasing of its image and value proposition through active participation in key conferences and roadshows, most notably in China, Switzerland, South Korea, South Africa, London and Mauritius, of course. AfrAsia Bank Limited was again the platinum sponsor of the STEP event in Mauritius in February 2013.

The Bank grabbed two major awards during the year namely the 'Best Bank in Southern Africa' (African Banker) and the 'Best Local Private Bank' (Euromoney), giving additional confidence to clients.

In terms of rating, the Bank has consistently maintained a 2+ CAMEL Rating (best rating) from the Bank of Mauritius.

Capacity Building

The deployment of strategic initiatives was underpinned by capacity building, such as the re-allocation of client portfolios so as to optimise the on-the-field presence of Relationship Managers as well as the delivery of in-house training to staff. Going forward, the Desk will continue to anchor its market development drive on bolstered capabilities, by means of improvements in the quality of human capital, reinforced client monitoring, strengthened institutional relationships and the recourse to technological facilities in order to increase operating efficiency levels.

SOUTH AFRICA REPRESENTATIVE OFFICES

Located in the two largest cities in Africa's biggest economy, the primary function of the South African Representative Office is to generate business for the Bank.

This is accomplished in a variety of ways:

- promoting Mauritius as an international financial and business destination and AfrAsia as the banking brand of choice
- utilising established relationships with South African corporates and banks to initiate lending, deposit-taking, corporate finance mandates and treasury transactions for the Bank
- developing networks with local and international introducers
- facilitating the introduction of private banking clients to the Bank in Mauritius

Our focus: Broadly speaking the Representative Office has been capitalising on 3 main trends:

- Given low economic growth rates at home and in South Africa's traditional export markets, there are a growing number of local businesses seeking to expand into new territories. Countries in SADC and COMESA are of particular interest. Being a member of both blocs and offering a network of double-taxation agreements, IPPAs and other advantages, Mauritius is an ideal platform to facilitate this expansion

- Managers of listed and unlisted funds continue to be attracted to use Mauritius as the base for their operations

- Like corporates, there are individuals who similarly seek international diversification of their wealth and access to private banking products

The Representative Office's local presence combines well with the Bank's ranking, competitive offering and personalised service enabling AfrAsia Bank Limited to successfully compete for international banking in the South African market.

Our staff: Since its inception in late 2009, the Representative Office's strategy has been to invest in seasoned bankers who are well-grounded in the local market but also have the ability to address the myriad touch points of international banking. This could vary between being able to discuss the use of global business companies to take advantage of double-taxation agreements to speaking to individuals about IRS schemes.

On very complex issues, staff have access to a developed network of internal and external advisors.

The developement of networks is crucial to the success and credibility of Representative Office staff who need to keep themselves appraised of local developments and trends, attend relevant forums as well as addressing functions.

From left to right: Ravi Teji, Colleen Mansoor, David Brodie, Julie Boel, Nastasja Botha, Colin Grieve, Anne Ferreira, Merle Botha, Marisa Meyer

Quality staff is a crucial part of AfrAsia Bank Limited's promise to deliver a different banking experience on the ground in South Africa.

Our success: Tangible and intangible benefits accrue to positioning ourselves in Africa's largest economy.

- One tangible measure of success is the fact that the Representative Office has contributed over MUR 1bn in deposits and investments. An even greater amount of high-quality lending facilities have been written at the same time
- Our increasing acceptance as a regional bank of substance is evidenced by the profile of South African companies choosing to do business with AfrAsia Bank Limited. It's gratifying that AfrAsia Bank Limited now competes with the world's largest banks for transactional and treasury business from some of the Johannesburg Stock Exchange's largest listed companies
- This goes hand-in-hand with independent financial advisors who are recommending private clients to the Bank in ever increasing numbers
- In May 2012 AfrAsia Bank Limited signed a bilateral agreement with Rand Asia, one of South Africa's pre-eminent trade finance structuring houses, partly owned by China Construction Bank. The SA Representative Office continues to work with the Rand Asia team to successfully execute regional structured trade finance transactions

Our future: Establishing a brand in a relatively well-developed economy against large and well-known local and international banks is a challenge. But it's also rewarding. Each year the South African Representative Office continues to grow market share in our niche, thereby increasing our contribution to the Bank's bottom line.

AFRASIA CORPORATE FINANCE

AfrAsia Corporate Finance (ACF) is a boutique investment banking business and authorised financial services provider that offers financial advisory and capital raising solutions to clients in connection with Mergers & Acquisitions, Restructurings and other strategic matters. ACF also advises the AfrAsia Special Opportunities Fund (ASOF), a direct lending fund that integrates capital with the advisory capabilities of ACF.

ASOF is open to sophisticated third party investors, but also includes significant investment from AfrAsia Bank Limited and the ACF management team. The types of transactions that ASOF participates in are: Acquisition and leveraged financing; black economic empowerment (BEE) financing; bridge financing; turnarounds, restructurings and exit financing; and working capital financing.

ACF also advises a wide range of organisations across the SADC region, from corporates and project sponsors to investment funds and financial institutions. Via ASOF, ACF is able to support its client relationships with innovative financing solutions ranging from bridging facilities for acquisitions to underwritten equity issues to short term working capital facilities.

ACF's advisory solutions are grouped into the following core offerings: Merger & Acquisition Advisory, Restructuring Advice, Structured Finance Solutions and Capital Raising.

In the Financial Year 2012-2013, ACF was approved by the Johannesburg Stock Exchange (JSE) to provide sponsor services to its clients. The addition of the JSE Approved Sponsor license will enable ACF to enhance its offering for clients through ensuring compliance with the JSE Listings Requirements, providing appropriate advice in terms of transacting in the listed environment and processing of corporate actions through the JSE. The team has successfully advised on a number of transactions across the SADC region in the financial period under review, including the de-listing of SA French Ltd and concurrent Mirror Listing of Torre Industrial Holdings Ltd in South Africa and the MUR 1bn bond issue for Alteo Ltd in Mauritius.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Looking Forward

The increasing size and importance of Mauritius as a regional financial centre means that there will inevitably be further integration with South Africa. This will lead larger Mauritian corporates and financial institutions to seek access to the South African capital markets as they expand their African businesses. With its deep relationships in Mauritius and the new JSE-sponsor license, ACF is ideally positioned to capitalise on this trend.

Back row - from left to right - David Deetlefs, Taryn Grant, Charl de Villiers, Luyanda Zweni, Erns Loubser, Peter van Zyl, Lise van Schoor, Ryan de Vries, Eduan Kapp Front on the couch - Taryn Robertson, Charles Pettit, Monica Kamteni and Linda Keuning)

Zimbabwe

With the objective of enlarging its banking footprint to other parts of mainland Africa, AfrAsia Bank Limited acquired 35% of Kingdom Financial Holdings Limited in January 2012, and rebranded it to AfrAsia Kingdom Zimbabwe Limited (AKZL). Following that investment, James Benoit, Kamben Padayachy, Jill Rickard and Brian Frederik have been appointed as Non-executive members of the Board of Directors. AfrAsia Bank Limited also seconded to Harare its Head of Group Internal Audit, Vinod Dhondee, to act as the Group Deputy CEO of AKZL.

AKZL is an investment holding company with interests concentrated in the financial services sector. The group offers a diversified range of financial services through commercial banking, asset management and micro lending. AKZL owns 100% of Kingdom Bank Limited, Kingdom Asset Management (Private) Limited and MicroKing Finance.

The banking sector in Zimbabwe was impacted by a slow-down in economic growth, liquidity challenges and uncertainties on the political front. Levels of Non-Performing Loans have increased and Kingdom Bank was not spared by this phenomenon. There was specifically one asset that had to be heavily impaired and this has affected the results of the Group. AfrAsia Bank Limited, as the biggest shareholder in AKZL, has engineered a restructuring process that was announced in September 2013 (Event after Balance Sheet date). This restructuring when completed will see Crustmoon Investments dispose entirely of its stake in AKZL. Concurrently, a capital raising exercise has been launched via a Rights Issue and Private Placement which is expected to close before the end of this calendar year.

Further to the restructuring, AfrAsia Bank Limited also announced:

- The immediate provision of additional liquidity support to AKZL and KBL
- The rebranding of AfrAsia Kingdom Zimbabwe Limited as "AfrAsia Zimbabwe Holdings Ltd"; Kingdom Bank Ltd as "AfrAsia Bank Limited (Zimbabwe) Ltd"; and Kingdom Asset Management (Pvt) Ltd as "AfrAsia Capital Management (Pvt) Ltd"
- The restructuring of the Board and Management of AKZL and KBL

This restructuring will allow AKZL to refocus and rationalize its activities and return to profitability in this current financial year. The Zimbabwean economy offers great long-term prospects. Already, the majority of FDI into Zimbabwe originates from the Mauritian IFC and we believe that this can be an important driver of synergies between our two economies going forward. AfrAsia Bank Limited intends to position itself in Zimbabwe to benefit from these synergies.

From left to right: Daniel Makono-Group Legal Executive, Sylvester Dendere-Acting Managing Director, Kingdom Bank Limited, Lawrence Zimunhu - Acting Group Head, Human Resources, Peter Kadzere - Managing Director, Kingdom Asset Management Tamirira Rusheche - Managing Director, MicroKing Finance, Noel Marimira - Group Chief Risk Officer Seated, Vinod Dhondee - Group Deputy Chief Executive Officer Lynn Mukonoweshuro - Group Chief Executive Officer

FINANCIAL HIGHLIGHTS – YEAR UNDER REVIEW

The Bank was delighted to record a satisfactory net profit after tax of MUR 303m in its sixth financial year. The financial results for the year ended 30 June 2013 were achieved by the Bank consolidating its market share locally through a product and market differentiation strategy. Regional expansion across its core business lines of Corporate Banking, Corporate Finance, Private Banking and Wealth Management has further enabled it to secure a steady growth in operating revenue from interest and non-interest sources. The profit represents a reasonable growth of 68% over last year and is in line with positive contribution from core activities.

WE CONTINUE TO DRIVE STRONG REVENUE GROWTH COUPLED WITH RESPONSIBLE EXPENSE MANAGEMENT WHILE INVESTING FOR THE FUTURE

INTEREST INCOME

Despite the declining interest environment, interest income continued to be the main source of revenue for the Bank. An improvement of 19% was noted compared to the previous year, the largest portion coming from loans and advances to customers.

INTEREST EXPENSE

Interest expense grew by 22% during the year under review, with an increase of 21% in Segment A and 28% in Segment B. This was due to a rapid growth in the Bank's deposit base. Net interest income improved to MUR 366m, showing a growth of 16% in Segment A and 11% in Segment B.

NON-INTEREST INCOME

Non-interest income amounted to MUR 297m for the year ended 30 June 2013 (2012: MUR 175m), an increase of 70% due to fees, commission, net trading income and other operating income. Net fees and commission income increased by 54% to reach MUR 156m. Net trading income which comprises gains from foreign exchange trading and gains on investments held for trading was up by 113%. New initiatives have been introduced for Small and Medium Enterprises which will increase revenue in the coming years.

NON-INTEREST EXPENSES

Non-interest expense increased by 19% in line with business volumes. There has been continued investment in human resources, technology, customer service and branding. The cost to income ratio was 49% as at June 2013. Personnel expenses grew as expected by 14% mainly due to the recruitment of key people during the year.

OUR STATEMENT OF FINANCIAL POSITION CONTINUES TO STRENGTHEN DURING THIS FINANCIAL YEAR

Total Assets increased to MUR 31,5bn, showing a growth of 42% while the return on average total assets was maintained above 1%.

LOANS AND ADVANCES

AfrAsia Bank Limited pursued its strategy of geographical diversification, which resulted in advances to non-residents and Global Business Licence Holders progressing year-on-year. Those advances grew by 9% to MUR 14,0bn with strong growth in personal and corporate. Non-performing loans at 30 June 2013, amounting to MUR 80m, represented 0.6% of total gross advances.

DEPOSITS

Total deposits base grew by 39% contributed by all business lines to reach MUR 27,2bn, maintaining a conservative loan-to-deposit ratio of 51%. The Bank raised MUR 7,6bn deposits during the year with MUR 1,1bn and MUR 6,5bn from Segment A and Segment B respectively.

CAPITAL

The Bank is adequately capitalised with a capital adequacy ratio of 12.45% as at 30 June 2013. During the year, MUR 302m of Tier II subordinated debt was raised. Tier I capital closed at MUR 1,9bn as at the end of June 2013.

Further information about the Bank's capital adequacy requirements can be found in the Risk Management Report of the Annual Report under the header "Capital Structure and Adequacy".

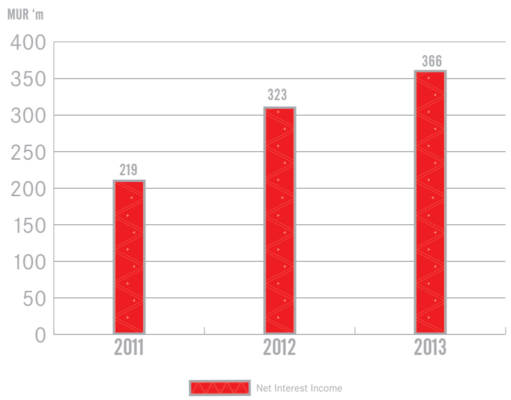
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS

REVENUE GROWTH

Net Interest Income

Our commitment to customer lending grew the Bank's net interest income by 14%, equivalent to an approximate MUR 44m as compared to last year. The growth was primarily driven by interest income on customer loans and current accounts. This reflects a satisfactory achievement indicating the Bank's ability to deploy its available funds to higher generating interest rate assets along with its ability to grow its client base with attractive deposits campaigns across various currencies. Overall, interest income of MUR 987m and interest expense of MUR 620m were recorded.

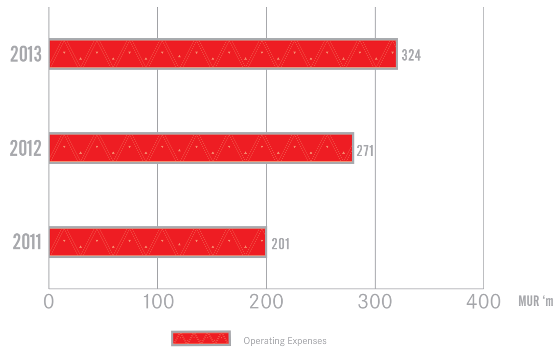


Cost Control

While continuing to invest in capacity building and prepare itself for the future, the Bank maintained tight cost control. The cost to income ratio remained as low as 49%, reflecting our efficiency efforts.

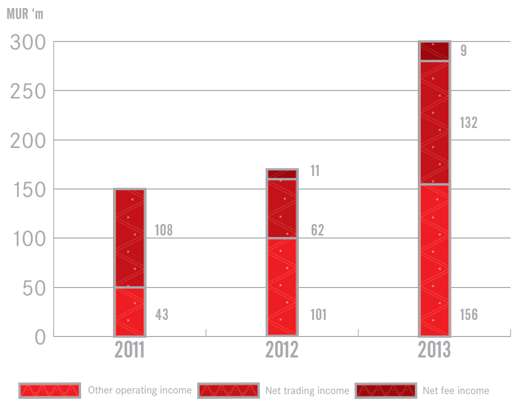
As such, there has been continued investment in human resources, technology, premises, customer service and branding. Staff costs and employee benefits stood at MUR 198m, an increase of 14% compared to previous year; the Bank has a well-defined strategy to retain and attract professional staff across all layers.

The core of its other non-interest expenses of MUR 127m is reflected in its marketing strategy to secure market share and gain greater visibility locally and internationally.



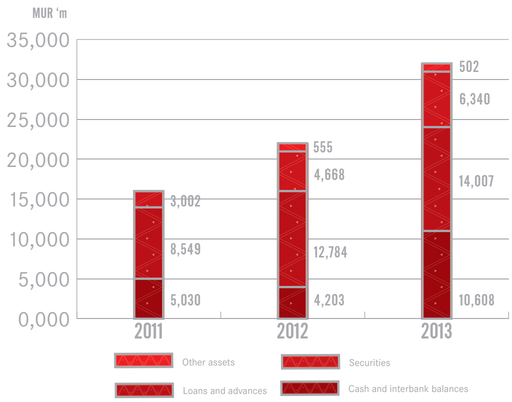
Non-Interest Income

The Bank's performance in the area of non-interest income was satisfactory with MUR 297m being achieved for the year ended 30 June 2013 despite some softness due to a volatile and excess liquid environment. The main drivers include net fees and commission income of MUR 156m and foreign currencies dealing profits including forward transactions, swap transactions and held-for-trading financial investments income of MUR 132m.



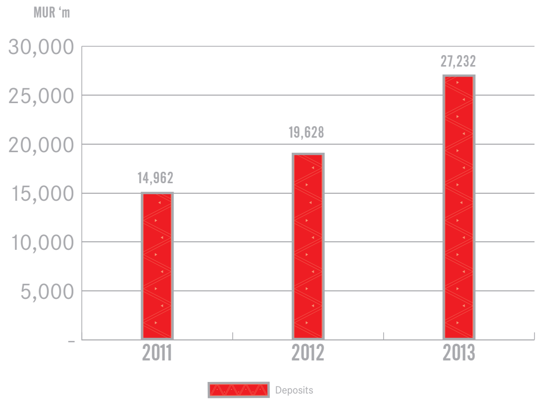
Assets mix

Our total assets increased by 42% to MUR 31,5bn over the year under review. The assets mix remained well diversified, maintaining an acceptable risk return profile and focusing on the quality of the portfolio. The main components of total assets are securities at MUR 6,3bn, loans and advances to customers at MUR 14,0bn and cash and interbank balances at MUR 10,6bn.



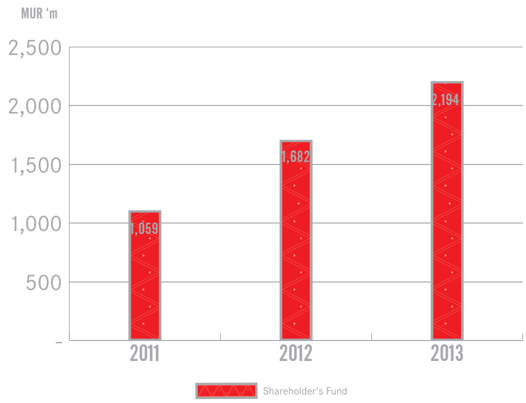
Deposits

The Bank's deposits base exceeded the Board's targets to reach MUR 27,2bn as at 30 June 2013, an increase of 39% equivalent to MUR 7,6bn over last year. This solid customer deposit reflected the privileged and collaborative relationship with customers, with a healthy split between 46% to Segment A and 54% to Segment B, in line with its deposits growth strategy.



Capital Resources

The Bank closed the year with a Tier I and II Core Capital including reserves of MUR 2,7bn, this represents a risk-weighted capital adequacy ratio (calculated under Basel II requirements) of 12.45%, a ratio above the minimum recommended level set by the Bank of Mauritius in terms of risks taken with depositors monies. The Bank remained well capitalised with share capital and reserves of MUR 2,2bn. Additional MUR 296m Tier I capital and MUR 302m Tier II capital were raised during the year under review.



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAMEL RATINGS

The Bank of Mauritius assesses us on a number on criteria which are: Capital Adequacy; Asset Quality; Management Quality; Earnings and Liquidity. This is under the acronym of CAMEL ratings. The Bank of Mauritius published these CAMEL ratings on a bi-annual basis, in June and December of each year on its website which is accessible to the public.

Internally, our Board of Directors conducts a detailed review to discuss these ratings. Our Bank's rating has remained at 2+ (Satisfactory) as at 31 December 2012.

The table below shows the latest available CAMEL Ratings for all banks in the market, for the quarter ended 31 December 2012, published on the Bank of Mauritius website.

BANK	OVERALL RATING *
ABC Banking Corporation Ltd	3+
AfrAsia Bank Limited	2+
Bank of Baroda	2+
Bank One Limited	2-
Banque des Mascareignes Ltée	3+
Barclays Bank PLC	2-
Bramer Banking Corporation Ltd	3+
Century Banking Corporation Ltd	3+
Deutsche Bank (Mauritius) Limited	2+
Habib Bank Limited	2+
HSBC Bank (Mauritius) Limited	2+
Investec Bank (Mauritius) Limited	2+
Mauritius Post and Cooperative Bank Ltd	3+
P.T Bank Internasional Indonesia	2+
SBI (Mauritius) Ltd	2-
Standard Bank (Mauritius) Limited	2-
Standard Chartered Bank (Mauritius) Limited	2-
State Bank of Mauritius Ltd	2+
The Hongkong and Shanghai Banking Corporation Limited	2+
The Mauritius Commercial Bank Limited	2-

* 1: Strong 2+ and 2- : Satisfactory 3+ and 3- : Fair 4: Marginal 5: Unsatisfactory

PERFORMANCE AGAINST OBJECTIVES

OBJECTIVES FOR 2012/13	PERFORMANCE FOR 2012/13	OBJECTIVES FOR 2013/14
STATEMENT OF COMPREHENSIVE INCOME – OPERATING INCOME		
Operating income was expected to increase by 46% to reach a target of MUR 728m.	• Despite the difficult economic conditions, sustained growth of 33% was noted in Operating Income. • Main contributors remain "Net Interest Income" and "Fees and Commission Income".	• Budgeted Operating Income for 2013/14 stands at MUR 790m, main contributor being "Net Interest Income."
STATEMENT OF COMPREHENSIVE INCOME – OPERATING EXPENSES		
In line with the rapid growth, Operating Expenses were expected to increase by 35%.	• Operating Expenses for the year ended 30 June 2013 stood at MUR 325m, a 19% growth.	• Operating Expenses is expected to remain as low as MUR 390m, a 20% growth.
STATEMENT OF FINANCIAL POSITION – LOANS AND ADVANCES		
Loan book was expected to increase by 21% across both business segments.	• Collaborative and privileged relationship with customers grew Loans and Advances by 10% to hit MUR 14bn in June 2013. • Growth was noticeable across both Segment A (residents) and Segment B (non-residents).	• Loans and Advances is expected to exceed the MUR 20bn milestone.
STATEMENT OF FINANCIAL POSITION – DEPOSITS GROWTH		
Increase of 24% was expected.	• The stickiness of our customer base brought a 39% increase of customer deposits reaching MUR 27,2bn.	• Sustained increase in deposits is expected to bring our customer base to over MUR 31bn.
STATEMENT OF FINANCIAL POSITION – ASSET QUALITY		
The Bank was expected to maintain the level of non-performing loans to below 1% of gross loans.	• Non-performing loans amounted to MUR 79,8m at end of June 2013 – about 0.5% of the Bank's gross loans.	• Non-performing loans will remain under 1% of gross loans.
STATEMENT OF FINANCIAL POSITION – CAPITAL MANAGEMENT		
The regulatory level being set at 10%, capital adequacy ratio was targeted to be 12%.	• The Bank remained well capitalized, closing the year with a capital adequacy ratio of 12.45%.	• Capital adequacy ratio is expected to remain above the regulatory requirement of 10%.
PERFORMANCE RATIO – RETURN ON AVERAGE EQUITY		
With the rapid expansion of the Bank, Return on Average Equity was expected to be around 13%.	• The Bank's Return on Average Equity stood at 15% for the year under review.	• Return on Average Equity for the Bank is targeted to be around 13%.
PERFORMANCE RATIO – COST TO INCOME		
With vigilant cost control, the cost to income ratio was expected to fall to 51%.	• The cost to income ratio of 49% as we closed the year showed good cost control system at the Bank.	• Cost control is expected to maintain a cost to income ratio of under 50%.

AfrAsia Bank Limited remains focused on maintaining solid and balanced financial fundamentals to support growth and guard against possible set back in the environment. However, we endeavour to maintain excellent portfolio quality and efficiency level while ensuring adequate capital and liquidity at all times. AfrAsia Bank Limited believes that people are our main assets and fundamental to the Bank's multi path growth. We have put together a strong leadership team and will continue to invest in attracting, developing and retaining talent, with a view to maximizing value from them in a win-win partnership. We are upgrading our technology to maintain our edge and will engage in a comprehensive review of our processes to improve efficiency and service quality.

AfrAsia Bank Limited continues with its "bank different" strategy and is committed to serve its customers in the tough prevailing economic conditions. It will continue to serve Mauritius and the dynamic Africa-Asia trade and investment corridor, in which Mauritius plays a vital role as a regional financial and logistics hub.

CAPE OF GOOD HOPE
CAPE TOWN

HOPE IS THE BEACON
WHICH POINTS TO PROSPERITY

- EDWARD COUNSEL, MAXIMS -

CORPORATE SOCIAL RESPONSIBILITY (CSR) & ENVIRONMENTAL INITIATIVES

Our approach to CSR is founded on a broad understanding of the concept of corporate citizenship; we appreciate the pivotal role education has to play in the delivery of economic and social transformation; we, in collaboration with the GML Group, continue to support a small number of dedicated projects that have a positive impact on both local and national communities. The Bank was actively involved in the 'Maurice Ile Durable' (MID) initiative, attending the initial workshops, awareness sessions and more recently the launch of the 5 E action plan.

We continue to support environmental and social challenges faced by our local and global society. The CSR Committee, which consists of three senior members of the management team, maintain a focus on environment protection, children's education and children's welfare; this year our investment in Corporate Social Responsibility was in excess of MUR 1,8m.

ENVIRONMENTAL PROTECTION

We maintain our longstanding commitment to environmental protection to bring a deep cultural change in society.

Focus areas during the year:
Document Management System, Recycling, Celebrating Earth Hour and World Environment Day.

CHILDREN'S EDUCATION AND WELFARE

We play a decisive role to contribute to social objectives, in line with encouraging education and self-sustenance among children.

Focus areas during the year:
Providing support to Centre d'Eveil day care centre, Maison Familiale Rurale du Nord and Rugby Union Mauritius.

ENVIRONMENTAL PROTECTION

EARTH HOUR

Earth Hour started in Australia several years ago; companies and individuals are encouraged to switch off non-essential lights for one hour on 23 March as a gesture towards increasing global awareness. We involved our employees, clients and suppliers by offering candles and printing leaflets (on recycled paper) to encourage participation in this activity. As part of this event, we provided employees with the opportunity to trade in their traditional light bulbs for LED lights that are more energy efficient; the traditional bulbs collected were then recycled.

Among the series of activities, we also awarded a prize to the employee for the photo that best represented the overall event.

WORLD ENVIRONMENT DAY

World Environment Day is an annual event taking place in June. It's aim is to be the biggest and most widely celebrated global day for positive environmental action. It has grown to become one of the main vehicles through which the United Nations stimulates worldwide awareness of the environment and encourages political attention and action. It is also a day for people from all walks of life to come together to ensure a cleaner, greener and brighter outlook for themselves and future generations.

This year's theme was "Think Eat Save"; think before you eat and help save the environment. The objectives were to encourage consumers to think about the environmental impact they have on the food choices they make. It was with this concept in mind that employees taking part in this initiative were given coriander seeds to sow at home, (in recycled plastic bottles made into plant pots) to demonstrate the concept of using local products over imported products (becoming self sufficient) and therefore reduce the negative environmental impact.

As well as being part of our environmental programmes, all employees are encouraged to participate in CSR activities; some of them giving up their own time to take part in initiatives for the organisations we support. A large percentage of our CSR budget is channelled through the Fondation Joseph Lagesse (FJL); the funds are utilised to help sustain ongoing projects that are aligned to our corporate values.

UNEP

THINK·EAT·SAVE
WORLD ENVIRONMENT DAY 5 JUNE

GML "ON THE MOVE"

During the year, our employees took part in GML "On the move". This event was organised by the Group to raise funds to provide housing to underprivileged families. We also assisted the Group in providing support to families impacted by the flash floods in the first quarter of 2013.

GML
On the move
un peu de toi, pour un toit

CORPORATE SOCIAL RESPONSIBILITY (CSR) & ENVIRONMENTAL INITIATIVES (CONTINUED)

RAISING ENVIRONMENTAL AWARENESS IN PARTNERSHIP WITH MISSION VERTE AND FJL

Last year we embarked on a unique venture in partnership with FJL and Mission Verte; a national environmental project to raise the awareness of school children in relation to local environmental and ecological issues and making them part of the solution. The project was also presented to several local businesses and feedback was very positive, with many organisations setting up new environmental projects. A local school we supported last year launched the opening of their 'green space'; the area was landscaped and the children use the garden as a place to learn and discover their environment.

REDUCING OUR CARBON FOOTPRINT

Our Head Office in Port Louis is a national heritage site, so we are limited as to the nature of changes we can make to the premises; we do however have several environmental programmes in place. Last year we replaced our office telephones, automated several paper based processes and implemented a Document Management System. As an organisation, we continue with initiatives such as recycling paper, plastics, ink cartridges, mobile phones, batteries, cardboard as well as managing the use of all electrical equipment and constantly look for more ways to be environmentally efficient.

CHILDREN'S WELFARE

'Centre d'Eveil' a day care centre based in Bois Marchand (a suburb mostly inhabited by squatters living in extreme poverty) continues to thrive, with more than 90 young children (aged 2-4years) benefiting from a constructive, safe learning environment that helps prepare them for pre-primary school. AfrAsia Bank Limited, through Fondation Joseph Lagesse, provides financial support, as well as school materials clothes and toys; our employees often participate in celebrations such as the end of year party and National Day.

‘LA FERME INTEGRÉE’ – MAISON FAMILIALE RURALE DU NORD

Maison Familiale Rurale du Nord (MFR), an agricultural project in the north of Mauritius, offers students skills that will increase their prospects for long term employment. The self-managed farm flourishes under the leadership of the educators and the students themselves.

Last year we got ‘hands on’ and helped the students plant 100% bio vegetables, fruits & herbs. We plan to continue with our financial literacy, interview skills workshops as well as provide work experience to some of the students currently attending the centre.

SPORT – RUGBY UNION MAURITIUS (RUM)

We continue to believe that participation in sport (as well as arts) can assist the development skills that are important in personal and academic achievement. Our financial support allows Rugby Union Mauritius to purchase kit and equipment for underprivileged children aged between 11 and 17 who wish to play rugby.

THE AFRASIA DIFFERENCE

INNOVATIVE PRODUCTS AND SERVICES

Launch of AfrAsia World MasterCard® Credit card

AfrAsia Bank Limited unveiled its new exclusive World MasterCard® credit card denominated in Euro, US Dollar and Mauritian Rupee with secure CHIP technology at the St Regis Mauritius Resort, a first in Mauritius. With exclusive offers at the most luxurious hotels, golf courses, spas, restaurants and shops, AfrAsia World MasterCard® cardholders were welcomed to a world of privileged access and automatically entered into a draw, in which they stood a chance to win a BMW Z4 Coupe Cabriolet. The winner of the car was Mr. Eshan Noordally from UK.

Launch of ACM Commodity Note

AfrAsia Bank Limited and Jim Rogers, eminent financier and investment guru, launched the ACM Commodity Note. An excellent opportunity for investors to diversify their portfolios, ACM commodity note is delivered with an alternative that provides higher returns and security in today's investing environment. The investment product also represents the possibility of investing in soft commodities with high performance capabilities.

Launch of ACM High Yield Fund

We launched the open ended fund, the ACM High Yield fund, an investment product which provided both regular income and a low risk exposure to a broad market base. The new fund allowed investors to diversify their portfolios with access to higher-yielding alternatives available in today's investing environment. Also known as a retail collective investment scheme, the fund offers two types of investment options namely a lump sum investment plan and a regular investment plan.

Launch of ACM China Note

With participation in the upside performance of the Hang Seng China Enterprises Index (HSCEI), this 100% Capital Protected Note had exposure to the Chinese Equity Market.

REINFORCING OUR AFRICA – ASIA STRATEGY

AfrAsia Corporate Finance becomes Johannesburg Stock Exchange (JSE) approved sponsor

AfrAsia Corporate Finance, the joint venture company of AfrAsia Bank Limited, with offices in Cape Town, Johannesburg, Harare and Mauritius, has been approved by the JSE to provide sponsor services to its clients. With this new license, ACF is ideally positioned to capitalise on this trend given its established relationships with regulators, investors, financial institutions and corporates in both Mauritius and South Africa.

AFRASIA
Corporate Finance

Lead Sponsor of Private Equity Mauritius Conference 2012

AfrAsia Bank Limited was the lead sponsor of the major flagship event for Mauritius, the 'Private Equity Mauritius 2012'. This conference was organized by Board of Investment and was a platform for sharing professional insights on the current global economic scene, Africa's offerings and potential and the role of Mauritius as a tried, tested and trusted platform of choice for Africa. Most importantly, for the first time in Mauritius, we had Jim Rogers, the leading investment guru and advisor, as our key speaker.

Presence at the International Entrepreneurship & Investment Conference 2012, Durban

The conference attracted the global brains that would reflect on the best plans that Durban could consider to stimulate growth through the combination of infused entrepreneurial spirit in the citizenry's psyche and promotion of both domestic and foreign investment. ABN Digital caught up with CEO James Benoit who was at the conference to discuss new models of growth in the emerging markets.

Presence at the China-Africa Business Summit 2013

The China-Africa Business Summit was held on 17 April in Johannesburg focusing on the theme "Gaining competitive advantage for business from China's engagement of Africa". AfrAsia Bank Limited's Deputy CEO Kamben Padayachy was one of the key speakers of the panel discussion and focused on the investment flow into Africa from China and also Chinese investment in Mauritius.

THE AFRASIA DIFFERENCE

Lead Sponsor of STEP Mauritius Conference 2013

AfrAsia Bank Limited was the lead sponsor of the STEP (Society of Trusts and Estate Practitioners) Conference in Mauritius, revolving around the theme 'Mauritius: Africa's Leading Wealth Management Centre'. CEO James Benoit was one of the designated key speakers who focused on 'Africa's Growing Wealth: The Opportunities and Challenges of a regional IFC'. The conference revealed the unparalleled opportunity to maximize the island's potential as an international financial centre.

Sponsoring 'Agile Economies as Models for Growth in Africa - The Case of Mauritius' at the Africa Frontiers Forum

AfrAsia Bank Limited sponsored the seminar 'Agile Economies as Model for Growth in Africa - The Case of Mauritius' organised by the Africa Frontiers Forum, on 13 June 2013 at the Industrial Development Corporation (IDC), Sandton. Mauritius can today be described as a post-resources economy in Africa. The seminar focused on what is making Mauritius successful and what opportunities there are for South African and foreign companies in Mauritius and the regions it services.

Hosting financial roadshow in London 'Mauritius: Your Investment route into Africa'

AfrAsia Bank Limited partnered with distinguished companies to showcase Mauritius as an International Financial Centre of choice for investments into Africa. The seminar, held at the Grosvenor House, AJW Marriott Hotel in London, gathered executive managers, bankers and investors from renowned organisations looking forward to tapping into the growing trade, investment and capital flows of the African continent.

SPONSORSHIP OF MAJOR EVENTS

AfrAsia Tecoma Award 2012

AfrAsia Bank Limited was the title sponsor of the AfrAsia Tecoma Award, an exceptional event where we celebrated the success and entrepreneurial spirit of our expert business initiators, a strategy carried by Eco Austral which fits our corporate business line segment. Our association to this event was an important step for us as we celebrated a remarkable group of individuals who are making a difference in rendering Mauritius a powerhouse of international standing. The winner of this edition was Jean Michel Pitot, CEO of Attitude Resorts.

AfrAsia Golf Masters 2012

Held at the Ernie Els designed golf course, Four Seasons Golf Club Mauritius at Anahita, the AfrAsia Golf Masters was the professional golf tournament organized by Canal+ Events which brought together the 20 best golf players of the Allianz Golf Tour and 10 specially invited guest players of the European Tour. The tournament, which appeared on the calendar of the Federation Française de Golf, was worth €100,000. Christophe Brazilier was the winner of the 2012 edition.

ACCOLADES

Awarded "Best Local Private Bank 2013" by Euromoney

The 2013 Euromoney Private Banking and Wealth Management survey has again awarded AfrAsia Bank Limited as "Best Local Private Bank in Mauritius". Winning 4 awards in 3 years reflects that the service we offer to our clients and the type of relationship that we build with them is the cornerstone of our success.

Awarded "Best Bank in Southern Africa 2013" by the African Banker

AfrAsia Bank Limited is the first bank in Mauritius to be acknowledged by the African Banker Awards independent judging panel as the sub-region's best financial institution in recognition of its consistent performance, quality of its financial products and services, leadership status and contribution to the growth and development of the sector in the region.

Awarded 'Online Reporting' by PricewaterhouseCoopers Mauritius

Among the 76 annual reports submitted to PwC, AfrAsia Annual Report 2012 has been ranked among the top three best as well as nominated in the section 'Risk Management Report' and thrived among the 75 websites reviewed by the PwC. A virtual expedition through a microsite, videos, interactive charts, an iPad and Android application and a structured investor relations page were the key features of AfrAsia Bank's online reporting, resulting as the winner of Online Reporting by PwC.

THE AFRASIA DIFFERENCE

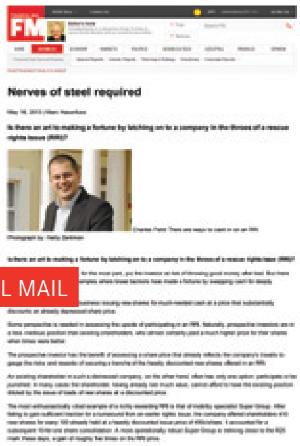
NEWSROOM

THE INDEPENDENT

L'EXPRESS WEEKLY

L'EXPRESS

L'EXPRESS



FINANCIAL MAIL

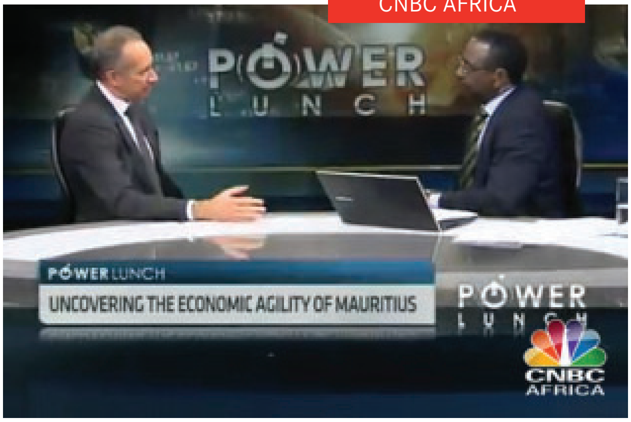
THE ZIMBABWE INDEPENDENT

CAPITAL

EMEA FINANCE

STEP JOURNAL

CNBC AFRICA



ABN DIGITAL

BUSINESS DAY LIVE

CNBC AFRICA

CNBC AFRICA

MasterCard Worldwide @MasterCardNews

#AfrAsia Bank launches World #MasterCard Credit card to Mauritian premium customers, extending priceless benefits bit.ly/RAFKla

2:55 PM - 5 Nov 2012

2 RETWEETS 2 FAVORITES

AfricanGuaranteeFund @AG_Fund

@gtbank @attijarinet @AfrAsiaBank @FirstBankngr @RMBRandMerchant Congratulations for your recognition in the African Banking Awards!

2:05 PM - 30 May 2013

1 RETWEET

Frontier Advisory @FrontierSA

#Mauritius has been successful because of Policies, Private and Public interaction, and People - James Benoit, CEO, AfrAsia #AFFJHB

6:36 PM - 13 Jun 2013

3 RETWEETS 2 FAVORITES

CNBC Africa @cnbcafrica

@NataschaJacobsz takes to the stage to host this mornings launch debate 'Growing Mauritius' with panel: @AfrAsiaBank #BOI #KrossBorder #JEC

10:09 AM - 11 Jul 2013

TWITTER

VICTORIA ISLAND-LAGOS
NIGERIA

DISCOVERY CONSISTS NOT
IN SEEKING NEW LANDS,
BUT SEEING WITH NEW EYES

- MARCEL PROUST -

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Financial Statement of the Bank and the Group in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International accounting standards of the International Accounting Standards Committee as well as the requirements of the Banking Act and the guidelines issued thereunder, have been applied for the year ended 30 June 2013 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 unauthorized use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organization and governance structures providing a well defined division of responsibilities, authorization 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 the Audit Committee and Conduct Review and Risk Policy Committee, which are comprised of independent 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 and related party transactions. The Bank's Head of Group Internal Audit, who has full and free access to the Audit Committee, conducts a well-designed programme of internal audits in coordination with the Bank's external auditors.

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

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

Arnaud Lagesse Chairman	James Benoit Chief Executive Officer	Kevindra Teeroovengadum Director

24 September 2013

ADMINISTRATIVE INFORMATION

HEAD OFFICE

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AFRASIA HOLDINGS LIMITED

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www.afrasiabank.com

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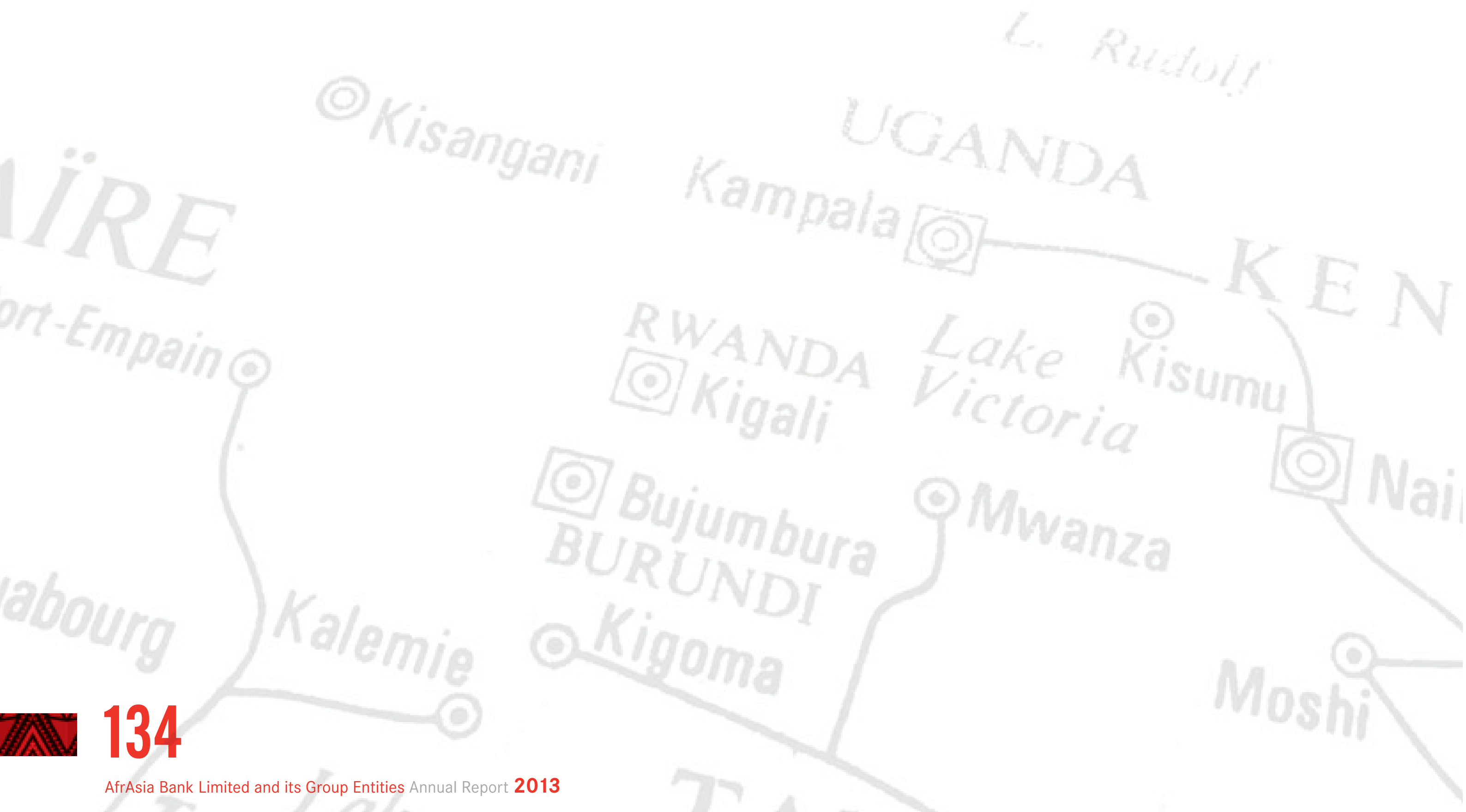
NOTES


L. Rudolf
Kisangani
UGANDA
Kampala
RWANDA
Kigali
Lake Victoria
Kisumu
Bujumbura
BURUNDI
Mwanza
Kalemie
Kigoma
Moshi

CONTENTS

Certificate from the Company Secretary

Year Ended 30 June 2013

In terms of Section 166 (d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act.

IBL Corporate Services Ltd
Company Secretary

24 September 2013

Independent Auditors' Report

To the Members of AfrAsia Bank Limited and its Group Entities

Report on the financial statements

We have audited the financial statements of AfrAsia Bank Limited (the 'Bank') and its group entities (altogether the 'Group') on pages 138 to 218 which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, Financial Reporting Act 2004 and Banking Act 2004 and 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 138 to 218 give a true and fair view of the financial position of the Group and the Bank at 30 June 2013, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Bank's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Companies Act 2001

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

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

Banking Act 2004

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004, the regulations and guidelines of the Bank of Mauritius. The explanations or information called for or given to us by the officers or agents of the Group and the Bank were satisfactory.

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 (the 'Code') 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 annual report is consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, A.C.A.
Licensed by FRC

25 September 2013

Statements of Comprehensive Income

For the Year Ended 30 June 2013

		THE GROUP			THE BANK		
		Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	Notes	**MUR**	MUR	MUR	**MUR**	MUR	MUR
Interest income	3	**986,611,615**	829,224,426	543,026,048	**986,614,164**	829,230,689	543,017,482
Interest expense	4	**(620,362,470)**	(506,702,114)	(324,266,104)	**(620,367,037)**	(506,702,307)	(324,271,915)
Net interest income		**366,249,145**	322,522,312	218,759,944	**366,247,127**	322,528,382	218,745,567
Fees and commission income	5	**179,492,120**	116,006,675	53,752,370	**176,526,845**	116,006,675	53,752,370
Fees and commission expense	5	**(21,367,222)**	(14,620,861)	(10,826,069)	**(20,730,461)**	(14,576,701)	(10,731,589)
Net fees and commission income	5	**158,124,898**	101,385,814	42,926,301	**155,796,384**	101,429,974	43,020,781
Net trading income	6	**193,093,707**	62,062,243	107,997,630	**132,453,791**	62,056,737	107,978,574
Other operating income		**9,336,696**	1,608,361	341,655	**9,336,696**	11,210,410	144,357
Total operating income		**726,804,446**	487,578,730	370,025,530	**663,833,998**	497,225,503	369,889,279
Reversal of impairment charge/ (Net allowance for credit impairment)	7	**1,152,052**	(24,874,478)	(25,299,641)	**1,152,052**	(24,874,478)	(25,299,641)
Net operating income		**727,956,498**	462,704,252	344,725,889	**664,986,050**	472,351,025	344,589,638
Personnel expenses	8	**(197,632,225)**	(172,852,372)	(126,720,957)	**(197,632,225)**	(172,852,372)	(126,720,957)
Depreciation of equipment	21	**(4,695,949)**	(3,227,502)	(3,058,647)	**(4,694,856)**	(3,226,406)	(3,046,724)
Amortisation of intangible assets	22	**(5,714,166)**	(4,031,198)	(3,812,237)	**(5,714,166)**	(4,031,198)	(3,812,237)
Other operating expenses	9	**(118,000,522)**	(92,310,605)	(68,561,015)	**(116,857,206)**	(91,881,232)	(68,297,982)
Total operating expenses		**(326,042,862)**	(272,421,677)	(202,152,856)	**(324,898,453)**	(271,991,208)	(201,877,900)
Operating profit		**401,913,636**	190,282,575	142,573,033	**340,087,597**	200,359,817	142,711,738
Share of profit of joint venture	19	**16,283,494**	6,777,014	5,703,724	**-**	-	-
Share of (loss)/profit of associates	20	**(177,483,655)**	93,403,802	2,662,251	**-**	-	-
Profit before tax		**240,713,475**	290,463,391	150,939,008	**340,087,597**	200,359,817	142,711,738
Tax expense	10	**(37,678,683)**	(20,086,630)	(26,552,498)	**(37,491,675)**	(20,092,051)	(26,567,883)
Profit for the year		**203,034,792**	270,376,761	124,386,510	**302,595,922**	180,267,766	116,143,855
Other comprehensive income							
Share of associates revaluation reserve		**2,122,705**	-	-	**-**	-	-
Exchange differences on translation of foreign operations		**527,011**	17,414,350	-	**-**	-	-
Hedge of a net investment in a foreign operation reserve		**48,401**	(17,429,109)	-	**-**	-	-
Other comprehensive income for the year, net of income tax		**2,698,117**	(14,759)	-	**-**	-	-
Total comprehensive income for the year		**205,732,909**	270,362,002	124,386,510	**302,595,922**	180,267,766	116,143,855

The notes on pages 142 to 218 form an integral part of these financial statements.

Auditors' report on page 137.

Statements of Financial Position

As at 30 June 2013

		THE GROUP			THE BANK		
		2013	2012	2011	**2013**	2012	2011
	Notes	**MUR**	MUR	MUR	**MUR**	MUR	MUR
ASSETS							
Cash and balances with the Central Bank	12	**1,598,715,632**	676,371,624	1,085,084,764	**1,598,715,632**	676,371,624	1,085,084,764
Due from banks	13	**9,009,843,939**	3,527,186,481	3,945,077,133	**9,009,807,334**	3,527,119,302	3,944,929,389
Derivative financial instruments	14	**68,581,360**	190,544,328	181,201,384	**25,637,161**	123,782,046	101,097,074
Financial investments - held-for-trading	15	**532,685,518**	1,162,543,500	441,804,000	**532,685,518**	1,162,543,500	441,804,000
Loans and advances to customers	16	**14,007,752,016**	12,784,321,295	8,549,378,712	**14,007,752,016**	12,784,435,754	8,549,378,712
Financial investments – available-for-sale	17	**40,722,657**	14,999,997	-	**-**	-	-
Financial investments - held-to-maturity	17	**5,807,802,824**	3,506,007,725	2,560,492,783	**5,807,802,824**	3,506,007,725	2,560,492,783
Investment in subsidiaries	18	**-**	-	-	**383,115,237**	363,163,638	25,000,000
Investment in joint venture	19	**55,177,034**	53,393,539	46,616,525	**-**	-	-
Investment in associates	20	**225,313,514**	408,444,360	7,684,689	**-**	-	5,022,438
Equipment	21	**28,763,936**	14,321,946	13,364,250	**28,756,687**	14,313,604	13,354,813
Intangible assets	22	**15,420,212**	17,094,812	13,591,022	**15,420,212**	17,094,812	13,591,022
Deferred tax assets	10	**8,055,035**	7,681,088	2,532,127	**8,055,035**	7,637,567	2,494,027
Other assets	23	**165,323,024**	29,440,868	19,907,408	**41,951,992**	29,365,439	19,900,410
TOTAL ASSETS		**31,564,156,701**	22,392,351,563	16,866,734,797	**31,459,699,648**	22,211,835,011	16,762,149,432
LIABILITIES AND EQUITY							
Due to banks	24	**881,908,278**	8,516,013	28,483,333	**881,908,278**	8,516,013	28,483,333
Derivative financial instruments	14	**66,241,883**	126,912,147	125,325,638	**49,697,684**	63,249,865	48,321,328
Deposits from customers	25	**27,224,339,709**	19,626,670,732	14,962,435,979	**27,232,616,080**	19,628,367,164	14,962,538,164
Debts issued	26	**940,323,447**	688,625,890	547,090,779	**883,069,803**	565,479,715	421,574,481
Amount due to subsidiary	27	**-**	-	-	**57,253,644**	123,146,176	125,516,298
Current tax liabilities	10	**22,175,979**	9,631,747	18,385,558	**22,175,979**	9,631,747	18,385,558
Other liabilities	28	**231,773,086**	150,243,695	116,129,669	**138,309,815**	131,281,959	97,941,160
TOTAL LIABILITIES		**29,366,762,382**	20,610,600,224	15,797,850,956	**29,265,031,283**	20,529,672,639	15,702,760,322
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
Issued capital	29	**1,694,593,418**	1,398,457,492	921,638,335	**1,694,593,418**	1,398,457,492	921,638,335
Retained earnings		**290,049,913**	289,421,575	100,758,107	**290,007,317**	189,817,849	91,263,376
Other reserves	30	**212,750,988**	93,872,272	46,487,399	**210,067,630**	93,887,031	46,487,399
TOTAL EQUITY		**2,197,394,319**	1,781,751,339	1,068,883,841	**2,194,668,365**	1,682,162,372	1,059,389,110
TOTAL LIABILITIES AND EQUITY		**31,564,156,701**	22,392,351,563	16,866,734,797	**31,459,699,648**	22,211,835,011	16,762,149,432

The financial statements have been approved for issue by the Board of Directors on 24 September 2013.

Arnaud Lagesse
Chairman

James Benoit
Chief Executive Officer

Kevindra Teeroovengadum
Director

The notes on pages 142 to 218 form an integral part of these financial statements.
Auditors' report on page 137.

Statements of Changes in Equity

For the Year Ended 30 June 2013

(a) THE GROUP

	Notes	Issued capital MUR	Retained earnings MUR	Other reserves MUR	Total MUR
At 1 July 2010		653,977,649	16,059,240	12,418,250	682,455,139
Profit for the year		-	124,386,510	-	124,386,510
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	124,386,510	-	124,386,510
Issue of shares	29	267,660,686	-	-	267,660,686
Share-based payments	30	-	-	3,953,869	3,953,869
Appropriation of reserves	30	-	(30,115,280)	30,115,280	-
Dividends	11	-	(9,572,363)	-	(9,572,363)
At 30 June 2011		921,638,335	100,758,107	46,487,399	1,068,883,841
At 1 July 2011		921,638,335	100,758,107	46,487,399	1,068,883,841
Profit for the year		-	270,376,761	-	270,376,761
Other comprehensive income		-	-	(14,759)	(14,759)
Total comprehensive income for the year		-	270,376,761	(14,759)	270,362,002
Issue of shares	29	476,819,157	-	-	476,819,157
Share-based payments	30	-	-	247,217	247,217
Appropriation of reserves	30	-	(47,152,415)	47,152,415	-
Dividends	11	-	(34,560,878)	-	(34,560,878)
At 30 June 2012		1,398,457,492	289,421,575	93,872,272	1,781,751,339
At 1 July 2012		**1,398,457,492**	**289,421,575**	**93,872,272**	**1,781,751,339**
Profit for the year		**-**	**203,034,792**	**-**	**203,034,792**
Other comprehensive income		**-**	**-**	**2,698,117**	**2,698,117**
Total comprehensive income for the year		**-**	**203,034,792**	**2,698,117**	**205,732,909**
Issue of shares	**29**	**296,135,926**	**-**	**-**	**296,135,926**
Share-based payments	**30**	**-**	**-**	**1,842,167**	**1,842,167**
Appropriation of reserves	**30**	**-**	**(114,338,432)**	**114,338,432**	**-**
Dividends	**11**	**-**	**(88,068,022)**	**-**	**(88,068,022)**
At 30 June 2013		**1,694,593,418**	**290,049,913**	**212,750,988**	**2,197,394,319**

(b) THE BANK

	Notes	Issued capital MUR	Retained earnings MUR	Other reserves MUR	Total MUR
At 1 July 2010		653,977,649	14,807,164	12,418,250	681,203,063
Profit for the year		-	116,143,855	-	116,143,855
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	116,143,855	-	116,143,855
Issue of shares	29	267,660,686	-	-	267,660,686
Share-based payments	30	-	-	3,953,869	3,953,869
Appropriation of reserves	30	-	(30,115,280)	30,115,280	-
Dividends	11	-	(9,572,363)	-	(9,572,363)
At 30 June 2011		921,638,335	91,263,376	46,487,399	1,059,389,110
At 1 July 2011		921,638,335	91,263,376	46,487,399	1,059,389,110
Profit for the year		-	180,267,766	-	180,267,766
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	180,267,766	-	180,267,766
Issue of shares	29	476,819,157	-	-	476,819,157
Share-based payments	30	-	-	247,217	247,217
Appropriation of reserves	30	-	(47,152,415)	47,152,415	-
Dividends	11	-	(34,560,878)	-	(34,560,878)
At 30 June 2012		1,398,457,492	189,817,849	93,887,031	1,682,162,372
At 1 July 2012		**1,398,457,492**	**189,817,849**	**93,887,031**	**1,682,162,372**
Profit for the year		**-**	**302,595,922**	**-**	**302,595,922**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**302,595,922**	**-**	**302,595,922**
Issue of shares	**29**	**296,135,926**	**-**	**-**	**296,135,926**
Share-based payments	**30**	**-**	**-**	**1,842,167**	**1,842,167**
Appropriation of reserves	**30**	**-**	**(114,338,432)**	**114,338,432**	**-**
Dividends	**11**	**-**	**(88,068,022)**	**-**	**(88,068,022)**
At 30 June 2013		**1,694,593,418**	**290,007,317**	**210,067,630**	**2,194,668,365**

The notes on pages 142 to 218 form an integral part of these financial statements.
Auditors' report on page 137.

Statements of Cash Flows

For the Year Ended 30 June 2013

	Notes	THE GROUP 2013 MUR	THE GROUP 2012 MUR	THE GROUP 2011 MUR	THE BANK 2013 MUR	THE BANK 2012 MUR	THE BANK 2011 MUR
OPERATING ACTIVITIES							
Profit before tax		**240,713,475**	290,463,391	150,939,008	**340,087,597**	200,359,817	142,711,738
Adjustments for:							
Change in operating assets	32(b)	**(3,252,573,700)**	(6,214,707,025)	(6,053,310,449)	**(3,151,902,485)**	(6,228,100,501)	(6,090,899,426)
Change in operating liabilities	32(c)	**8,699,014,329**	4,768,890,790	7,267,644,294	**8,677,131,579**	4,783,074,018	7,305,057,822
Non-cash items included in profit before tax	32(d)	**205,464,727**	(50,137,685)	33,366,834	**43,861,873**	23,769,562	41,720,886
Tax paid		**(25,508,399)**	(33,987,059)	(17,795,504)	**(25,364,911)**	(33,987,059)	(17,795,504)
Net cash flows from/ (used in) operating activities		**5,867,110,432**	(1,239,477,588)	1,380,844,183	**5,883,813,653**	(1,254,884,163)	1,380,795,516
INVESTING ACTIVITIES							
Purchase of equipment	21	**(19,964,487)**	(4,306,677)	(3,236,300)	**(19,964,487)**	(4,306,677)	(3,236,300)
Purchase of investment in associates		**(643,843)**	(307,355,868)	(5,022,438)	**-**	(9,696,696)	(5,022,438)
Purchase of intangible assets	22	**(4,039,565)**	(7,534,988)	(2,355,199)	**(4,039,565)**	(7,534,988)	(2,355,199)
Investment in subsidiaries	18	**-**	-	-	**(20,000,000)**	(320,734,529)	-
Investment in joint venture	19	**(500,000)**	-	-	**-**	-	-
Purchase of available-for-sale financial investments		**(25,662,280)**	(14,999,997)	-	**-**	-	-
Proceeds from sale of investment in associates		**-**	-	-	**-**	23,562,500	-
Dividend income		**23,413,740**	-	-	**-**	-	-
Net cash flows used in investing activities		**(27,396,435)**	(334,197,530)	(10,613,937)	**(44,004,052)**	(318,710,390)	(10,613,937)
FINANCING ACTIVITIES							
Issue of shares		**296,135,926**	476,819,157	267,660,686	**296,135,926**	476,819,157	267,660,686
Dividends paid	11	**(88,068,022)**	(34,560,878)	(9,572,363)	**(88,068,022)**	(34,560,878)	(9,572,363)
Net cash flows from financing activities		**208,067,904**	442,258,279	258,088,323	**208,067,904**	442,258,279	258,088,323
Net cash flows for the year		**6,047,781,901**	(1,131,416,839)	1,628,318,569	**6,047,877,505**	(1,131,336,274)	1,628,269,902
Movement in cash and cash equivalents							
Cash and cash equivalents at beginning of the year		**2,919,642,013**	4,051,058,852	2,422,740,283	**2,919,574,834**	4,050,911,108	2,422,641,206
Net increase/(decrease) in cash and cash equivalents		**6,047,781,901**	(1,131,416,839)	1,628,318,569	**6,047,877,505**	(1,131,336,274)	1,628,269,902
Net foreign exchange difference		**65,030**	-	-	**-**	-	-
Cash and cash equivalents at 30 June	32(a)	**8,967,488,944**	2,919,642,013	4,051,058,852	**8,967,452,339**	2,919,574,834	4,050,911,108
Operational cash flows from interest							
Interest paid		**566,729,381**	443,083,735	492,295,573	**576,208,690**	454,110,197	268,155,028
Interest received		**725,408,056**	651,789,243	268,149,216	**725,410,605**	780,458,900	492,287,007

The notes on pages 142 to 218 form an integral part of these financial statements.

Auditors' report on page 137.

Notes to the Financial Statements

Year Ended 30 June 2013

1. CORPORATE INFORMATION

AfrAsia Bank Limited ('the Bank') is a public company incorporated and domiciled in the Republic of Mauritius. The principal activity of the Bank and those of its group entities ('the Group') is the provision of financial services in the Indian Ocean Region. Its registered office is at 10, Dr Ferrière Street, Port Louis, Mauritius.

The financial statements for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 24 September 2013.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Bank have been prepared on a historical cost basis, except for available-for-sale investments, financial assets held-for-trading and derivative financial instruments, all of which have been measured at fair value. The consolidated financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest rupee except when otherwise indicated.

Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Presentation of financial statements

The Group and the Bank present their statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statements of financial position date (current) and more than 12 months after the statements of financial position date (non-current) is presented in Note 33.

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

Income and expense will not be offset in the statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of AfrAsia Bank Limited and its subsidiaries for the year ended 30 June 2013. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses are eliminated in full.

The subsidiaries are fully consolidated from the date on which control is transferred to the Bank.

Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by AfrAsia Bank Limited.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

2.2 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, management has exercised its judgement and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

Management has made an assessment of the Group's and the Bank's ability to continue as a going concern and is satisfied that the Group and the Bank have the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting judgements and estimates (Continued)

(a) Judgements (Continued)

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data are not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives. Further details in respect of the fair valuation of financial instruments are included in Note 31 to the financial statements.

Impairment losses on loans and advances

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

The impairment loss on loans and advances is disclosed in more detail in Note 16.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of July 01, 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sales basis. The amendment is effective for annual periods beginning on or after January 01, 2012 and has no effect on the Bank's financial position, performance or its disclosures since the Bank does not hold investment property nor does it use the revaluation model in measuring equipment.

IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in 'Other comprehensive income' (OCI). Items that will never be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that could be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's and Bank's financial position or performance.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Foreign currency translation

The financial statements are presented in Mauritian Rupees ('MUR'). Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. All differences are taken to 'Net trading income' in the statements of comprehensive income, with the exception of differences in foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity. The differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

(ii) Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupees at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in 'Other comprehensive income'. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statements of comprehensive income in 'Other operating expenses' or 'Other operating income'. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(b) Financial instruments - initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and characteristics and management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Derivatives recorded at fair value through profit or loss

The Group uses derivatives such as forward foreign exchange contracts and options on foreign currencies. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value are included in Net trading income.

(iv) Financial assets or financial liabilities held-for-trading

Financial assets or financial liabilities held-for-trading are recorded in the statements of financial position at fair value. Changes in fair value are recognised in 'Net trading income'. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities, which have been acquired principally for the purpose of selling or repurchasing in the near term.

(v) Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- the financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statements of financial position at fair value. Changes in fair value are recorded in 'Net trading income'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is recorded in 'Other operating income' when the right to the payment has been established.

(vi) 'Day 1 profit or loss'

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1 profit or loss') in 'Net trading income'. In case where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statements of comprehensive income when the inputs become observable, or when the instrument is derecognised.

(vii) Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and have fixed maturities, which the Group has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the statements of comprehensive income. The losses arising from impairment of such assets are recognised in profit or loss.

If the Group were to sell or reclassify more than an insignificant amount of held-to-maturity financial assets before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(b) Financial instruments - initial recognition and subsequent measurement (Continued)

(viii) Available-for-sale financial investments

Available-for-sale investments include equity securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

The Group has not designated any loans or receivables as available-for-sale.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity ('Other comprehensive income') in the available-for-sale reserve. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statements of comprehensive income in 'Other operating income'. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. Dividends earned whilst holding available-for-sale financial investments are recognised in the statements of comprehensive income as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statements of comprehensive income and removed from the available-for-sale reserve.

(ix) Due from banks and loans and advances to customers

'Due from banks' and 'Loans and advances to customers' include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as at fair value through profit or loss
- Those that the Group, upon initial recognition, designates as available-for-sale
- Those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from banks' and 'Loans and advances to customers' are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the statements of comprehensive income. The losses arising from impairment are recognised in the statements of comprehensive income in 'Net allowance for credit impairment'.

The Group may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held-for-trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on drawdown, is expected to be retained by the Group, and not sold in the short term, the commitment is recorded only when the commitment is an onerous contract that is likely to give rise to a loss (e.g. due to a counterparty credit event).

(x) Debts issued

Financial instruments issued by the Group that are not designated at fair value through profit or loss, are classified as liabilities under 'Debts issued' where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debts issued are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. An analysis of the Group's issued debt is disclosed in Note 26 to the financial statements.

(xi) Reclassification of financial assets

Effective from 1 July 2008, the Group was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

The Group may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(b) Financial instruments - initial recognition and subsequent measurement (Continued)

(xi) Reclassification of financial assets (Continued)

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in 'Other comprehensive income' is recycled to the statements of comprehensive income.

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

(c) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either

  a. the Group has transferred substantially all the risks and rewards of the asset, or

  b. the Group has neither transferred nor retained substantially all the risks and rewards on the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Financial liabilities

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

(d) Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1 profit or loss') is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(e) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The following sets out the policies of the Group and the Bank regarding the impairment of specific classes of assets:

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held-to-maturity investments), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of comprehensive income in 'Net allowance for credit impairment'. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. The Group treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is removed from equity and recognised in the profit or loss. Impairment losses on equity investments, are not reversed through profit or loss; increases in the fair value after impairment are recognised in 'Other comprehensive income'.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(e) Impairment of financial assets (Continued)

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

(f) Hedge accounting

The Group makes use of non-derivative instruments to manage exposures to foreign currency risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognised in the statements of comprehensive income in 'Net trading income'. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Fair value hedges

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statements of comprehensive income in 'Net trading income'. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statements of financial position and is also recognised in the statements of comprehensive income in 'Net trading income'.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For a hedged item recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the recalculated effective interest rate (EIR) method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as 'Other comprehensive income' while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses foreign currency borrowings as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(h) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest income and expenses

For all financial instruments measured at amortised cost, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as interest income for financial assets and interest expense for financial liabilities.

However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fees and commission income

The Group earns fees and commission income from a diverse range of services it provides to its customers. Fee income can be categorised into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income, asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held-for-trading.

(i) Cash and cash equivalents

Cash and cash equivalents as referred to in the statements of cash flows comprises cash in hand, non-restricted current accounts with the central bank and amounts due from banks on demand or with an original maturity of three months or less.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(j) Interest in joint venture

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the equity method.

Under the equity method, the interest in joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statements of comprehensive income reflect the share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The Group's share of profit of the joint venture is shown on the face of the statements of comprehensive income. This is the profit attributable to equity holders of the joint venture and therefore is profit after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's interest in joint venture. The Group determines at each reporting date whether there is any objective evidence that the interest in joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of joint control and provided the former joint control entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any differences between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in statements of comprehensive income. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

(k) Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statements of comprehensive income reflect the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the statements of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in the statement of comprehensive income.

(l) Investment in a subsidiary

Investment in a subsidiary is accounted at cost in the Bank's separate financial statements, less any accumulated impairment in value, except for investment in subsidiary that is designated as a hedged item that is measured at fair value.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(n) Equipment

Equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value.

Depreciation is calculated using the straight-line method to write down the cost of equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

	Rate
Improvement to building	10%
Furniture and fittings	10%
Office equipment	10-20%
Motor vehicle	20%
Computer equipment	33 1/3%

An item of equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the statements of comprehensive income in the year the asset is derecognised.

Residual values and useful lives are reviewed at least at each financial year end.

Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

(o) Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statements of comprehensive income.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	Rate
Computer software	33 1/3%
Banking software	14%
Other	33 1/3%

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(q) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, financial guarantees and acceptances. Financial guarantees are initially recognised in the financial statements, within 'Other liabilities' at fair value. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the statements of comprehensive income in 'Net allowance for credit impairment'. The premium received is recognised in the statements of comprehensive income in 'Fees and commission income' on a straight line basis over the life of the guarantee.

(r) Pension benefits

Defined contribution pension plan

The Group operates a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

(s) Equity reserves

The reserves recorded in equity ('Other comprehensive income') on the Group's statement of financial position include:

- 'Other reserves' which relate to expenses arising from equity-settled share-based payment transactions;
- 'Statutory reserve' which represents 15% of the net profit transferred in accordance with the Banking Act 2004; and
- 'General banking reserve' which comprises amounts set aside for general banking risks including country risk.

(t) Share-based payment transactions

Employees (including senior executives) of the Bank receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period is recorded in 'Personnel expenses' and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Personnel expenses' is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(u) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amout of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(iii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iv) Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its book profit relating to Segment A - residents of the preceding financial year to Government approved CSR projects.

The required CSR fund for the year is recognised in tax expense in the statements of comprehensive income.

The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statements of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(v) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

The Bank has prepared its separate financial statements in line with the requirements of the Bank of Mauritius Guideline on 'Segmental Reporting under a Single Banking Licence Regime' which requires that segment information should be provided by Segment A and Segment B banking businesses.

Segment B

Segment B activity essentially relates to the provision of international financial services that give rise to 'foreign source income'. Such services may be fund based and/or non-fund based. Segment B assets will generally consist of placements with and advances to foreign resident companies, institutions as well as individuals including stocks and debt instruments and claims on non-resident and/or entities holding Global Business Licence ('GBLs'). Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs.

Segment A

Segment A activity relates to all banking business other than Segment B activity. The financial services provided under Segment A may be funded and/or non-fund based. Segment A business will essentially consist of transactions with residents of Mauritius, both on the liability side and asset side.

(w) Dividends on ordinary shares

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

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

2.5 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's and the Bank's financial statements are listed below. The Group and the Bank intend to adopt applicable standards when they become effective.

New or revised standards	Effective for accounting period beginning on or after
- IAS 19 Employee Benefits (Revised)	January 01, 2013
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	January 01, 2013
- IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2015
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements	January 01, 2013

2.6 Accounting standards and interpretations issued but not yet effective

	Effective for accounting period beginning on or after
- IFRS 11 Joint Arrangements	January 01, 2013
- IFRS 12 Disclosures of Interests in Other Entities	January 01, 2013
- IFRS 13 Fair Value Measurement	January 01, 2013

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting standards and interpretations issued but not yet effective (Continued)

Amendments	Effective for accounting period beginning on or after
- IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	January 01, 2014
- IAS 36 Impairment of Assets – Amendments	January 01, 2014
- IFRS 1 Government Loans – Amendments to IFRS 1	January 01, 2013
- IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7	January 01, 2013
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 01, 2013
Annual Improvements 2009-2011 January 01, 2013	
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 01, 2014
Interpretations	
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013
- IFRIC 21 Levies	January 01, 2014

The effects of these standards have been described below:

New or revised standards

IAS 19 Employee Benefits (Revised)

Numerous changes to IAS 19 have been made. The two most significant of these relate firstly to short and long term benefits that will now be distinguished based on the expected timing of settlement, rather than employee entitlement. The second item relates to the corridor mechanism for pension plans being removed. This means all changes in the value of defined benefit plans will be recognised as they occur.

The adoption of this revised standard with regards to defined benefit plans will have no material effect on the Group's and the Bank's financial statements, as there are no such plans. The impacts of the amendments to short-term employee benefits have not yet been assessed.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. These amendments are not expected to impact the Group's and the Bank's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 01, 2013, but Amendments to IFRS 9 mandatory effective date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 01, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 Consolidated Financial Statements replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 is not expected to have any impact on the financial statements of the Group and the Bank.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-Controlled Entities — Non-Monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 is not expected to have any impact on the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting standards and interpretations issued but not yet effective (Continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group and the Bank are currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

Amendments

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's and the Bank's financial position or performance.

IAS 36 Impairment of Assets

The IASB has issued narrow-scope amendments to IAS 36 on 29 May 2013. The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. These amendments are not expected to impact the Group's and the Bank's financial position or performance.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.

The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest but does not impact the Group.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's and the Bank's financial position or performance.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:

Transition Guidance

On 28 June 2012, the IASB issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). The amendments provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The effective date of the amendments is annual periods beginning on or after 1 January 2013, which is aligned with the effective date of IFRS 10, 11 and 12.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting standards and interpretations issued but not yet effective (Continued)

Annual Improvements May 2012

These improvements, which are listed below, will not have an impact on the Group:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after January 01, 2013.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The application guidance to IFRS 10 clarifies that an entity must consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An entity must meet all three elements of the definition to be an investment entity to obtain exemption from preparing consolidated financial statements. In other words, it does not consolidate its subsidiaries and does not apply IFRS 3 Business Combinations when it obtains control of an entity. Instead, an investment entity is required to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9. However, if an investment entity has a subsidiary that provides investment-related services, such as investment management services, to the entity or other parties, then the investment entity must consolidate its subsidiary. The amendment applies for annual periods beginning on or after 1 January 2014, with earlier application permitted.

The new interpretation will not have an impact on the Group.

No early adoption of these standards and interpretations is intended by the Board of Directors.

3. INTEREST INCOME

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Interest income on:						
- Due from banks	**32,187,339**	46,985,947	42,139,706	**32,189,888**	46,992,210	42,131,140
- Loans and advances to customers	**708,254,829**	639,853,147	420,135,761	**708,254,829**	639,853,147	420,135,761
- Financial investments - held-to-maturity	**246,169,447**	142,385,332	80,750,581	**246,169,447**	142,385,332	80,750,581
	986,611,615	829,224,426	543,026,048	**986,614,164**	829,230,689	543,017,482

4. INTEREST EXPENSE

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Interest expense on:						
- Due to banks	**4,731,264**	796,495	781,015	**4,731,264**	796,495	786,826
- Deposits from customers	**538,721,068**	451,731,987	303,854,012	**538,725,635**	451,732,180	303,854,012
- Other	**76,910,138**	54,173,632	19,631,077	**76,910,138**	54,173,632	19,631,077
	620,362,470	506,702,114	324,266,104	**620,367,037**	506,702,307	324,271,915

5. NET FEES AND COMMISSION INCOME

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Fees and commission income						
Credit related fees and commission income	**154,607,820**	104,071,363	48,899,934	**154,607,820**	104,071,363	48,899,934
Other fees received	**24,884,300**	11,935,312	4,852,436	**21,919,025**	11,935,312	4,852,436
Total fees and commission income	**179,492,120**	116,006,675	53,752,370	**176,526,845**	116,006,675	53,752,370
Fees and commission expense						
Other fees	**(21,367,222)**	(14,620,861)	(10,826,069)	**(20,730,461)**	(14,576,701)	(10,731,589)
Total fees and commission expense	**(21,367,222)**	(14,620,861)	(10,826,069)	**(20,730,461)**	(14,576,701)	(10,731,589)
Net fees and commission income	**158,124,898**	101,385,814	42,926,301	**155,796,384**	101,429,974	43,020,781

6. NET TRADING INCOME

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Gain on financial investments held-for-trading and option	**99,124,988**	35,141,513	12,418,225	**38,485,072**	35,141,513	12,418,225
Foreign exchange income	**93,968,719**	26,920,730	95,579,405	**93,968,719**	26,915,224	95,560,349
	193,093,707	62,062,243	107,997,630	**132,453,791**	62,056,737	107,978,574

Gain on financial investments held-for-trading and option includes both realised and unrealised gain.

Foreign exchange income includes realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

7. (REVERSAL OF IMPAIRMENT CHARGE)/NET ALLOWANCE FOR CREDIT IMPAIRMENT

	THE GROUP AND THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR
Portfolio and specific provisions on loans and advances to customers			
- Retail and personal	**1,087,167**	127,404	1,003,390
- Business	**(1,470,956)**	21,945,813	6,075,621
- Entities outside Mauritius	**(1,720,862)**	2,071,358	12,948,030
- Credit cards	**952,599**	729,903	5,272,600
	(1,152,052)	24,874,478	25,299,641

8. PERSONNEL EXPENSES

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Salaries	**104,954,036**	84,680,374	71,140,327	**104,954,036**	84,680,374	71,140,327
Staff benefits	**87,642,345**	84,350,943	48,193,715	**87,642,345**	84,350,943	48,193,715
Pension cost-Defined contribution scheme	**4,257,726**	3,348,907	2,919,068	**4,257,726**	3,348,907	2,919,068
Training expenses	**697,311**	224,931	513,978	**697,311**	224,931	513,978
Share-based payments	**80,807**	247,217	3,953,869	**80,807**	247,217	3,953,869
	197,632,225	172,852,372	126,720,957	**197,632,225**	172,852,372	126,720,957

9. OTHER OPERATING EXPENSES

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Advertising and marketing expenses	**31,255,872**	19,220,251	12,464,281	**31,255,872**	19,220,251	12,464,281
Administrative expenses	**67,534,713**	51,106,581	43,880,649	**66,391,397**	50,677,208	43,617,616
Equipment written off	**826,545**	121,480	222,003	**826,545**	121,480	222,003
Professional fees	**18,383,392**	21,862,293	11,994,082	**18,383,392**	21,862,293	11,994,082
	118,000,522	92,310,605	68,561,015	**116,857,206**	91,881,232	68,297,982

10. TAXATION

(a) Statements of financial position

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Corporate tax liability:						
Current year	**25,840,828**	17,266,705	19,409,107	**25,840,828**	17,266,705	19,409,107
Tax paid under advance payment scheme	**(13,451,823)**	(13,985,888)	(7,607,241)	**(13,451,823)**	(13,985,888)	(7,607,241)
	12,389,005	3,280,817	11,801,866	**12,389,005**	3,280,817	11,801,866
Special levy	**9,786,974**	6,350,930	6,583,692	**9,786,974**	6,350,930	6,583,692
Current tax liabilities	**22,175,979**	9,631,747	18,385,558	**22,175,979**	9,631,747	18,385,558

Corporate Social Responsibility fund

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income Segment A ('Residents') of the preceeding financial year to Government approved CSR projects.

10. TAXATION (CONTINUED)

Special levy

Special levy on banks was legislated by the Government of Mauritius in 2007, as amended by the Finance Act 2009. Every bank shall in every year be liable to pay the taxation authorities a special levy calculated at 3.4% of its book profit and 1% of its operating income derived during the previous year.

Operating income means the sum of net interest income and other income before deducting non-interest expense.

(b) Statements of comprehensive income

The components of income tax expense for the years ended 30 June 2013, 2012 and 2011 are as follows:

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Current tax						
- Current income tax	**25,984,315**	17,266,705	19,409,107	**25,840,828**	17,266,705	19,409,107
- Adjustment in respect of current income tax of prior period	**392,788**	-	115,211	**392,788**	-	115,211
Corporate social responsibility fund	**1,888,552**	1,617,956	748,074	**1,888,552**	1,617,956	748,074
Special levy	**9,786,973**	6,350,930	6,583,692	**9,786,973**	6,350,930	6,583,692
Deferred tax						
- Adjustment in respect of deferred tax of prior period	**-**	-	198,037	**-**	-	192,616
- Relating to origination and reversal of temporary differences	**(373,945)**	(5,148,961)	(501,623)	**(417,466)**	(5,143,540)	(480,817)
Tax expense reported in the statements of comprehensive income	**37,678,683**	20,086,630	26,552,498	**37,491,675**	20,092,051	26,567,883

(c) Reconciliation of the total tax expense

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for years ended 30 June 2013, 2012 and 2011 is as follows:

	THE GROUP			THE BANK		
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	**Year ended 30 June 2013**	Year ended 30 June 2012	Year ended 30 June 2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Accounting profit before tax	**240,713,475**	290,463,391	150,939,008	**340,087,597**	200,359,817	142,711,738
At statutory income tax rate of 15%	**36,107,021**	43,569,509	22,640,851	**51,013,140**	30,053,973	21,406,761
Deemed credit on Segment B profits	**(26,067,620)**	(14,780,924)	(4,054,409)	**(25,070,086)**	(14,780,924)	(4,054,409)
Under/(Over) provision of deferred tax asset in prior year	**(203,546)**	(2,166,060)	198,037	**(247,067)**	(2,166,089)	192,616
(Over)/Under provision in corporate tax in prior year	**392,788**	-	115,211	**392,788**	-	115,211
Non deductible expenses	**917,037**	522,350	184,738	**469,681**	451,022	184,738
Non taxable income	**(6,653,112)**	-	-	**(742,306)**	-	-
Tax effect of joint venture and associates	**21,441,654**	(15,027,137)	(1,254,896)	**-**	(1,434,824)	-
Utilisation of previously unrecognised tax losses	**(74,552)**	-	-	**-**	-	-
Withholding tax	**143,488**	-	-	**-**	-	-
Assets not eligible for capital allowance	**-**	-	23,130	**-**	-	23,130
Corporate social responsibility fund	**1,888,552**	1,617,956	2,116,144	**1,888,552**	1,617,956	2,116,144
Special levy	**9,786,973**	6,350,936	6,583,692	**9,786,973**	6,350,936	6,583,692
Tax expense reported in the statements of comprehensive income	**37,678,683**	20,086,630	26,552,498	**37,491,675**	20,092,051	26,567,883

10. TAXATION (CONTINUED)

(d) Deferred tax

THE GROUP

	Deferred tax assets	Statement of comprehensive income	Deferred tax assets	Statement of comprehensive income	Deferred tax assets	Statement of comprehensive income
	2013	**2013**	2012	2012	2011	2011
	MUR	**MUR**	MUR	MUR	MUR	MUR
Impairment allowances on loans and advances to customers	**(9,652,212)**	**91,903**	(9,744,115)	(3,210,800)	(6,533,315)	(1,855,897)
Accelerated capital allowances	**1,597,177**	**(465,848)**	2,106,548	177,528	1,929,020	5,222
Tax losses	**-**	**-**	(43,521)	(4,006)	(39,515)	(19,018)
Other temporary differences	**-**	**-**	-	(2,111,683)	2,111,683	1,368,070
	(8,055,035)	**(373,945)**	(7,681,088)	(5,148,961)	(2,532,127)	(501,623)

THE BANK

	Deferred tax assets	Statement of comprehensive income	Deferred tax assets	Statement of comprehensive income	Deferred tax assets	Statement of comprehensive income
	2013	**2013**	2012	2012	2011	2011
	MUR	**MUR**	MUR	MUR	MUR	MUR
Impairment allowances on loans and advances to customers	**(9,652,212)**	**91,903**	(9,744,115)	(3,210,800)	(6,533,315)	(1,855,897)
Accelerated capital allowances	**1,597,177**	**(509,369)**	2,106,548	178,943	1,927,605	7,010
Tax losses	**-**	**-**	-	-	-	-
Other temporary differences	**-**	**-**	-	(2,111,683)	2,111,683	1,368,070
	(8,055,035)	**(417,466)**	(7,637,567)	(5,143,540)	(2,494,027)	(480,817)

11. DIVIDENDS

	THE GROUP AND THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Dividends on ordinary shares:			
First dividend for 2013: MUR 1.25 per share (2012: 60 cents and 2011: 20 cents)	**88,068,022**	34,560,878	9,572,363

Dividend on ordinary shares not recognised as a liability as at 30 June 2013

A dividend of MUR 1.50 per share was proposed, for approval by the Bank of Mauritius, at the Board Meeting dated 24 September 2013.

12. CASH AND BALANCES WITH THE CENTRAL BANK

	THE GROUP AND THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Cash in hand (Note 32(a))	**9,224,082**	10,209,993	9,226,496
Unrestricted balances with the Central Bank (Note 32 (a))	**936,542,007**	70,669,717	461,193,071
Mandatory balances with the Central Bank	**652,949,543**	595,491,914	614,665,197
	1,598,715,632	676,371,624	1,085,084,764

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.

13. DUE FROM BANKS

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Short term placements with other banks (Note 32(a))	**4,112,254,461**	2,291,312,701	3,076,525,650	**4,112,254,461**	2,291,312,701	3,076,525,650
Medium term placements with other banks	**988,121,084**	688,424,178	364,435,504	**988,121,084**	688,424,178	364,435,504
Current accounts with other banks (Note 32(a))	**3,907,500,896**	546,146,846	502,812,734	**3,907,464,291**	546,079,667	502,664,990
Other amounts due (Note 32(a))	**1,967,498**	1,302,756	1,303,245	**1,967,498**	1,302,756	1,303,245
	9,009,843,939	3,527,186,481	3,945,077,133	**9,009,807,334**	3,527,119,302	3,944,929,389

14. DERIVATIVE FINANCIAL INSTRUMENTS

The table shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amounts, disclosed gross, are the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

(a) THE GROUP	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
	2013	2013	2013	2012	2012	2012	2011	2011	2011
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Derivatives designated at fair value through profit or loss									
Fund Options Transactions	-	-	-	31	(31)	117,610,000	757,568	(757,568)	108,224,000
Equity Linked Notes	-	-	-	61,572,917	(61,572,917)	67,968,167	59,776,068	(59,776,068)	71,080,546
Index Linked Options	-	-	-	-	-	-	30,032,160	(30,032,160)	42,720,000
Index Linked Notes	16,544,199	(16,544,199)	11,761,000	18,027,556	(18,027,556)	13,927,500	31,773,000	(31,773,000)	55,536,000
Call Option	26,400,000	-	26,400,000	3,100,000	-	3,100,000	3,100,000	-	3,100,000
Derivatives held-for-trading									
Forward Exchange Option Contracts	1,079,237	(1,079,237)	7,811,593,494	-	-	-	-	-	-
Forward Foreign Exchange Contracts	24,557,924	(48,618,447)	3,765,698,972	107,843,824	(47,311,643)	6,006,908,653	55,762,588	(2,986,842)	3,161,303,478
	68,581,360	(66,241,883)	11,615,453,466	190,544,328	(126,912,147)	6,209,514,320	181,201,384	(125,325,638)	3,441,964,024

(b) THE BANK	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
	2013	2013	2013	2012	2012	2012	2011	2011	2011
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Derivatives designated at fair value through profit or loss									
Fund Options Transactions	-	-	-	31	(31)	117,610,000	757,568	(757,568)	108,224,000
Equity Linked Notes	-	-	-	15,938,191	(15,938,191)	16,175,492	14,544,758	(14,544,758)	15,369,800
Index Linked Options	-	-	-	-	-	-	30,032,160	(30,032,160)	42,720,000
Derivatives held-for-trading									
Forward Exchange Option Contracts	1,079,237	(1,079,237)	7,811,593,494	-	-	-	-	-	-
Forward Foreign Exchange Contracts	24,557,924	(48,618,447)	3,765,698,972	107,843,824	(47,311,643)	6,006,908,653	55,762,588	(2,986,842)	3,161,303,478
	25,637,161	(49,697,684)	11,577,292,466	123,782,046	(63,249,865)	6,140,694,145	101,097,074	(48,321,328)	3,327,617,278

As at 30 June 2013, the Group and the Bank have positions in the following types of derivatives:

Forwards contracts

Forwards contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

15. FINANCIAL INVESTMENTS - HELD-FOR-TRADING

	THE GROUP AND THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Unquoted investments			
Government of Mauritius debt securities	**336,909,022**	1,162,543,500	441,804,000
Other debt securities	**195,776,496**	-	-
	532,685,518	1,162,543,500	441,804,000

16. LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Retail and personal	**1,064,217,996**	810,048,341	683,947,109	**1,064,217,996**	810,048,341	683,947,109
Business	**5,389,764,800**	5,713,721,439	4,141,362,818	**5,389,764,800**	5,713,835,898	4,141,362,818
Entities outside Mauritius	**7,525,052,383**	6,268,232,677	3,736,227,050	**7,525,052,383**	6,268,232,677	3,736,227,050
Credit cards	**110,995,584**	78,067,940	48,716,359	**110,995,584**	78,067,940	48,716,359
Gross core loans and advances to customers	**14,090,030,763**	12,870,070,397	8,610,253,336	**14,090,030,763**	12,870,184,856	8,610,253,336
Less: Allowance for impairment losses	**(82,278,747)**	(85,749,102)	(60,874,624)	**(82,278,747)**	(85,749,102)	(60,874,624)
	14,007,752,016	12,784,321,295	8,549,378,712	**14,007,752,016**	12,784,435,754	8,549,378,712

Impairment allowance for loans and advances to customers

(a) A reconciliation of the allowance for impairment losses for loans and advances by class is as follows:

	Retail and Personal	Business	Entities outside Mauritius	Credit cards	Total
	MUR	MUR	MUR	MUR	MUR
At 1 July 2010	5,084,602	20,200,446	24,409,876	1,717,297	51,412,221
Amount written off against allowance	-	-	(15,837,238)	-	(15,837,238)
Charge for the year	1,003,390	6,075,621	12,948,030	5,272,600	25,299,641
At 30 June 2011	6,087,992	26,276,067	21,520,668	6,989,897	60,874,624
At 30 June 2011:					
Specific impairment	1,064,051	1,558,924	-	1,311,025	3,934,000
Collective impairment	5,023,941	24,717,143	21,520,668	5,678,872	56,940,624
	6,087,992	26,276,067	21,520,668	6,989,897	60,874,624
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance	1,428,508	8,291,212	-	1,314,220	11,033,940
At 1 July 2011	6,087,992	26,276,067	21,520,668	6,989,897	60,874,624
Charge for the year	127,404	21,945,813	2,071,358	729,903	24,874,478
At 30 June 2012	6,215,396	48,221,880	23,592,026	7,719,800	85,749,102
At 30 June 2012:					
Specific impairment	1,877,619	6,877,894	-	2,306,557	11,062,070
Collective impairment	4,337,777	41,343,986	23,592,026	5,413,243	74,687,032
	6,215,396	48,221,880	23,592,026	7,719,800	85,749,102
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance	-	40,307,841	-	5,672,478	45,980,319
At 1 July 2012	**6,215,396**	**48,221,880**	**23,592,026**	**7,719,800**	**85,749,102**
Amount written off against allowance	**(1,110,965)**	**(412,235)**	**-**	**(795,103)**	**(2,318,303)**
Charge for the year	**1,087,167**	**(1,470,956)**	**(1,720,862)**	**952,599**	**(1,152,052)**
At 30 June 2013	**6,191,598**	**46,338,689**	**21,871,164**	**7,877,296**	**82,278,747**
At 30 June 2013:					
Specific impairment	**847,828**	**9,380,271**	**-**	**3,734,142**	**13,962,241**
Collective impairment	**5,343,770**	**36,958,418**	**21,871,164**	**4,143,154**	**68,316,506**
	6,191,598	**46,338,689**	**21,871,164**	**7,877,296**	**82,278,747**
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance	**3,991,623**	**71,714,787**	**-**	**4,131,906**	**79,838,316**

16. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Impairment allowance for loans and advances to customers (Continued)

(b) The following is a reconciliation of the allowance for impairment losses for loans and advances:

	Specific impairment	Collective impairment	Total
	MUR	MUR	MUR
At 1 July 2010	17,440,391	33,971,830	51,412,221
Amount written off against allowance	(15,837,238)	-	(15,837,238)
Charge for the year	2,330,847	22,968,794	25,299,641
At 30 June 2011	3,934,000	56,940,624	60,874,624
At 1 July 2011	3,934,000	56,940,624	60,874,624
Charge for the year	7,128,070	17,746,408	24,874,478
At 30 June 2012	11,062,070	74,687,032	85,749,102
At 1 July 2012	**11,062,070**	**74,687,032**	**85,749,102**
Amount written off against allowance	**(2,318,303)**	**-**	**(2,318,303)**
Charge for the year	**5,218,474**	**(6,370,526)**	**(1,152,052)**
At 30 June 2013	**13,962,241**	**68,316,506**	**82,278,747**

17. FINANCIAL INVESTMENTS

	THE GROUP		
AVAILABLE-FOR-SALE	**2013**	2012	2011
	MUR	MUR	MUR
Unquoted investments	**40,722,657**	14,999,997	-

	THE GROUP AND THE BANK		
HELD-TO-MATURITY	**2013**	2012	2011
	MUR	MUR	MUR
Government of Mauritius debt securities	**4,746,886,818**	3,506,007,725	2,560,492,783
Other debt securities	**1,060,916,006**	-	-
	5,807,802,824	3,506,007,725	2,560,492,783

18. INVESTMENT IN SUBSIDIARIES

	THE BANK		
	2013	2012	2011
Cost	**MUR**	MUR	MUR
At start	**363,163,638**	25,000,000	25,000,000
Acquisition during the year	**20,000,000**	320,734,529	-
	383,163,638	345,734,529	25,000,000
Fair value hedge movement	**(48,401)**	17,429,109	-
At 30 June	**383,115,237**	363,163,638	25,000,000

The details of the subsidiaries are as follows:

	Country of Incorporation	Class of Shares	% Holdings 2013	2012	2011
AfrAsia Investments Limited	Mauritius	Ordinary	**100**	100	100
AfrAsia Holdings Limited	Mauritius	Ordinary	**100**	100	-

The Bank acquired an additional 2,000,000 ordinary shares at par value MUR 10 in AfrAsia Investments Limited.

The Bank invested USD 9,680,000 in AfrAsia Holdings Limited in 2012. The investment was financed by borrowings denominated in United States Dollars (USD) and the Bank classified the transaction as a fair value hedge. At the end of each reporting date the Bank adjusts the value of its investment in AfrAsia Holdings Limited for any movement in exchange rate.

19. INVESTMENT IN JOINT VENTURE

The Group, through AfrAsia Investments Limited, has a 50% interest in AXYS Capital Management Ltd, a jointly controlled entity which is engaged in the business of fund management. AXYS Capital Management Ltd is a private limited company incorporated in Mauritius. It manages several funds and structured products from which it derives the bulk of its revenues.

19. INVESTMENT IN JOINT VENTURE (CONTINUED)

The following table illustrates summarised financial information of the Group's investments in the joint venture:

	THE GROUP		
	2013	2012	2011
	MUR	MUR	MUR
Share of the joint venture's statement of financial position:			
Current assets	**110,158,770**	46,374,390	32,842,805
Non-current assets	**743,662,830**	234,762,174	26,759,282
Current liabilities	**(837,604,045)**	(266,193,258)	(51,568,331)
Non-current liabilities	**(12,803)**	(15,753)	(986)
Equity	**16,204,752**	14,927,553	8,032,770
Share of the joint venture's revenue and profit:			
Revenue	**35,073,627**	22,922,052	15,955,285
Administrative expenses	**(15,578,431)**	(14,994,433)	(11,098,451)
Other income	**153,250**	19,352	902,391
Net finance (cost) / revenue	**78,119**	331,491	(39,527)
Income tax expense	**(3,443,071)**	(1,501,448)	(15,973)
Profit after tax	**16,283,494**	6,777,014	5,703,724
Carrying amount of the investment	**55,177,034**	53,393,539	46,616,525

20. INVESTMENT IN ASSOCIATES

(a) THE GROUP

		THE GROUP		
		2013	2012	2011
The investment in associates are as follows:	Country of incorporation	% Holding		
AfrAsia Corporate Finance (Pty) Ltd	South Africa	**50.0**	50.0	37.5
AfrAsia Corporate Finance (Africa) Ltd	Mauritius	**50.0**	50.0	-
AfrAsia Kingdom Holdings Limited	Mauritius	**52.0**	52.0	-

AfrAsia Corporate Finance (Pty) Ltd and AfrAsia Corporate Finance (Africa) Ltd are independent corporate finance advisers based in South Africa and Mauritius respectively. Both are private entities and are not listed on any public exchange. Their advisory services include mergers and acquisitions, debt advisory, restructuring, equity advisory and Black Economic Empowerment ('BEE') advisory.

AfrAsia Kingdom Holdings Limited is a private limited company incorporated in Mauritius. Its principal activity is to act as an investment holding company.

AfrAsia Bank Limited does not consider AfrAsia Corporate Finance (Pty) Ltd, AfrAsia Corporate Finance (Africa) Ltd and AfrAsia Kingdom Holdings Limited as its subsidiaries as it does not have the power to govern the financial and operating policies of those companies pursuant to the shareholder's agreement with the other investor. Accordingly, the financial statements of these entities have not been consolidated in the group financial statements.

The following table illustrates summarised financial information of the Group's investment in the associates:

	THE GROUP		
	2013	2012	2011
AfrAsia Corporate Finance (Pty) Ltd	**MUR**	MUR	MUR
Opening balance	**24,163,908**	7,684,689	-
Additions	**-**	9,696,696	5,022,438
Share of profit after tax	**18,683,981**	6,782,523	2,662,251
Dividend received	**(3,207,353)**	-	-
Closing balance	**39,640,536**	24,163,908	7,684,689

	THE GROUP		
	2013	2012	2011
AfrAsia Corporate Finance (Africa) Ltd	**MUR**	MUR	MUR
Opening balance	**7,454,323**	-	-
Additions	**-**	1,447	-
Share of profit after tax	**3,736,818**	7,452,876	-
Dividend received	**(5,206,387)**	-	-
Closing balance	**5,984,754**	7,454,323	-

20. INVESTMENT IN ASSOCIATES (CONTINUED)

	THE GROUP		
	2013	2012	2011
AfrAsia Kingdom Holdings Limited	**MUR**	MUR	MUR
Opening balance	**376,826,129**	-	-
Additions	**643,843**	297,657,725	-
Share of (loss)/ profit after tax	**(199,904,454)**	79,168,404	-
Share of other reserves	**2,122,705**	-	-
Closing balance	**179,688,223**	376,826,129	-
Statements of financial position			
Investment in associates	**225,313,514**	408,444,360	7,684,689
Statements of comprehensive income			
Share of (loss)/profit of associates	**(177,483,655)**	93,403,802	2,662,251

The following table illustrates summarised financial information of the Bank's investment in the associates:

	THE GROUP		
	2013	2012	2011
	MUR	MUR	MUR
Share of the associates' statement of financial position:			
Assets	**2,325,305,227**	2,121,102,947	8,187,040
Liabilities	**(2,180,989,089)**	(1,727,002,968)	(2,661,309)
Equity	**144,316,138**	394,099,979	5,525,731
Share of the associates' revenue and profit:			
Revenue	**774,264,880**	259,283,396	9,229,159
Profit after tax	**(177,483,655)**	93,403,802	2,662,251

The Directors have reviewed the financial position and performance of the above associates and are of the opinion that the estimated recoverable amount of the investment is not less than its carrying value.

(b) THE BANK

	THE BANK		
	2013	2012	2011
AfrAsia Corporate Finance (Pty) Ltd	**MUR**	MUR	MUR
Opening balance	-	5,022,438	-
Additions	-	9,696,696	5,022,438
Disposal	-	(14,719,134)	-
Closing balance	-	-	5,022,438

21. EQUIPMENT

(a) THE GROUP

	Improvement to building	Furniture and fittings	Office equipment	Motor vehicle	Computer equipment	Total
COST	MUR	MUR	MUR	MUR	MUR	MUR
At 1 July 2010	2,639,930	7,042,346	4,642,664	700,572	4,965,266	19,990,778
Additions	16,000	301,094	346,753	-	2,572,453	3,236,300
Assets written off	-	-	(214,636)	-	(79,030)	(293,666)
Transfer	1,264,230	(1,264,230)	-	-	-	-
At 30 June 2011	3,920,160	6,079,210	4,774,781	700,572	7,458,689	22,933,412
At 1 July 2011	3,920,160	6,079,210	4,774,781	700,572	7,458,689	22,933,412
Additions	304,736	2,094,091	486,817	-	1,421,033	4,306,677
Assets written off	-	(6,360)	(118,905)	-	(165,791)	(291,056)
At 30 June 2012	4,224,896	8,166,941	5,142,693	700,572	8,713,931	26,949,033
At 1 July 2012	**4,224,896**	**8,166,941**	**5,142,693**	**700,572**	**8,713,931**	**26,949,033**
Additions	**6,421,799**	**5,487,428**	**4,124,404**	**-**	**3,930,856**	**19,964,487**
Assets written off	**-**	**(427,288)**	**(162,676)**	**(29,280)**	**(1,425,379)**	**(2,044,623)**
At 30 June 2013	**10,646,695**	**13,227,081**	**9,104,421**	**671,292**	**11,219,408**	**44,868,897**
DEPRECIATION						
At 1 July 2010	724,696	937,202	1,282,435	163,892	3,473,953	6,582,178
Charge for the year	391,454	598,418	598,991	140,114	1,329,669	3,058,646
Assets written off	-	-	(36,735)	-	(34,928)	(71,663)
At 30 June 2011	1,116,150	1,535,620	1,844,691	304,006	4,768,694	9,569,161
At 1 July 2011	1,116,150	1,535,620	1,844,691	304,006	4,768,694	9,569,161
Charge for the year	414,938	750,507	681,134	140,114	1,240,809	3,227,502
Assets written off	-	(1,166)	(29,186)	-	(139,224)	(169,576)
At 30 June 2012	1,531,088	2,284,961	2,496,639	444,120	5,870,279	12,627,087
At 1 July 2012	**1,531,088**	**2,284,961**	**2,496,639**	**444,120**	**5,870,279**	**12,627,087**
Charge for the year	**837,070**	**1,138,274**	**1,149,316**	**139,134**	**1,432,155**	**4,695,949**
Assets written off	**-**	**(169,714)**	**(54,155)**	**(19,859)**	**(974,347)**	**(1,218,075)**
At 30 June 2013	**2,368,158**	**3,253,521**	**3,591,800**	**563,395**	**6,328,087**	**16,104,961**
NET BOOK VALUE						
At 30 June 2013	**8,278,537**	**9,973,560**	**5,512,621**	**107,897**	**4,891,321**	**28,763,936**
At 30 June 2012	2,693,808	5,881,980	2,646,054	256,452	2,843,652	14,321,946
At 30 June 2011	2,804,010	4,543,590	2,930,090	396,566	2,689,995	13,364,250

21. EQUIPMENT (CONTINUED)

(b) THE BANK

	Improvement to building	Furniture and fittings	Office equipment	Motor vehicle	Computer equipment	Total
COST	MUR	MUR	MUR	MUR	MUR	MUR
At 1 July 2010	2,639,920	7,042,356	4,631,739	700,572	4,930,898	19,945,485
Additions	16,000	301,094	346,753	-	2,572,453	3,236,300
Assets written off	-	-	(214,636)	-	(79,030)	(293,666)
Transfer	1,264,230	(1,264,230)	-	-	-	-
At 30 June 2011	3,920,150	6,079,220	4,763,856	700,572	7,424,321	22,888,119
At 1 July 2011	3,920,150	6,079,220	4,763,856	700,572	7,424,321	22,888,119
Additions	304,736	2,094,091	486,817	-	1,421,033	4,306,677
Assets written off	-	(6,360)	(118,905)	-	(165,791)	(291,056)
At 30 June 2012	4,224,886	8,166,951	5,131,768	700,572	8,679,563	26,903,740
At 1 July 2012	**4,224,886**	**8,166,951**	**5,131,768**	**700,572**	**8,679,563**	**26,903,740**
Additions	**6,421,799**	**5,487,428**	**4,124,404**	**-**	**3,930,856**	**19,964,487**
Assets written off	**-**	**(427,288)**	**(162,676)**	**(29,280)**	**(1,425,379)**	**(2,044,623)**
At 30 June 2013	**10,646,685**	**13,227,091**	**9,093,496**	**671,292**	**11,185,040**	**44,823,604**
DEPRECIATION						
At 1 July 2010	724,696	937,202	1,282,435	163,892	3,450,020	6,558,245
Charge for the year	391,455	598,418	597,898	140,114	1,318,839	3,046,724
Asset written off	-	-	(36,735)	-	(34,928)	(71,663)
At 30 June 2011	1,116,151	1,535,620	1,843,598	304,006	4,733,931	9,533,306
At 1 July 2011	1,116,151	1,535,620	1,843,598	304,006	4,733,931	9,533,306
Charge for the year	414,938	750,507	680,038	140,114	1,240,809	3,226,406
Asset written off	-	(1,166)	(29,186)	-	(139,224)	(169,576)
At 30 June 2012	1,531,089	2,284,961	2,494,450	444,120	5,835,516	12,590,136
At 1 July 2012	**1,531,089**	**2,284,961**	**2,494,450**	**444,120**	**5,835,516**	**12,590,136**
Charge for the year	**837,070**	**1,138,274**	**1,148,224**	**139,133**	**1,432,155**	**4,694,856**
Assets written off	**-**	**(169,714)**	**(54,155)**	**(19,859)**	**(974,347)**	**(1,218,075)**
At 30 June 2013	**2,368,159**	**3,253,521**	**3,588,519**	**563,394**	**6,293,324**	**16,066,917**
NET BOOK VALUE						
At 30 June 2013	**8,278,526**	**9,973,570**	**5,504,977**	**107,898**	**4,891,716**	**28,756,687**
At 30 June 2012	2,693,797	5,881,990	2,637,318	256,452	2,844,047	14,313,604
At 30 June 2011	2,803,999	4,543,600	2,920,258	396,566	2,690,390	13,354,813

22. INTANGIBLE ASSETS

THE GROUP AND THE BANK	Computer software	Banking software	Other	Total
COST	MUR	MUR	MUR	MUR
At 1 July 2010	2,634,723	16,698,531	5,656,149	24,989,402
Additions	2,245,418	-	109,781	2,355,199
At 30 June 2011	4,880,141	16,698,531	5,765,930	27,344,601
At 1 July 2011	4,880,141	16,698,531	5,765,930	27,344,602
Additions	7,114,364	420,624	-	7,534,988
At 30 June 2012	11,994,505	17,119,155	5,765,930	34,879,590
At 1 July 2012	**11,994,505**	**17,119,155**	**5,765,930**	**34,879,590**
Additions	**2,063,040**	**-**	**1,976,525**	**4,039,565**
At 30 June 2013	**14,057,545**	**17,119,155**	**7,742,455**	**38,919,155**
AMORTISATION				
At 1 July 2010	1,042,218	5,686,002	3,213,122	9,941,342
Charge for the year	1,269,322	2,386,217	156,698	3,812,237
At 30 June 2011	2,311,540	8,072,219	3,369,820	13,753,579
At 1 July 2011	2,311,540	8,072,219	3,369,820	13,753,579
Charge for the year	1,574,995	2,414,465	41,738	4,031,198
At 30 June 2012	3,886,535	10,486,684	3,411,558	17,784,777
At 1 July 2012	**3,886,535**	**10,486,684**	**3,411,558**	**17,784,777**
Charge for the year	**2,806,494**	**2,434,307**	**473,365**	**5,714,166**
At 30 June 2013	**6,693,029**	**12,920,991**	**3,884,923**	**23,498,943**
NET BOOK VALUE				
At 30 June 2013	**7,364,516**	**4,198,164**	**3,857,532**	**15,420,212**
At 30 June 2012	8,107,970	6,632,471	2,354,371	17,094,812
At 30 June 2011	2,568,601	8,626,312	2,396,109	13,591,022

Other intangible assets consist of corporate lifetime membership and credit card related assets.

23. OTHER ASSETS

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Accrued income	**5,801,659**	1,067,763	241,700	**5,801,659**	1,067,763	241,700
Prepayments	**3,155,966**	1,802,486	6,863,199	**3,155,966**	1,742,487	6,863,199
Share application money	**2,524,869**	2,524,869	-	**2,524,869**	2,524,869	-
Other receivables	**153,840,530**	24,045,750	12,802,509	**30,469,498**	24,030,320	12,795,511
	165,323,024	29,440,868	19,907,408	**41,951,992**	29,365,439	19,900,410

24. DUE TO BANKS

	THE GROUP AND THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Bank overdrafts (Note 32 (a))	**-**	-	2,344
Borrowings from the Central Bank	**285,481,149**	-	28,480,989
Deposits from other banks	**596,427,129**	8,516,013	-
	881,908,278	8,516,013	28,483,333

25. DEPOSITS FROM CUSTOMERS

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Personal						
- Current accounts	**1,548,919,672**	1,034,585,384	691,199,323	**1,548,919,672**	1,034,585,384	691,199,323
- Savings accounts	**2,284,554,692**	1,536,579,839	1,288,344,897	**2,284,554,692**	1,536,579,839	1,288,344,897
- Term deposits	**3,803,384,950**	4,022,613,523	2,842,755,379	**3,803,384,950**	4,022,613,523	2,842,755,379
Business						
- Current accounts	**9,537,905,376**	4,561,370,392	3,039,648,323	**9,546,181,747**	4,563,066,824	3,039,750,508
- Savings accounts	**409,821,293**	417,908,551	379,669,928	**409,821,293**	417,908,551	379,669,928
- Term deposits	**9,633,322,031**	8,015,315,508	6,703,654,413	**9,633,322,031**	8,015,315,508	6,703,654,413
Government institutions						
- Savings accounts	**6,431,695**	38,297,535	17,163,716	**6,431,695**	38,297,535	17,163,716
	27,224,339,709	19,626,670,732	14,962,435,979	**27,232,616,080**	19,628,367,164	14,962,538,164

Included in 'Deposits from customers' accounts are deposits of MUR 397,680,370 (2012: MUR 553,511,408 and 2011: MUR 447,496,626) held as collateral against loans and advances to the respective customers.

26. DEBTS ISSUED

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
(i) Loan notes	**57,253,644**	123,146,175	125,516,298	**-**	-	-
(ii) Unsecured subordinated bonds	**883,069,803**	565,479,715	421,574,481	**883,069,803**	565,479,715	421,574,481
	940,323,447	688,625,890	547,090,779	**883,069,803**	565,479,715	421,574,481

(i) Loan notes

The loan notes issued represent the discounted value of capital guaranteed to investors of the subsidiary on the structured products issued by the Group.

	THE GROUP		
	2013	2012	2011
The notes are due as follows:	**MUR**	MUR	MUR
Within 1 year	**57,253,644**	70,378,857	-
After 1 year but before 5 years	**-**	52,767,318	125,516,298
	57,253,644	123,146,175	125,516,298

Loan notes bear interest at 8.5% and are repayable within one year.

(ii) Unsecured subordinated bonds

The subordinated bonds are unsecured and subordinated to the claims of depositors and other creditors in the event of a winding up of the Bank.

	THE GROUP AND THE BANK		
	2013	2012	2011
The bonds are due as follows:	**MUR**	MUR	MUR
Within 1 year	**20,348,815**	-	-
After 1 year but before 5 years	**413,142,042**	-	-
After 5 years	**449,578,946**	565,479,715	421,574,481
	883,069,803	565,479,715	421,574,481

Unsecured bonds denominated in MUR bear interest at 8.4% and 9.4% while USD denominated bonds bear interest that ranges between 4.63% to 5.23%.

27. AMOUNT DUE TO SUBSIDIARY

	THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Funds due to subsidiary in respect of structured notes	**57,253,644**	123,146,176	125,516,298

The amount due to subsidiary bears interest at 8.5% and is repayable within one year.

28. OTHER LIABILITIES

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Accounts payable and sundry creditors	**231,773,086**	150,243,695	116,129,669	**138,309,815**	131,281,959	97,941,160

29. ISSUED CAPITAL

	THE GROUP AND THE BANK		
	2013	2012	2011
	MUR	MUR	MUR
Issued and fully paid	**1,694,593,418**	1,398,457,492	921,638,335

Analysed as follows:

	THE GROUP AND THE BANK					
	2013		2012		2011	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
		MUR		MUR		MUR
Ordinary shares of no par value						
At 1 July	**70,454,417**	**1,398,457,492**	57,601,463	921,638,335	46,837,965	651,132,973
Issue of Ordinary shares	**6,544,778**	**296,135,926**	12,852,954	476,819,157	9,739,645	267,660,686
Conversion of Founding executive shares into Ordinary shares	**-**	**-**	-	-	783,796	-
Conversion of Employee shares into Ordinary shares	**-**	**-**	-	-	240,057	2,844,676
At 30 June	**76,999,195**	**1,694,593,418**	70,454,417	1,398,457,492	57,601,463	921,638,335

30. OTHER RESERVES

	THE GROUP						THE BANK			
	Equity-settled share-based payment reserve	Statutory reserve	General banking reserve	Foreign currency translation reserve	Revaluation reserve	Total	Equity-settled share-based payment reserve	Statutory reserve	General banking reserve	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
At 1 July 2010	9,805,221	2,613,029	-	-	-	12,418,250	9,805,221	2,613,029	-	12,418,250
Appropriation from retained earnings	-	17,421,578	12,693,702	-	-	30,115,280	-	17,421,578	12,693,702	30,115,280
Expense arising from equity-settled share-based payment transactions (Note 8)	3,953,869	-	-	-	-	3,953,869	3,953,869	-	-	3,953,869
At 30 June 2011	13,759,090	20,034,607	12,693,702	-	-	46,487,399	13,759,090	20,034,607	12,693,702	46,487,399
At 1 July 2011	13,759,090	20,034,607	12,693,702	-	-	46,487,399	13,759,090	20,034,607	12,693,702	46,487,399
Appropriation from retained earnings	-	27,040,165	20,112,250	-	-	47,152,415	-	27,040,165	20,112,250	47,152,415
Expense arising from equity-settled share-based payment transactions (Note 8)	247,217	-	-	-	-	247,217	247,217	-	-	247,217
Foreign currency translation	-	-	-	(14,759)	-	(14,759)	-	-	-	-
At 30 June 2012	14,006,307	47,074,772	32,805,952	(14,759)	-	93,872,272	14,006,307	47,074,772	32,805,952	93,887,031
At 1 July 2012	**14,006,307**	**47,074,772**	**32,805,952**	**(14,759)**	**-**	**93,872,272**	**14,006,307**	**47,074,772**	**32,805,952**	**93,887,031**
Appropriation from retained earnings	**-**	**45,389,388**	**68,949,044**	**-**	**-**	**114,338,432**	**-**	**45,389,388**	**68,949,044**	**114,338,432**
Expense arising from equity-settled share-based payment transactions (Note 8)	**1,842,167**	**-**	**-**	**-**	**-**	**1,842,167**	**1,842,167**	**-**	**-**	**1,842,167**
Foreign currency translation	**-**	**-**	**-**	**575,412**	**2,122,705**	**2,698,117**	**-**	**-**	**-**	**-**
At 30 June 2013	**15,848,474**	**92,464,160**	**101,754,996**	**560,653**	**2,122,705**	**212,750,988**	**15,848,474**	**92,464,160**	**101,754,996**	**210,067,630**

EQUITY-SETTLED SHARE-BASED PAYMENT RESERVE

Movement in equity-settled share-based payment reserve relate to expense recognised for employee services received during the year. The share-based payment plans are described below.

(a) Senior executives plan

(i) Ordinary shares of no par value

621,224 ordinary shares of no par value were granted to the founding executives of the Bank. The shares, fair valued at MUR 17.36 per share based on a valuation performed by independent professional advisors, were issued for a consideration of MUR 11.85 per share payable in 3 instalments at the following dates: 50% on 15 September 2008, 25% on 15 July 2009 and 25% on 15 December 2009. There is no vesting period.

(ii) Founding Executives shares scheme

An option to subscribe for a maximum of 1,761,360 ordinary shares of AfrAsia Bank Limited was granted to the founding executives on November 29, 2012. The Bank granted the share option to the founding executives for a consideration of MUR 1 per option. The exercise price of the option is equal to the market price of the shares on the exercise date. The founding executives may exercise the option in respect of up to 20 percent of the option shares granted on each exercise date being on each June 30 starting as from June 30, 2013 and ending on 30 June, 2017 (inclusive). The share option vest if the founding executives remain in employment at the Bank pursuant to the contract on the exercise date and neither the founding executives nor the Bank must have issued a notice to terminate the Contract on or before the exercise date.

As per the contract, since June 30, 2013 was not a business day, the option is exercisable on the immediately business day which was July 1, 2013. As a result, no shares were granted during the financial year end June 30, 2013.

(iii) Founding Executives shares

1,175,694 non-voting shares at a fair value of MUR 7 per share were issued to founding executives. The vesting of the shares is subject to founding executives remaining in service for three years since date of employment failing which entitlement to the shares are forfeited. The shares carry equal rights to dividends and distribution and to surplus on winding up as the Bank's existing ordinary shares of no par value but do not have voting rights.

(b) General employee plan

Other employees were granted 240,057 Employee (non-voting) shares in February 2009. The shares, whose fair value was estimated at MUR 17.36, were issued for a consideration of MUR 11.85 per share, half of which was paid on 6 February 2009 with the second half on 6 February 2010. The vesting of the shares is subject to the employee remaining in service for a period of two years from the date of grant. The shares carry equal rights to dividends and distribution and to surplus on winding up as the Bank's existing ordinary shares of no par value but do not have voting rights.

By way of a Board resolution dated 2 September 2010, 783,796 Founding Executives shares under the Senior Executives Plan and 240,057 Employee shares under the General Employees Plan have been converted to Ordinary shares of no par value, ranking equally to the existing ordinary shares in the distribution of profits and on voting.

STATUTORY RESERVE

This reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the Bank's profit for the year net of opening revenue deficit is transferred each year until the balance is equal to the amount paid as stated capital.

GENERAL BANKING RESERVE

This reserve comprises amounts set aside for general banking risks, including future losses and other unforeseen risks. It also includes provision made to meet other regulatory provision requirements including country risk.

30. OTHER RESERVES (CONTINUED)

REVALUATION RESERVE

This reserve relates to the Group's share of revaluation reserve that arises on revaluation of property at the level of the Group's interest in investment in associates.

FOREIGN CURRENCY TRANSLATION RESERVE

This reserve arises on retranslation of foreign operation on consolidation.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments recorded at fair value

Determination of fair value and fair value hierarchy
The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

THE GROUP		2013			2012			2011	
	Level 1	**Level 2**	**Total fair value**	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
Financial assets	**MUR**	**MUR**	**MUR**	MUR	MUR	MUR	MUR	MUR	MUR
Derivatives held-for-trading									
Forward foreign exchange contracts	-	24,557,924	24,557,924	-	107,843,824	107,843,824	-	55,762,588	55,762,588
Forward exchange option contracts	-	1,079,237	1,079,237	-	-	-	-	-	-
	-	25,637,161	25,637,161	-	107,843,824	107,843,824	-	55,762,588	55,762,588
Financial investments - held-for-trading									
Government debts securities	-	336,909,022	336,909,022	-	1,162,543,500	1,162,543,500	441,804,000	-	441,804,000
Other debt securtities	-	195,776,496	195,776,496	-	-	-	-	-	-
	-	532,685,518	532,685,518	-	1,162,543,500	1,162,543,500	441,804,000	-	441,804,000
Derivatives designated at fair value through profit and loss									
Fund Options Transactions	-	-	-	31	-	31	757,568	-	757,568
Equity Linked Notes	-	-	-	61,572,917	-	61,572,917	59,776,068	-	59,776,068
Index Linked Options	-	-	-	-	-	-	30,032,160	-	30,032,160
Index Linked Notes	16,544,199	-	16,544,199	18,027,556	-	18,027,556	31,773,000	-	31,773,000
Call Option	26,400,000	-	26,400,000	3,100,000	-	3,100,000	3,100,000	-	3,100,000
	42,944,199	-	42,944,199	82,700,504	-	82,700,504	125,438,796	-	125,438,796
Financial investments - available-for-sale									
Unquoted investments	-	40,722,657	40,722,657	-	14,999,997	14,999,997	-	-	-
	42,944,199	599,045,336	641,989,535	82,700,504	1,285,387,321	1,368,087,825	567,242,796	55,762,588	623,005,384
Financial liabilities									
Derivatives held-for-trading									
Forward foreign exchange contracts	-	(48,618,447)	(48,618,447)	-	(47,311,643)	(47,311,643)	-	(2,986,842)	(2,986,842)
Forward exchange option contracts	-	(1,079,237)	(1,079,237)	-	-	-	-	-	-
	-	(49,697,684)	(49,697,684)	-	(47,311,643)	(47,311,643)	-	(2,986,842)	(2,986,842)
Derivatives designated at fair value through profit and loss									
Fund Options Transactions	-	-	-	(31)	-	(31)	(757,568)	-	(757,568)
Equity Linked Notes	-	-	-	(61,572,917)	-	(61,572,917)	(59,776,068)	-	(59,776,068)
Index Linked Options	-	-	-	-	-	-	(30,032,160)	-	(30,032,160)
Index Linked Notes	(16,544,199)	-	(16,544,199)	(18,027,556)	-	(18,027,556)	(31,773,000)	-	(31,773,000)
	(16,544,199)	-	(16,544,199)	(79,600,504)	-	(79,600,504)	(122,338,796)	-	(122,338,796)
	(16,544,199)	(49,697,684)	(66,241,883)	(79,600,504)	(47,311,643)	(126,912,147)	(122,338,796)	(2,986,842)	(125,325,638)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (Continued)

THE BANK	2013			2012			2011		
	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
Financial assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Derivatives held-for-trading									
Forward foreign exchange contracts	-	24,557,924	24,557,924	-	107,843,824	107,843,824	-	55,762,588	55,762,588
Forward exchange option contracts	-	1,079,237	1,079,237	-	-	-	-	-	-
	-	25,637,161	25,637,161	-	107,843,824	107,843,824	-	55,762,588	55,762,588
Financial investments - held-for-trading									
Government debts securities	-	336,909,022	336,909,022	-	1,162,543,500	1,162,543,500	-	441,804,000	441,804,000
Other debt securities	-	195,776,496	195,776,496	-	-	-	-	-	-
	-	532,685,518	532,685,518	-	1,162,543,500	1,162,543,500	-	441,804,000	441,804,000
Derivatives designated at fair value through profit and loss									
Fund Options Transactions	-	-	-	31	-	31	757,568	-	757,568
Equity Linked Notes	-	-	-	15,938,191	-	15,938,191	14,544,758	-	14,544,758
Index Linked Options	-	-	-	-	-	-	30,032,160	-	30,032,160
	-	-	-	15,938,222	-	15,938,222	45,334,486	-	45,334,486
	-	558,322,679	558,322,679	15,938,222	1,270,387,324	1,286,325,546	45,334,486	497,566,588	542,901,074
Financial liabilities									
Derivatives held-for-trading									
Forward foreign exchange contracts	-	(48,618,447)	(48,618,447)	-	(47,311,643)	(47,311,643)	-	(2,986,842)	(2,986,842)
Forward exchange option contracts	-	(1,079,237)	(1,079,237)	-	-	-	-	-	-
	-	(49,697,684)	(49,697,684)	-	(47,311,643)	(47,311,643)	-	(2,986,842)	(2,986,842)
Derivatives designated at fair value through profit and loss									
Fund Options Transactions	-	-	-	(31)	-	(31)	(757,568)	-	(757,568)
Equity Linked Notes	-	-	-	(15,938,191)	-	(15,938,191)	(14,544,758)	-	(14,544,758)
Index Linked Options	-	-	-	-	-	-	(30,032,160)	-	(30,032,160)
	-	-	-	(15,938,222)	-	(15,938,222)	(45,334,486)	-	(45,334,486)
	-	(49,697,684)	(49,697,684)	(15,938,222)	(47,311,643)	(63,249,865)	(45,334,486)	(2,986,842)	(48,321,328)

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments - held-for-trading

Those investments are valued based on the market yield of similar instruments as made publicly available by the local regulator.

Financial investments - available-for-sale

Those investments are valued based on observable transaction of those shares at the financial year end.

Derivatives

Derivative products valued using a valuation technique with market observable inputs include forward foreign exchange contracts and forward exchange option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

During the year ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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), it is assumed that the carrying amount approximates their 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. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining terms to maturity and credit spreads.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's and the Bank's financial instruments that are not carried at fair value in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

THE GROUP	30 June 2013		30 June 2012		30 June 2011	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,598,715,632	1,598,715,632	676,371,624	676,371,624	1,085,084,764	1,085,084,764
Due from banks	9,009,843,939	9,009,843,939	3,527,186,481	3,527,186,481	3,945,077,133	3,945,077,133
Loans and advances to customers	14,007,752,016	14,073,739,817	12,784,321,295	12,938,732,689	8,549,378,712	8,553,502,101
Financial investments - held-to-maturity	5,807,802,824	6,086,987,347	3,506,007,725	3,543,758,127	2,560,492,783	2,568,483,197
Other assets (excluding prepayments, accrued income and stock)	155,875,242	155,875,242	20,455,377	20,455,377	12,556,899	12,556,899
	30,579,989,653	30,925,161,977	20,514,342,502	20,706,504,298	16,152,590,291	16,164,704,094
Financial liabilities						
Due to banks	(881,908,278)	(881,908,278)	(8,516,013)	(8,516,673)	(28,483,333)	(28,483,333)
Deposits from customers	(27,224,339,709)	(27,062,407,224)	(19,626,670,732)	(19,468,503,141)	(14,962,435,979)	(14,958,760,791)
Debts issued	(940,323,447)	(919,440,892)	(688,625,890)	(752,045,526)	(547,090,779)	(555,349,532)
Current tax liabilities	(22,175,979)	(22,175,979)	(9,631,747)	(9,631,747)	(18,385,558)	(18,385,558)
Other liabilities	(231,773,086)	(231,773,086)	(150,243,695)	(150,243,695)	(116,129,669)	(116,129,669)
	(29,300,520,499)	(29,117,705,459)	(20,483,688,077)	(20,388,940,782)	(15,672,525,318)	(15,677,108,883)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial assets and liabilities not carried at fair value (Continued)

THE BANK	30 June 2013		30 June 2012		30 June 2011	
	Carrying amount	Total fair value	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial assets	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,598,715,632	1,598,715,632	676,371,624	676,371,624	1,085,084,764	1,085,084,764
Due from banks	9,009,807,334	9,009,807,334	3,527,119,302	3,527,119,302	3,944,929,389	3,944,929,389
Loans and advances to customers	14,007,752,016	14,073,739,817	12,784,435,754	12,938,847,148	8,549,378,712	8,553,502,101
Financial investments - held-to-maturity	5,807,802,824	6,086,987,347	3,506,007,725	3,543,758,127	2,560,492,783	2,568,483,197
Other assets (excluding prepayments, accrued income and stock)	32,504,210	32,504,210	20,439,947	20,439,947	12,549,901	12,549,901
	30,456,582,016	30,801,754,340	20,514,374,352	20,706,536,148	16,152,435,549	16,164,549,352
Financial liabilities						
Due to banks	(881,908,278)	(881,908,278)	(8,516,013)	(8,516,673)	(28,483,333)	(28,483,333)
Deposits from customers	(27,232,616,080)	(27,070,682,919)	(19,628,367,164)	(19,470,199,573)	(14,962,538,164)	(14,958,862,976)
Amount due to subsidiary	(57,253,644)	(40,958,620)	(123,146,176)	(102,434,976)	(125,516,298)	(133,775,051)
Debts issued	(883,069,803)	(976,676,536)	(565,479,715)	(628,899,351)	(421,574,481)	(421,574,481)
Current tax liabilities	(22,175,979)	(22,175,979)	(9,631,747)	(9,631,747)	(18,385,558)	(18,385,558)
Other liabilities	(138,309,815)	(138,309,815)	(131,281,959)	(131,281,959)	(97,941,160)	(97,941,160)
	(29,215,333,599)	(29,130,712,147)	(20,466,422,773)	(20,350,964,278)	(15,654,438,994)	(15,659,022,559)

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

Below are 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) it is assumed that the carrying amounts approximate their 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 were 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. For quoted debt issued the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

32. ADDITIONAL CASH FLOW INFORMATION

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
(a) Cash and cash equivalents	**MUR**	MUR	MUR	**MUR**	MUR	MUR
Cash in hand (Note 12)	**9,224,082**	10,209,993	9,226,496	**9,224,082**	10,209,993	9,226,496
Unrestricted balances with the Central Bank (Note 12)	**936,542,007**	70,669,717	461,193,071	**936,542,007**	70,669,717	461,193,071
Short term placements with other banks (Note 13)	**4,112,254,461**	2,291,312,701	3,076,525,650	**4,112,254,461**	2,291,312,701	3,076,525,650
Current accounts with other banks (Note 13)	**3,907,500,896**	546,146,846	502,812,734	**3,907,464,291**	546,079,667	502,664,990
Other amounts due (Note 13)	**1,967,498**	1,302,756	1,303,245	**1,967,498**	1,302,756	1,303,245
Bank overdrafts (Note 24)	**-**	-	(2,344)	**-**	-	(2,344)
	8,967,488,944	2,919,642,013	4,051,058,852	**8,967,452,339**	2,919,574,834	4,050,911,108
(b) Change in operating assets						
Net change in mandatory balances with the Central Bank	**(57,457,629)**	**19,173,283**	(343,397,153)	**(57,457,629)**	19,173,283	(343,397,153)
Net change in medium term placements with other banks	**(299,696,906)**	**(323,988,674)**	(253,099,822)	**(299,696,906)**	(323,988,674)	(253,099,822)
Net change in derivative financial instruments	**121,962,968**	**(9,342,944)**	7,507,440	**99,224,122**	(22,684,972)	(30,011,286)
Net change in loans and advances to customers	**(1,209,562,860)**	**(4,224,766,209)**	(3,695,080,680)	**(1,209,448,401)**	(4,224,880,668)	(3,695,080,680)
Net change in financial investments - held-to-maturity	**(2,301,795,099)**	**(945,514,942)**	(1,691,626,409)	**(2,301,795,099)**	(945,514,942)	(1,691,626,409)
Net change in financial investments - held-for-trading	**629,857,982**	**(720,739,500)**	(74,294,525)	**629,857,982**	(720,739,500)	(74,294,525)
Net change in other assets	**(135,882,156)**	**(9,528,039)**	(3,319,300)	**(12,586,554)**	(9,465,028)	(3,389,551)
	(3,252,573,700)	**(6,214,707,025)**	(6,053,310,449)	**(3,151,902,485)**	(6,228,100,501)	(6,090,899,426)
(c) Change in operating liabilities						
Net change in due to banks	**873,392,265**	(19,967,320)	(67,657,901)	**873,392,265**	(19,967,320)	(67,657,901)
Net change in derivative financial instruments	**(60,670,264)**	1,586,509	(83,662,781)	**(14,631,418)**	14,928,537	(46,144,055)
Net change in amount due to subsidiary	**-**	-	-	**(65,892,532)**	(2,370,122)	10,264,838
Net change in debts issued	**236,370,940**	141,042,774	422,819,367	**302,263,471**	143,412,897	412,554,529
Net change in deposits from customers	**7,568,391,997**	4,612,114,801	6,929,773,531	**7,574,971,937**	4,613,729,227	6,929,710,883
Net change in other liabilities	**81,529,391**	34,114,026	66,372,078	**7,027,856**	33,340,799	66,329,528
	8,699,014,329	4,768,890,790	7,267,644,294	**8,677,131,579**	4,783,074,018	7,305,057,822
(d) Non-cash items included in profit before tax						
Depreciation of equipment	**4,695,949**	3,227,502	3,058,647	**4,694,856**	3,226,407	3,046,724
Amortisation of intangible assets	**5,714,166**	4,031,198	3,812,237	**5,714,166**	4,031,198	3,812,237
Equipment written off	**826,548**	121,480	222,003	**826,548**	121,480	222,003
Fair value hedge	**-**	-	-	**48,401**	(17,429,109)	-
Bad debts written off	**2,318,303**	-	-	**2,318,303**	-	-
Profit on disposal of investment in associate	**-**	-	-	**-**	(9,565,493)	-
Net interest payable	**30,019,485**	17,541,257	5,386,412	**29,569,484**	18,263,384	5,386,412
Employee shares scheme	**1,842,167**	247,217	3,953,869	**1,842,167**	247,217	3,953,869
Share of net profit in joint venture	**(16,283,494)**	(6,777,014)	(5,703,724)	**-**	-	-
Share of loss/(profit) in associate	**177,483,655**	(93,403,802)	(2,662,251)	**-**	-	-
Net allowance for credit impairment	**(1,152,052)**	24,874,478	25,299,641	**(1,152,052)**	24,874,478	25,299,641
	205,464,727	(50,137,685)	33,366,834	**43,861,873**	23,769,562	41,720,886

33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group and the Bank classify an asset or liability as current when:

- they expect to realise the asset/settle the liability within 12 months after the reporting period;
- they expect to settle the liability in its normal operating cycle;
- they hold the asset or liability primarily for the purpose of trading;
- they expect to realise the asset, or intend to sell or consume it, in its normal operating cycle;
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or
- they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Bank classify all other assets and liabilities as current.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(a) THE GROUP

	2013			2012			2011		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
ASSETS	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,486,240,513	112,475,119	1,598,715,632	595,820,273	80,551,351	676,371,624	1,032,691,975	52,392,789	1,085,084,764
Due from banks	9,009,843,939	-	9,009,843,939	3,527,186,481	-	3,527,186,481	3,945,077,133	-	3,945,077,133
Derivative financial instruments	68,581,360	-	68,581,360	169,416,572	21,127,756	190,544,328	55,762,588	125,438,796	181,201,384
Financial investments - held-for-trading	505,710,260	26,975,258	532,685,518	1,162,543,500	-	1,162,543,500	441,804,000	-	441,804,000
Loans and advances to customers	6,690,554,545	7,317,197,471	14,007,752,016	8,032,672,507	4,837,397,890	12,870,070,397	5,754,915,389	2,855,337,947	8,610,253,336
Financial investments – available-for-sale	-	40,722,657	40,722,657	-	14,999,997	14,999,997	-	-	-
Investment in joint venture	-	55,177,034	55,177,034	-	53,393,539	53,393,539	-	46,616,525	46,616,525
Investment in associates	-	225,313,514	225,313,514	-	408,444,360	408,444,360	-	7,684,689	7,684,689
Financial investments held-to-maturity	1,815,526,378	3,992,276,446	5,807,802,824	2,042,893,857	1,463,113,868	3,506,007,725	1,155,506,505	1,404,986,278	2,560,492,783
Equipment	-	28,763,936	28,763,936	-	14,321,946	14,321,946	-	13,364,250	13,364,250
Intangible assets	-	15,420,212	15,420,212	-	17,094,812	17,094,812	-	13,591,022	13,591,022
Deferred tax assets	-	8,055,035	8,055,035	-	7,681,088	7,681,088	-	2,532,127	2,532,127
Other assets	165,323,024	-	165,323,024	29,440,868	-	29,440,868	19,907,408	-	19,907,408
TOTAL ASSETS	19,741,780,019	11,822,376,682	31,564,156,701	15,559,974,058	6,918,126,607	22,478,100,665	12,405,664,998	4,521,944,423	16,927,609,421
LIABILITIES									
Due to banks	596,427,129	285,481,149	881,908,278	8,516,013	-	8,516,013	28,483,333	-	28,483,333
Derivative financial instruments	66,241,883	-	66,241,883	108,884,391	18,027,756	126,912,147	2,986,842	122,338,796	125,325,638
Deposits from customers	24,843,274,408	2,381,065,301	27,224,339,709	18,011,078,593	1,615,592,139	19,626,670,732	14,198,236,563	764,199,416	14,962,435,979
Debts issued	77,602,459	862,720,988	940,323,447	70,378,857	618,247,033	688,625,890	-	547,090,779	547,090,779
Current tax liabilities	22,175,979	-	22,175,979	9,631,747	-	9,631,747	18,385,558	-	18,385,558
Other liabilities	231,773,086	-	231,773,086	150,243,695	-	150,243,695	116,129,669	-	116,129,669
TOTAL LIABILITIES	25,837,494,944	3,529,267,438	29,366,762,382	18,358,733,296	2,251,866,928	20,610,600,224	14,364,221,965	1,433,628,991	15,797,850,956

33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

(b) THE BANK

	2013			2012			2011		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
ASSETS	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,486,240,513	112,475,119	1,598,715,632	595,820,273	80,551,351	676,371,624	1,032,691,975	52,392,789	1,085,084,764
Due from banks	9,009,807,334	-	9,009,807,334	3,527,119,302	-	3,527,119,302	3,944,929,389	-	3,944,929,389
Derivative financial instruments	25,637,161	-	25,637,161	123,782,046	-	123,782,046	55,762,588	45,334,486	101,097,074
Financial investments - held-for-trading	505,710,260	26,975,258	532,685,518	1,162,543,500	-	1,162,543,500	441,804,000	-	441,804,000
Loans and advances to customers	6,690,554,545	7,317,197,471	14,007,752,016	7,947,037,864	4,837,397,890	12,784,435,754	5,694,040,765	2,855,337,947	8,549,378,712
Financial investments held-to-maturity	1,815,526,378	3,992,276,446	5,807,802,824	2,042,893,857	1,463,113,868	3,506,007,725	1,155,506,505	1,404,986,278	2,560,492,783
Investment in subsidiaries	-	383,115,237	383,115,237	-	363,163,638	363,163,638	-	25,000,000	25,000,000
Investment in associates	-	-	-	-	-	-	-	5,022,438	5,022,438
Equipment	-	28,756,687	28,756,687	-	14,313,604	14,313,604	-	13,354,813	13,354,813
Intangible assets	-	15,420,212	15,420,212	-	17,094,812	17,094,812	-	13,591,022	13,591,022
Deferred tax assets	-	8,055,035	8,055,035	-	7,637,567	7,637,567	-	2,494,027	2,494,027
Other assets	41,951,992	-	41,951,992	29,365,439	-	29,365,439	19,900,410	-	19,900,410
TOTAL ASSETS	19,575,428,183	11,884,271,465	31,459,699,648	15,428,562,281	6,783,272,730	22,211,835,011	12,344,635,632	4,417,513,800	16,762,149,432
LIABILITIES									
Due to banks	596,427,129	285,481,149	881,908,278	8,516,013	-	8,516,013	28,483,333	-	28,483,333
Derivative financial instruments	49,697,684	-	49,697,684	63,249,865	-	63,249,865	2,986,842	45,334,486	48,321,328
Deposits from customers	24,851,550,779	2,381,065,301	27,232,616,080	18,012,775,025	1,615,592,139	19,628,367,164	14,198,338,748	764,199,416	14,962,538,164
Debts issued	20,348,815	862,720,988	883,069,803	-	565,479,715	565,479,715	-	421,574,481	421,574,481
Amount due to subsidiary	57,253,644	-	57,253,644	70,378,857	52,767,319	123,146,176	-	125,516,298	125,516,298
Current tax liabilities	22,175,979	-	22,175,979	9,631,747	-	9,631,747	18,385,558	-	18,385,558
Other liabilities	138,309,815	-	138,309,815	131,281,959	-	131,281,959	97,941,160	-	97,941,160
TOTAL LIABILITIES	25,735,763,845	3,529,267,438	29,265,031,283	18,295,833,466	2,233,839,173	20,529,672,639	14,346,135,641	1,356,624,681	15,702,760,322

34. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though the obligations may not be recognised on the statement of financial position they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

	THE GROUP AND THE BANK		
	2013	2012	2011
Contingent liabilities	**MUR**	MUR	MUR
Financial guarantees	**933,113,726**	770,993,082	585,949,832
Letters of credit	**74,893,394**	497,770,493	91,723,131
	1,008,007,120	1,268,763,575	677,672,963
Commitments			
Undrawn commitments to lend	**2,061,074,593**	1,537,283,398	2,341,851,276
Total	**3,069,081,713**	2,806,046,973	3,019,524,239

Contingent liabilities

Letters of credit and guarantees (including standby letters of credit) commit the Group and the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific 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.

Operating lease

The Group and the Bank have entered into commercial leases on premises, vehicles and equipment. These leases have an average life that ranges between three and five years with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering the leases.

Future minimum lease payments under the non-cancellable operating leases at 30 June are as follows:

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Within one year	**17,459,824**	14,104,939	10,163,572	**17,459,824**	14,104,939	10,163,572
After one year but not more than five years	**48,631,672**	58,627,410	636,372	**48,631,672**	58,627,410	636,372
	66,091,496	72,732,349	10,799,944	**66,091,496**	72,732,349	10,799,944

Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group and the Bank have formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group and the Bank make adjustments to account for any adverse effects which the claims may have on its financial standing.

35. RELATED PARTY DISCLOSURES

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
Compensation of key management personnel of the Group and the Bank	**MUR**	MUR	MUR	**MUR**	MUR	MUR
Short-term employee benefits	**90,732,561**	56,505,783	50,208,102	**90,732,561**	56,505,783	50,208,102
Share-based payments	**80,807**	2,255,912	3,953,869	**80,807**	2,255,912	3,953,869
Share option	**1,761,360**	-	-	**1,761,360**	-	-
	92,574,728	58,761,695	54,161,971	**92,574,728**	58,761,695	54,161,971

Transactions with directors and key management personnel of the Group and the Bank.

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

THE GROUP AND THE BANK	**2013**		2012		2011	
	Balances as at 30 June 2013	**Income from/ (expense) to**	Balances as at 30 June 2012	Income from/ (expense) to	Balances as at 30 June 2011	Income from/ (expense) to
Directors of the Bank:	**MUR**	**MUR**	MUR	MUR	MUR	MUR
Loans and advances	**15,076,668**	**328,469**	4,653,512	443,244	9,695,265	476,597
Deposits from customers:						
- Term deposits	**12,207,016**	**(96,001)**	12,697,956	(90,749)	13,790,846	(4,419)
- Savings and current accounts	**26,199,247**	**-**	20,516,625	(183,263)	10,029,140	-
	38,406,263	**(96,001)**	33,214,581	(274,012)	23,819,986	(4,419)
Directors' fees	**-**	**(1,917,534)**	-	(1,948,631)	-	(1,950,616)
	38,406,263	**(2,013,535)**	33,214,581	(2,222,643)	23,819,986	(1,955,035)

THE GROUP AND THE BANK	**2013**		2012		2011	
	Balances as at 30 June 2013	**Income from/ (expense) to**	Balances as at 30 June 2012	Income from/ (expense) to	Balances as at 30 June 2011	Income from/ (expense) to
Key management personnel of the Bank:	**MUR**	**MUR**	MUR	MUR	MUR	MUR
Loans and advances	**6,725,727**	**175,014**	20,201,009	626,899	5,734,117	143,187
Deposits from customers:						
- Term deposits	**15,344,837**	**(446,628)**	6,439,855	(61,448)	1,104,429	(27,404)
- Savings and current accounts	**15,454,292**	**-**	9,498,913	(208,668)	4,126,866	-
	30,799,129	**(446,628)**	15,938,768	(270,116)	5,231,295	(27,404)

Transactions with other related parties

In addition to transactions with key management personnel, the Group and the Bank enter into transactions with entities with significant influence over the Group and the Bank. The following table shows the outstanding balance and the corresponding interest during the year.

(a) THE GROUP	**Fees from related parties**	**Fees to related parties**	**Interest from related parties**	**Interest to related parties**	**Amount owed by related parties**	**Amount owed to related parties**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
2013						
Entities with significant influence over the Group	**10,290,488**	**23,165,824**	**55,772,400**	**5,383,781**	**1,055,903,737**	**292,032,427**
Associates	**77,325**	**-**	**-**	**-**	**15,112,402**	**877,117**
Joint venture	**-**	**-**	**-**	**20,447,039**	**-**	**557,160,641**
	10,367,813	**23,165,824**	**55,772,400**	**25,830,820**	**1,071,016,139**	**850,070,185**

35. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with other related parties (Continued)

(a) THE GROUP (Continued)

	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties
	MUR	MUR	MUR	MUR	MUR	MUR
2012						
Entities with significant influence over the Group	-	25,091,034	10,638,684	10,155,002	172,174,885	295,107,251
Associates	-	-	72,048	20	3,711,056	1,840,151
Joint venture	-	-	-	13,828,649	-	310,442,665
	-	25,091,034	10,710,732	23,983,671	175,885,941	607,390,067
2011						
Holding company	-	7,997,612	3,045,514	47,014	250,779,668	340,275,005
Entities with significant influence over the Group	-	-	-	7,123,358	-	125,618,482
Joint venture	-	-	-	-	-	-
	-	7,997,612	3,045,514	7,170,372	250,779,668	465,893,487

(b) THE BANK

	Fees from related parties	Fees to related parties	Interest from related parties	Interest to related parties	Amount owed by related parties	Amount owed to related parties
2013						
Entities with significant influence over the Bank	**10,290,488**	**23,165,824**	**55,772,400**	**5,383,781**	**1,055,903,737**	**292,032,427**
Subsidiary companies	**-**	**-**	**-**	**-**	**-**	**65,529,339**
Associates	**77,325**	**-**	**-**	**-**	**15,112,402**	**877,117**
Joint venture	**-**	**-**	**-**	**20,447,039**	**-**	**557,160,641**
	10,367,813	**23,165,824**	**55,772,400**	**25,830,820**	**1,071,016,139**	**915,599,524**
2012						
Entities with significant influence over the Bank	-	25,091,034	10,638,684	10,155,002	172,174,885	295,107,251
Subsidiary company	-	9,108	9,108	242	274,551	1,856,482
Associates	-	-	72,048	20	3,711,056	1,840,151
Joint venture	-	-	-	13,828,649	-	310,442,665
	-	25,100,142	10,719,840	23,983,913	176,160,492	609,246,549
2011						
Holding company	-	7,997,612	3,045,514	47,014	250,779,668	340,275,005
Entities with significant influence over the Bank	-	-	-	7,123,358	-	125,618,482
Subsidiary company	-	-	-	-	-	-
Joint venture	-	-	-	4,964,877	-	96,733,312
	-	7,997,612	3,045,514	12,135,249	250,779,668	562,626,799

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2013, the Group and the Bank have not made any provision for doubtful debts relating to amounts owed by related parties (2012 and 2011: nil). At 30 June 2013, none of the facilities granted to related parties was non-performing (2012 and 2011: nil).

The total on and off balance sheet exposure to the related parties amounted to MUR 675,682,999 (2012: MUR 417,049,235 and 2011: MUR 365,158,218) representing 5% (2012: 2% and 2011: 2%) of the Group's total exposure.

The credit exposure to the six related parties with the highest exposure amounted to MUR 664,757,170 (2012: MUR 389,784,631 and 2011: MUR 324,216,961) representing 35% (2012: 26% and 2011: 32%) of the Tier 1 capital and all the related party transactions were within the regulatory limit as recommended in the Bank of Mauritius Guideline on Related Party Transactions issued in January 2009.

AfrAsia Bank Ltd acts as custodian for AXYS Capital Management Ltd. The latter has deposits in Kingdom Bank Limited amounting to USD 3,420,000.

36. RISK MANAGEMENT

Introduction

Risk is inherent in the Group's and the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's and the Bank's continuing profitability and each individual within the Group and the Bank is accountable for the risk exposures relating to his or her responsibilities. The Group and the Bank are exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operation risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors as well as the Group's and the Bank's senior management is responsible for understanding both the nature and level of risks taken by the institution and how the risk relates to adequate capital levels. The Board is also responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk Committee

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels.

Bank Treasury

Bank Treasury is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

(a) Risk measurement and reporting systems

The Group's and the Bank's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group and the Bank also run worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk that the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the business is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk Committee and the Head of each business division. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks take place. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

Risk mitigation

As part of its overall risk management, the Group and the Bank use derivatives and other instruments to manage exposures resulting from changes in foreign currencies.

The Group and the Bank actively use collaterals to reduce its credit risks.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's and the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's and the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that the Group and the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group and the Bank manage and control credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group and the Bank have established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group and the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitments risks

The Group and the Bank make available to its customers guarantees which may require that the Group and the Bank make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group and the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group and the Bank to similar risks to loans and are mitigated by the same control process and policies.

Country risk

Credit risk can manifest as country risk as a result of the geopolitical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

In accordance with the Bank of Mauritius guideline on country risk management, the Bank has provided an amount of MUR 14,5m in respect of country risk as at 30 June 2013. This is included in Tier 2 capital as part of 'general banking reserves and portfolio provisions'.

Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Group's and the Bank's concentrations of risk are managed by client/counterparty (excluding government), by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as of 30 June 2013 was MUR 2,233,831,250 (2012: MUR 858,880,093 and 2011: MUR 1,004,192,985) before taking account of collateral or other credit enhancements.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives, by geography and by industry before the effect of mitigation through the use of master netting and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
Financial assets	**MUR**	MUR	MUR	**MUR**	MUR	MUR
Cash and balances with the Central Bank	**1,598,715,632**	676,371,624	1,085,084,764	**1,598,715,632**	676,371,624	1,085,084,764
Due from banks						
Placement with other banks	**5,100,375,545**	2,979,736,879	3,440,961,154	**5,100,375,545**	2,979,736,879	3,440,961,154
Current accounts	**3,907,500,896**	546,146,846	502,812,734	**3,907,464,291**	546,079,667	502,664,990
Other amounts due	**1,967,498**	1,302,756	1,303,245	**1,967,498**	1,302,756	1,303,245
	9,009,843,939	3,527,186,481	3,945,077,133	**9,009,807,334**	3,527,119,302	3,944,929,389
Derivative financial instruments	**68,581,360**	190,544,328	181,201,384	**25,637,161**	123,782,046	101,097,074
Financial investments - held-for-trading	**532,685,518**	1,162,543,500	441,804,000	**532,685,518**	1,162,543,500	441,804,000
Loans and advances to customers						
Retail and personal	**1,064,217,996**	810,048,341	683,947,109	**1,064,217,996**	810,048,341	683,947,109
Business	**5,389,764,800**	5,713,721,439	4,141,362,818	**5,389,764,800**	5,713,835,898	4,141,362,818
Entities outside Mauritius	**7,525,052,383**	6,268,232,677	3,736,227,050	**7,525,052,383**	6,268,232,677	3,736,227,050
Credit cards	**110,995,584**	78,067,940	48,716,359	**110,995,584**	78,067,940	48,716,359
	14,090,030,763	12,870,070,397	8,610,253,336	**14,090,030,763**	12,870,184,856	8,610,253,336
Financial investments-held-to-maturity	**5,807,802,824**	3,506,007,725	2,560,492,783	**5,807,802,824**	3,506,007,725	2,560,492,783
Other assets (excluding prepayments, accrued income and stock)	**155,875,242**	20,455,377	12,556,899	**32,504,210**	20,439,947	12,549,901
	31,263,535,278	21,953,179,432	16,836,470,299	**31,097,183,442**	21,886,449,000	16,756,211,247

The Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements, can be analysed as follows by the following geographical regions:

GROSS MAXIMUM EXPOSURE

	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Mauritius	**16,774,324,279**	12,900,385,037	9,973,188,024	**16,627,616,642**	12,900,416,887	10,023,047,356
France	**69,137,407**	42,921,169	98,848,110	**69,137,407**	42,921,169	98,848,110
United Kingdom	**2,928,421,528**	1,007,466,082	689,688,880	**2,928,421,528**	1,007,466,082	657,915,880
United States of America	**1,543,542,838**	306,700,614	601,092,335	**1,543,542,838**	306,700,614	601,092,335
India	**4,561,703,765**	4,376,515,583	4,853,932,786	**4,561,703,765**	4,376,515,583	4,853,932,786
Other	**5,386,405,461**	3,319,190,947	619,720,164	**5,366,761,262**	3,252,428,665	521,374,780
	31,263,535,278	21,953,179,432	16,836,470,299	**31,097,183,442**	21,886,449,000	16,756,211,247

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

An industry sector analysis of the Group's and the Bank's financial assets, without taking account of any collateral held or other credit enhancements, is as follows:

	GROSS MAXIMUM EXPOSURE					
	THE GROUP			THE BANK		
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Agriculture	**1,321,050,470**	420,306,775	175,109,662	**1,321,050,470**	420,306,775	175,109,662
Construction, infrastructure and real estate	**1,683,111,127**	1,453,060,431	1,037,516,198	**1,683,111,127**	1,453,060,431	1,037,516,198
Financial and business services	**12,804,083,930**	12,834,700,893	7,325,909,084	**12,637,732,094**	12,767,980,469	11,333,031,579
Government	**5,517,114,050**	103,538,187	4,190,916,906	**5,517,114,050**	103,538,187	103,535,359
Information, communication and technology	**525,123,679**	372,889,283	164,075,217	**525,123,679**	372,889,283	164,075,217
Manufacturing	**2,638,845,641**	2,269,121,826	1,035,231,439	**2,638,845,641**	2,269,121,826	1,035,231,439
Personal	**1,175,260,955**	888,116,282	732,663,468	**1,175,260,955**	888,116,282	732,663,468
Tourism	**1,611,733,657**	1,332,745,608	1,183,225,392	**1,611,733,657**	1,332,745,608	1,183,225,392
Traders	**1,456,639,729**	877,038,164	769,863,681	**1,456,639,729**	877,038,164	769,863,681
Others	**2,530,572,040**	1,401,661,983	221,959,252	**2,530,572,040**	1,401,651,975	221,959,252
	31,263,535,278	21,953,179,432	16,836,470,299	**31,097,183,442**	21,886,449,000	16,756,211,247

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- Floating charges for commercial lending; and
- Fixed charges for retail lending and for commercial lending;
- Cash deposits held under lien;
- Pledge of quoted shares.

The Group and the Bank also request for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

The fair value of collateral and other credit enhancements receive on loans and advances as at 30 June 2013 is MUR 25,633,558,275 (2012: MUR 23,297,976,426). All other financial assets are unsecured.

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Credit quality per class of financial assets

The table below shows the credit quality by class of asset for loan-related statement of financial position lines, based on the Group's credit rating system.

The amounts presented are gross of impairment allowances.

THE GROUP	Neither past due nor impaired				
	High Grade (1-3)	Standard Grade (4-5)	Past due but not impaired	Individually impaired	Total
30 June 2013	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
Cash and balances with the Central Bank	**1,598,715,632**	**-**	**-**	**-**	**1,598,715,632**
Due from banks	**9,009,843,939**	**-**	**-**	**-**	**9,009,843,939**
Derivative financial instruments	**68,581,360**	**-**	**-**	**-**	**68,581,360**
Financial investments - held-for-trading	**532,685,518**	**-**	**-**	**-**	**532,685,518**
Loans and advances to customers	**12,981,181,739**	**585,944,979**	**443,065,729**	**79,838,316**	**14,090,030,763**
- Corporate lending	**9,042,365,007**	**460,904,899**	**253,180,038**	**43,951,593**	**9,800,401,537**
- Business banking	**2,890,242,539**	**74,651,183**	**115,384,358**	**27,763,194**	**3,108,041,274**
- Private/personal	**1,048,574,193**	**50,388,897**	**74,501,333**	**8,123,529**	**1,181,587,952**
Financial investments - held-to-maturity	**5,807,802,824**	**-**	**-**	**-**	**5,807,802,824**
Other assets (excluding prepayments, accrued income and stock)	**155,875,242**	**-**	**-**	**-**	**155,875,242**
	30,154,686,254	**585,944,979**	**443,065,729**	**79,838,316**	**31,263,535,278**
30 June 2012					
Cash and balances with the Central Bank	676,371,624	-	-	-	676,371,624
Due from banks	3,527,186,481	-	-	-	3,527,186,481
Derivative financial instruments	190,544,328	-	-	-	190,544,328
Financial investments - held-for-trading	1,162,543,500	-	-	-	1,162,543,500
Loans and advances to customers	12,052,914,020	397,831,934	373,344,124	45,980,319	12,870,070,397
- Corporate lending	9,594,540,746	229,370,342	246,635,848	84,463	10,070,631,399
- Business banking	1,630,822,827	134,086,445	100,476,117	40,223,378	1,905,608,767
- Private/personal	827,550,447	34,375,147	26,232,159	5,672,478	893,830,231
Financial investments - held-to-maturity	3,506,007,725	-	-	-	3,506,007,725
Other assets (excluding prepayments, accrued income and stock)	20,455,377	-	-	-	20,455,377
	21,136,023,055	397,831,934	373,344,124	45,980,319	21,953,179,432
30 June 2011					
Cash and balances with the Central Bank	1,085,084,764	-	-	-	1,085,084,764
Due from banks	3,945,077,133	-	-	-	3,945,077,133
Derivative financial instruments	181,201,384	-	-	-	181,201,384
Financial investments - held-for-trading	441,804,000	-	-	-	441,804,000
Loans and advances to customers	8,269,796,836	237,250,198	92,172,362	11,033,940	8,610,253,336
- Corporate lending	6,830,697,543	139,830,053	29,805,044	177,880	7,000,510,520
- Business banking	729,359,315	94,828,689	44,778,247	8,113,332	877,079,583
- Private/personal	709,739,978	2,591,456	17,589,071	2,742,728	732,663,233
Financial investments - held-to-maturity	2,560,492,783	-	-	-	2,560,492,783
Other assets (excluding prepayments, accrued income and stock)	12,556,899	-	-	-	12,556,899
	16,496,013,799	237,250,198	92,172,362	11,033,940	16,836,470,299

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Credit quality per class of financial assets

The table below shows the credit quality by class of asset for loan-related statement of financial position lines, based on the Bank's credit rating system:

THE BANK	Neither past due nor impaired				
	High Grade (1-3)	Standard Grade (4-5)	Past due but not impaired	Individually impaired	Total
30 June 2013	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
Cash and balances with the Central Bank	**1,598,715,632**	**-**	**-**	**-**	**1,598,715,632**
Due from banks	**9,009,807,334**	**-**	**-**	**-**	**9,009,807,334**
Derivative financial instruments	**25,637,161**	**-**	**-**	**-**	**25,637,161**
Financial investments - held-for-trading	**532,685,518**	**-**	**-**	**-**	**532,685,518**
Loans and advances to customers	**12,981,181,739**	**585,944,979**	**443,065,729**	**79,838,316**	**14,090,030,763**
- Corporate lending	**9,042,365,007**	**460,904,899**	**253,180,038**	**43,951,593**	**9,800,401,537**
- Business banking	**2,890,242,539**	**74,651,183**	**115,384,358**	**27,763,194**	**3,108,041,274**
- Private/personal	**1,048,574,193**	**50,388,897**	**74,501,333**	**8,123,529**	**1,181,587,952**
Financial investments - held-to-maturity	**5,807,802,824**	**-**	**-**	**-**	**5,807,802,824**
Other assets (excluding prepayments, accrued income and stock)	**32,504,210**	**-**	**-**	**-**	**32,504,210**
	29,988,334,418	**585,944,979**	**443,065,729**	**79,838,316**	**31,097,183,442**
30 June 2012					
Cash and balances with the Central Bank	676,371,624	-	-	-	676,371,624
Due from banks	3,527,119,302	-	-	-	3,527,119,302
Derivative financial instruments	123,782,046	-	-	-	123,782,046
Financial investments - held-for-trading	1,162,543,500	-	-	-	1,162,543,500
Loans and advances to customers	12,053,028,479	397,831,934	373,344,124	45,980,319	12,870,184,856
- Corporate lending	9,594,540,746	229,370,342	246,635,848	84,463	10,070,631,399
- Business banking	1,630,937,286	134,086,445	100,476,117	40,223,378	1,905,723,226
- Private/personal	827,550,447	34,375,147	26,232,159	5,672,478	893,830,231
Financial investments - held-to-maturity	3,506,007,725	-	-	-	3,506,007,725
Other assets (excluding prepayments, accrued income and stock)	20,439,947	-	-	-	20,439,947
	21,069,292,623	397,831,934	373,344,124	45,980,319	21,886,449,000
30 June 2011					
Cash and balances with the Central Bank	1,085,084,764	-	-	-	1,085,084,764
Due from banks	3,944,929,389	-	-	-	3,944,929,389
Derivative financial instruments	101,097,074	-	-	-	101,097,074
Financial investments - held-for-trading	441,804,000	-	-	-	441,804,000
Loans and advances to customers	8,269,796,836	237,250,198	92,172,362	11,033,940	8,610,253,336
- Corporate lending	6,830,697,543	139,830,053	29,805,044	177,880	7,000,510,520
- Business banking	729,359,315	94,828,689	44,778,247	8,113,332	877,079,583
- Private/personal	709,739,978	2,591,456	17,589,071	2,742,728	732,663,233
Financial investments - held-to-maturity	2,560,492,783	-	-	-	2,560,492,783
Other assets (excluding prepayments, accrued income and stock)	12,549,901	-	-	-	12,549,901
	16,415,754,747	237,250,198	92,172,362	11,033,940	16,756,211,247

It is the Group's and the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All risk ratings are tailored to the various categories and are derived in accordance with the Group's and the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Ageing analysis of past due but not impaired loans by class of financial assets

THE GROUP AND THE BANK	Amount in arrears				
	More than 91 days	61 to 90 days	31 to 60 days	Less than 30 days	Total
30 June 2013	**MUR**	**MUR**	**MUR**	**MUR**	**MUR**
Loans and advances to customers					
- Corporate lending	**174,674,116**	**22,525,736**	**7,490,373**	**48,489,813**	**253,180,038**
- Business banking	**108,702,874**	**1,610,610**	**2,660,352**	**2,410,522**	**115,384,358**
- Private/personal	**51,125,190**	**2,435,078**	**4,147,569**	**16,793,496**	**74,501,333**
	334,502,180	**26,571,424**	**14,298,294**	**67,693,831**	**443,065,729**
30 June 2012					
Loans and advances to customers					
- Corporate lending	86,667,683	78,138,312	25,842,060	55,987,793	246,635,848
- Business banking	17,993,071	705,256	1,011,365	80,766,425	100,476,117
- Private and personal	16,304,692	1,741,529	3,590,711	4,595,227	26,232,159
	120,965,446	80,585,097	30,444,136	141,349,445	373,344,124
30 June 2011					
Loans and advances to customers					
- Corporate lending	2,966,862	121,559	11,727,685	14,988,938	29,805,044
- Business banking	38,208,204	73,240	3,181,610	3,315,193	44,778,247
- Private and personal	9,422,264	1,032,648	2,487,497	4,646,662	17,589,071
	50,597,330	1,227,447	17,396,792	22,950,793	92,172,362

See Note 7 for more detailed information with respect to the allowance for impairment losses on loans and advances to customers.

The fair value of the collaterals that the Group and the Bank hold relating to loans that were past due but not impaired and loans individually determined to be impaired at 30 June 2013 amounts to MUR 2,965,968,889 (2012: MUR 1,662,517,608 and 2011: MUR 1,078,671,252) and MUR 67,951,000 (2012: MUR 35,900,000 and 2011: MUR 7,030,462) respectively.

Collateral repossessed

During the year, the Group and the Bank did not take possession of any collateral (2012: Nil and 2011: Nil).

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group and the Bank address impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Group and the Bank determine the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances that are not individually significant and for individually significant loans and advances where there is not yet objective evidence of individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective impairment allowances are estimated by taking into consideration trends in the delinquency and loan loss history. Collective impairment is conducted in accordance with the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition'.

36. RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Financial guarantees and unutilised commitments are assessed and provision made in similar manner as for loans.

Commitments and guarantees

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group and the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	2013 MUR	2012 MUR	2011 MUR
Financial guarantees	**933,113,726**	770,993,082	585,949,832
Letters of credit	**74,893,394**	497,770,493	91,723,131
Other undrawn commitments to lend	**2,061,074,593**	1,537,283,398	2,341,851,276
	3,069,081,713	2,806,046,973	3,019,524,239

(c) Liquidity risk and funding management

Liquidity risk is the risk that the Group and the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Sources of liquidity risk include unforseen withdrawal of demand deposit, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimum risk of capital loss, unpredicted non payment of a loan obligation and a sudden increased demand for loans.

The Group and the Bank maintain a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group and Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Group and the Bank maintain a statutory deposit with the Bank of Mauritius. The liquidity position is assessed and managed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and specifically to the Group and the Bank.

Analysis of financial assets and liabilities by remaining contractual maturities

The table on next page summarises the maturity profile of the Group's and the Bank's financial assets and liabilities based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Bank expect that many customers will not request repayment on the earliest date the Group and the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Bank's deposit retention history.

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE GROUP	30 June 2013								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	936,542,007	269,753,065	121,654,818	158,290,623	1,486,240,513	112,475,119	-	112,475,119	1,598,715,632
Due from banks	3,909,468,394	4,112,254,461	988,121,084	-	9,009,843,939	-	-	-	9,009,843,939
Derivative financial instruments	-	37,072,741	4,792,144	26,716,475	68,581,360	-	-	-	68,581,360
Financial investments - held-for-trading	-	377,217,260	99,067,500	29,425,500	505,710,260	26,975,258	-	26,975,258	532,685,518
Loans and advances to customers	1,057,478,245	2,755,074,884	763,940,783	2,196,339,380	6,772,833,292	6,253,115,804	1,064,081,667	7,317,197,471	14,090,030,763
Financial investments - Held-to-maturity	-	625,934,664	749,697,105	439,894,609	1,815,526,378	3,428,619,983	563,656,463	3,992,276,446	5,807,802,824
Other assets (excluding prepayments, accrued income and stock)	-	-	-	155,875,242	155,875,242	-	-	-	155,875,242
Total	5,903,488,646	8,177,307,075	2,727,273,434	3,006,541,829	19,814,610,984	9,821,186,164	1,627,738,130	11,448,924,294	31,263,535,278
Liabilities									
Due to banks	-	306,119,164	29,873,046	260,434,919	596,427,129	285,481,149	-	285,481,149	881,908,278
Derivative financial instruments	-	54,865,806	7,697,629	3,678,448	66,241,883	-	-	-	66,241,883
Deposits from customers:									
-Current account	768,390,582	7,209,823,738	2,754,321,740	354,288,988	11,086,825,048	-	-	-	11,086,825,048
-Savings account	135,040,384	1,620,484,608	540,161,536	405,121,152	2,700,807,680	-	-	-	2,700,807,680
-Time deposits	-	4,605,739,442	2,181,649,803	4,268,252,435	11,055,641,680	2,089,090,301	291,975,000	2,381,065,301	13,436,706,981
	903,430,966	13,436,047,788	5,476,133,079	5,027,662,575	24,843,274,408	2,089,090,301	291,975,000	2,381,065,301	27,224,339,709
Debts issued	-	-	-	77,602,459	77,602,459	554,170,636	308,550,352	862,720,988	940,323,447
Current tax liabilities	-	-	-	22,175,979	22,175,979	-	-	-	22,175,979
Other liabilities	-	55,143,145	-	176,629,941	231,773,086	-	-	-	231,773,086
Total	903,430,966	13,852,175,903	5,513,703,754	5,568,184,321	25,837,494,944	2,928,742,086	600,525,352	3,529,267,438	29,366,762,382
Net liquidity gap	5,000,057,680	(5,674,868,828)	(2,786,430,320)	(2,561,642,492)	(6,022,883,960)	6,892,444,078	1,027,212,778	7,919,656,856	1,896,772,896

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE BANK	30 June 2013								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	936,542,007	269,753,065	121,654,818	158,290,623	1,486,240,513	112,475,119	-	112,475,119	1,598,715,632
Due from banks	3,909,431,789	4,112,254,461	988,121,084	-	9,009,807,334	-	-	-	9,009,807,334
Derivative financial instruments	-	17,428,542	4,792,144	3,416,475	25,637,161	-	-	-	25,637,161
Financial investments - held-for-trading	-	377,217,260	99,067,500	29,425,500	505,710,260	26,975,258	-	26,975,258	532,685,518
Loans and advances to customers	1,057,478,245	2,755,074,884	763,940,783	2,196,339,380	6,772,833,292	6,253,115,804	1,064,081,667	7,317,197,471	14,090,030,763
Financial investments - Held-to-maturity	-	625,934,664	749,697,105	439,894,609	1,815,526,378	3,428,619,983	563,656,463	3,992,276,446	5,807,802,824
Other assets (excluding prepayments, accrued income and stock)	-	-	-	32,504,210	32,504,210	-	-	-	32,504,210
Total	5,903,452,041	8,157,662,876	2,727,273,434	2,859,870,797	19,648,259,148	9,821,186,164	1,627,738,130	11,448,924,294	31,097,183,442
Liabilities									
Due to banks	-	306,119,164	29,873,046	260,434,919	596,427,129	285,481,149	-	285,481,149	881,908,278
Derivative financial instruments	-	38,321,607	7,697,629	3,678,448	49,697,684	-	-	-	49,697,684
Deposits from customers:									
-Current account	776,666,953	7,209,823,738	2,754,321,740	354,288,988	11,095,101,419	-	-	-	11,095,101,419
-Savings account	135,040,384	1,620,484,608	540,161,536	405,121,152	2,700,807,680	-	-	-	2,700,807,680
-Time deposits	-	4,605,376,107	2,181,649,803	4,268,252,435	11,055,278,345	2,089,090,301	291,975,000	2,381,065,301	13,436,343,646
	911,707,337	13,435,684,453	5,476,133,079	5,027,662,575	24,851,187,444	2,089,090,301	291,975,000	2,381,065,301	27,232,252,745
Debts issued	-	-	v -	20,348,815	20,348,815	554,170,636	308,550,352	862,720,988	883,069,803
Amount due to subsidiary	-	-	-	57,253,644	57,253,644	-	-	-	57,253,644
Current tax liabilities	-	-	-	22,175,979	22,175,979	-	-	-	22,175,979
Other liabilities	-	-	-	138,309,815	138,309,815	-	-	-	138,309,815
Total	911,707,337	13,780,125,224	5,513,703,754	5,529,864,195	25,735,400,510	2,928,742,086	600,525,352	3,529,267,438	29,264,667,948
Net liquidity gap	4,991,744,704	(5,622,462,348)	(2,786,430,320)	(2,669,993,398)	(6,087,141,362)	6,892,444,078	1,027,212,778	7,919,656,856	1,832,515,494

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE GROUP	30 June 2012								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	88,580,497	217,818,735	116,479,332	172,941,709	595,820,273	80,551,351	-	80,551,351	676,371,624
Due from banks	547,449,602	2,291,312,701	688,424,178	-	3,527,186,481	-	-	-	3,527,186,481
Derivative financial instruments	-	20,176,675	68,540,450	80,699,447	169,416,572	21,127,756	-	21,127,756	190,544,328
Financial investments - held-for-trading	-	572,426,250	395,167,250	194,950,000	1,162,543,500	-	-	-	1,162,543,500
Loans and advances to customers	855,852,527	4,247,761,724	2,090,185,639	838,872,617	8,032,672,507	4,830,862,970	6,534,920	4,837,397,890	12,870,070,397
Financial investments - available-for-sale	-	-	-	-	-	14,999,997	-	14,999,997	14,999,997
Financial investments held-to-maturity	-	370,344,723	440,405,365	1,232,143,769	2,042,893,857	1,216,411,129	246,702,739	1,463,113,868	3,506,007,725
Other assets (excluding prepayments, accrued income and stock)	11,064,096	-	5,920,740	-	16,984,836	3,470,541	-	3,470,541	20,455,377
Total	1,502,946,722	7,719,840,808	3,805,122,954	2,519,607,542	15,547,518,026	6,167,423,744	253,237,659	6,420,661,403	21,968,179,429
Liabilities									
Due to banks	-	3,380,887	4,278,628	856,498	8,516,013	-	-	-	8,516,013
Derivative financial instruments	-	18,375,572	44,863,457	45,645,362	108,884,391	18,027,756	-	18,027,756	126,912,147
Deposits from customers:									
-Current account	390,139,144	3,656,214,975	1,382,784,077	166,817,580	5,595,955,776	-	-	-	5,595,955,776
-Savings account	99,639,296	1,195,671,555	398,557,185	298,917,889	1,992,785,925	-	-	-	1,992,785,925
-Time deposits	-	4,300,132,870	2,214,527,459	3,907,676,563	10,422,336,892	1,337,846,256	277,745,883	1,615,592,139	12,037,929,031
	489,778,440	9,152,019,400	3,995,868,721	4,373,412,032	18,011,078,593	1,337,846,256	277,745,883	1,615,592,139	19,626,670,732
Debts issued	-	-	-	70,378,857	70,378,857	52,767,318	565,479,715	618,247,033	688,625,890
Current tax liabilities	-	-	9,631,747	-	9,631,747	-	-	-	9,631,747
Other liabilities	-	8,902,577	72,259,323	19,483,215	100,645,115	49,598,580	-	49,598,580	150,243,695
Total	489,778,440	9,182,678,436	4,126,901,876	4,509,775,964	18,309,134,716	1,458,239,910	843,225,598	2,301,465,508	20,610,600,224
Net liquidity gap	1,013,168,282	(1,462,837,628)	(321,778,922)	(1,990,168,422)	(2,761,616,690)	4,709,183,834	(589,987,939)	4,119,195,895	1,357,579,205

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE BANK	30 June 2012								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	88,580,497	217,818,735	116,479,332	172,941,709	595,820,273	80,551,351	-	80,551,351	676,371,624
Due from banks	547,382,423	2,291,312,701	688,424,178	-	3,527,119,302	-	-	-	3,527,119,302
Derivative financial instruments	-	20,176,675	68,540,450	35,064,921	123,782,046	-	-	-	123,782,046
Financial investments - held-for-trading	-	572,426,250	395,167,250	194,950,000	1,162,543,500	-	-	-	1,162,543,500
Loans and advances to customers	855,852,527	4,247,761,724	2,090,300,098	838,872,617	8,032,786,966	4,830,862,970	6,534,920	4,837,397,890	12,870,184,856
Financial investments held-to-maturity	-	370,344,723	440,405,365	1,232,143,769	2,042,893,857	1,216,411,129	246,702,739	1,463,113,868	3,506,007,725
Other assets (excluding prepayments, accrued income and stock)	11,064,096	-	5,905,310	-	16,969,406	3,470,541	-	3,470,541	20,439,947
Total	1,502,879,543	7,719,840,808	3,805,221,983	2,473,973,016	15,501,915,350	6,131,295,991	253,237,659	6,384,533,650	21,886,449,000
Liabilities									
Due to banks	-	3,380,887	4,278,628	856,498	8,516,013	-	-	-	8,516,013
Derivative financial instruments	-	18,375,572	44,863,457	10,836	63,249,865	-	-	-	63,249,865
Deposits from customers:									
-Current account	391,835,575	3,656,214,975	1,382,784,078	166,817,580	5,597,652,208	-	-	-	5,597,652,208
-Savings account	99,639,296	1,195,671,555	398,557,185	298,917,889	1,992,785,925	-	-	-	1,992,785,925
-Time deposits	-	4,300,132,870	2,214,527,459	3,907,676,563	10,422,336,892	1,337,846,256	277,745,883	1,615,592,139	12,037,929,031
	491,474,871	9,152,019,400	3,995,868,722	4,373,412,032	18,012,775,025	1,337,846,256	277,745,883	1,615,592,139	19,628,367,164
Debts issued	-	-	-	-	-	-	565,479,715	565,479,715	565,479,715
Amount due to subsidiary	-	-	-	70,378,857	70,378,857	52,767,319	-	52,767,319	123,146,176
Current tax liabilities	-	-	9,631,747	-	9,631,747	-	-	-	9,631,747
Other liabilities	-	8,902,577	72,259,323	521,479	81,683,379	49,598,580	-	49,598,580	131,281,959
Total	491,474,871	9,182,678,436	4,126,901,877	4,445,179,702	18,246,234,886	1,440,212,155	843,225,598	2,283,437,753	20,529,672,639
Net liquidity gap	1,011,404,672	(1,462,837,628)	(321,679,894)	(1,971,206,686)	(2,744,319,536)	4,691,083,836	(589,987,939)	4,101,095,897	1,356,776,361

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE GROUP	30 June 2011								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	481,075,835	232,470,072	144,965,669	174,180,399	1,032,691,975	52,392,789	-	52,392,789	1,085,084,764
Due from banks	504,115,979	3,076,525,650	364,435,504	-	3,945,077,133	-	-	-	3,945,077,133
Derivative financial instruments	-	10,129,282	4,336,976	41,296,330	55,762,588	125,438,796	-	125,438,796	181,201,384
Financial investments - held-for-trading	-	441,804,000	-	-	441,804,000	-	-	-	441,804,000
Loans and advances to customers	-	4,275,322,022	997,006,370	482,586,997	5,754,915,389	1,835,993,458	1,019,344,489	2,855,337,947	8,610,253,336
Financial investments - available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	179,084,420	196,468,067	779,954,018	1,155,506,505	1,381,706,681	23,279,597	1,404,986,278	2,560,492,783
Other assets (excluding prepayments, accrued income and stock)	-	2,286,321	2,610,498	7,660,080	12,556,899	-	-	-	12,556,899
Total	985,191,814	8,217,621,767	1,709,823,084	1,485,677,824	12,398,314,489	3,395,531,724	1,042,624,086	4,438,155,810	16,836,470,299
Liabilities									
Due to banks	2,344	28,480,989	-	-	28,483,333	-	-	-	28,483,333
Derivative financial instruments	-	2,986,842	-	-	2,986,842	122,338,796	-	122,338,796	125,325,638
Deposits from customers:									
-Current account	261,095,510	2,611,976,936	857,775,200	-	3,730,847,646	-	-	-	3,730,847,646
-Savings account	84,258,927	1,011,107,124	337,035,708	252,776,781	1,685,178,540	-	-	-	1,685,178,540
-Time deposits	-	4,189,993,691	1,885,009,057	2,707,207,629	8,782,210,377	764,199,416	-	764,199,416	9,546,409,793
	345,354,437	7,813,077,751	3,079,819,965	2,959,984,410	14,198,236,563	764,199,416	-	764,199,416	14,962,435,979
Debts issued	-	-	-	-	-	125,516,298	421,574,481	547,090,779	547,090,779
Current tax liabilities	-	-	-	18,385,558	18,385,558	-	-	-	18,385,558
Other liabilities	-	17,474,676	10,024,758	82,430,235	109,929,669	6,200,000	-	6,200,000	116,129,669
Total	345,356,781	7,862,020,258	3,089,844,723	3,060,800,203	14,358,021,965	1,018,254,510	421,574,481	1,439,828,991	15,797,850,956
Net liquidity gap	639,835,033	355,601,509	(1,380,021,639)	(1,575,122,379)	(1,959,707,476)	2,377,277,214	621,049,605	2,998,326,819	1,038,619,343

36. RISK MANAGEMENT(CONTINUED)

(c) Liquidity risk and funding management (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

THE BANK	30 June 2011								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	481,075,835	232,470,072	144,965,669	174,180,399	1,032,691,975	52,392,789	-	52,392,789	1,085,084,764
Due from banks	503,968,235	3,076,525,650	364,435,504	-	3,944,929,389	-	-	-	3,944,929,389
Derivative financial instruments	-	10,129,282	4,336,976	41,296,330	55,762,588	45,334,486	-	45,334,486	101,097,074
Financial investments - held-for-trading	-	441,804,000	-	-	441,804,000	-	-	-	441,804,000
Loans and advances to customers	-	4,275,322,022	997,006,370	482,586,997	5,754,915,389	1,835,993,458	1,019,344,489	2,855,337,947	8,610,253,336
Financial investments held-to-maturity	-	179,084,420	196,468,067	779,954,018	1,155,506,505	1,381,706,681	23,279,597	1,404,986,278	2,560,492,783
Other assets (excluding prepayments, accrued income and stock)	-	2,279,323	2,610,498	7,660,080	12,549,901	-	-	-	12,549,901
Total	985,044,070	8,217,614,769	1,709,823,084	1,485,677,824	12,398,159,747	3,315,427,414	1,042,624,086	4,358,051,500	16,756,211,247
Liabilities									
Due to banks	2,344	28,480,989	-	-	28,483,333	-	-	-	28,483,333
Derivative financial instruments	-	2,986,842	-	-	2,986,842	45,334,486	-	45,334,486	48,321,328
Deposits from customers:									
-Current account	261,197,695	2,611,976,936	857,775,200	-	3,730,949,831	-	-	-	3,730,949,831
-Savings account	84,258,927	1,011,107,124	337,035,708	252,776,781	1,685,178,540	-	-	-	1,685,178,540
-Time deposits	-	4,189,993,691	1,885,009,057	2,707,207,629	8,782,210,377	764,199,416	-	764,199,416	9,546,409,793
	345,456,622	7,813,077,751	3,079,819,965	2,959,984,410	14,198,338,748	764,199,416	-	764,199,416	14,962,538,164
Debt Issued	-	-	-	-	-	-	421,574,481	421,574,481	421,574,481
Amount due to subsidiary	-	-	-	-	-	125,516,298	-	125,516,298	125,516,298
Current tax liabilities	-	-	-	18,385,558	18,385,558	-	-	-	18,385,558
Other liabilities	-	5,486,167	10,024,758	82,430,235	97,941,160	-	-	-	97,941,160
Total	345,458,966	7,850,031,749	3,089,844,723	3,060,800,203	14,346,135,641	935,050,200	421,574,481	1,356,624,681	15,702,760,322
Net liquidity gap	639,585,104	367,583,020	(1,380,021,639)	(1,575,122,379)	(1,947,975,894)	2,380,377,214	621,049,605	3,001,426,819	1,053,450,925

36. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk and funding management (Continued)

The table below shows the contractual expiry by maturity of the Group's and the Bank's commitments.

THE GROUP AND THE BANK

30 June 2013	Less than 3 months MUR	3 to 12 months MUR	1 to 5 years MUR	Total MUR
Contingent liabilities	**655,060,046**	**286,821,587**	**66,125,488**	**1,008,007,121**
Commitments	**811,945,218**	**955,684,228**	**293,445,147**	**2,061,074,593**
Total	**1,467,005,264**	**1,242,505,815**	**359,570,635**	**3,069,081,714**
30 June 2012				
Contingent liabilities	855,238,615	336,050,060	77,474,900	1,268,763,575
Commitments	489,061,913	1,048,221,485	-	1,537,283,398
Total	1,344,300,528	1,384,271,545	77,474,900	2,806,046,973
30 June 2011				
Contingent liabilities	349,916,339	318,560,267	9,196,357	677,672,963
Commitments	797,966,533	1,543,884,743	-	2,341,851,276
Total	1,147,882,872	1,862,445,010	9,196,357	3,019,524,239

The Group and the Bank expect that not all the contingent liabilities or commitments will be drawn before expiry of commitments.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group and the Bank classify exposures to market risk into either trading or non trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Group and the Bank have no significant concentration of market risk.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Management has established limits on the interest rate gaps for stipulated periods.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's and the Bank's statement of comprehensive income and equity.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for the year, based on the financial assets and financial liabilities held at 30 June. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

THE GROUP	Change in basis points	**2013 Sensitivity of profit or loss**	2012 Sensitivity of profit or loss	2011 Sensitivity of profit or loss
Currency		**MUR**	MUR	MUR
AUD	+50	**206,307**	70,275	25,719
	- 50	**(206,307)**	(70,275)	(25,719)
EUR	+50	**(2,295,221)**	(39,408)	(3,901,478)
	- 50	**2,295,221**	39,408	3,901,478
GBP	+50	**(155,065)**	(133,259)	708,603
	- 50	**155,065**	133,259	(708,603)
MUR	+100	**(9,578,790)**	14,151,360	4,477,005
	-100	**9,578,790**	(14,151,360)	(4,477,005)
USD	+50	**3,808,749**	(4,903,497)	(3,436,621)
	- 50	**(3,808,749)**	4,903,497	3,436,621
THE BANK				
Currency				
AUD	+50	**205,511**	70,275	25,719
	- 50	**(205,511)**	(70,275)	(25,719)
EUR	+50	**(2,295,221)**	(39,408)	(3,901,478)
	- 50	**2,295,221**	39,408	3,901,478
GBP	+50	**(155,065)**	(133,259)	708,603
	- 50	**155,065**	133,259	(708,603)
MUR	+100	**(9,479,415)**	14,151,360	4,477,005
	-100	**9,479,415**	(14,151,360)	(4,477,005)
USD	+50	**3,801,615**	(4,903,497)	(3,436,621)
	- 50	**(3,801,615)**	4,903,497	3,436,621

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

The tables below analyse the Group's and the Bank's interest rate risk exposure on financial assets and liabilities. The Group's and the Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

THE GROUP

	2013							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,598,715,632	-	-	-	-	-	-	1,598,715,632
Due from banks	9,006,008,538	3,909,431,788	4,110,913,750	985,663,000	-	-	-	-
Financial instruments - held-for-trading	523,453,768	-	203,675,224	250,283,938	29,298,600	25,000,000	15,196,006	-
Loans and advances to customers	13,988,834,125	983,009,579	12,845,665,619	138,243,911	15,394,101	6,520,915	-	-
Financial investments held-to-maturity	5,754,225,420	-	686,335,340	180,859,052	931,881,247	3,411,227,781	543,922,000	-
Total assets	30,871,237,483	4,892,441,367	17,846,589,933	1,555,049,901	976,573,948	3,442,748,696	559,118,006	1,598,715,632
Liabilities								
Due to banks	880,177,898	-	305,731,300	29,625,625	259,369,950	-	285,451,023	-
Deposits from customers	27,025,588,287	11,086,825,048	9,941,206,523	1,971,633,670	3,238,143,086	567,779,960	220,000,000	-
Debts issued	864,232,308	-	-	-	-	417,000,000	447,232,308	-
Total liabilities	28,769,998,493	11,086,825,048	10,246,937,823	2,001,259,295	3,497,513,036	984,779,960	952,683,331	-
Total interest sensitivity gap	2,101,238,990	(6,194,383,681)	7,599,652,110	(446,209,394)	(2,520,939,088)	2,457,968,736	(393,565,325)	1,598,715,632

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

THE GROUP

	2012							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	676,371,624	-	-	-	-	-	-	676,371,624
Due from banks	3,522,709,724	547,382,424	2,289,132,000	686,195,300	-	-	-	-
Financial instruments - held-for-trading	1,141,717,500	-	365,827,250	582,642,750	193,247,500	-	-	-
Loans and advances to customers	12,784,021,904	832,509,414	10,485,917,811	1,453,816,254	1,841,510	9,936,915	-	-
Financial investments held-to-maturity	3,459,476,254	-	366,056,550	433,219,344	1,209,868,110	1,203,737,250	246,595,000	-
Total assets	21,584,297,006	1,379,891,838	13,506,933,611	3,155,873,648	1,404,957,120	1,213,674,165	246,595,000	676,371,624
Liabilities								
Due to banks	8,427,786	-	3,374,150	4,206,119	847,517	-	-	-
Deposits from customers	19,458,892,063	5,597,651,550	8,451,094,833	1,989,909,382	2,762,616,203	657,620,095	-	-
Debts issued	667,916,652	-	-	-	-	111,914,456	556,002,197	-
Total liabilities	20,135,236,501	5,597,651,550	8,454,468,983	1,994,115,501	2,763,463,720	769,534,551	556,002,197	-
Total interest sensitivity gap	1,449,060,506	(4,217,759,712)	5,052,464,628	1,161,758,147	(1,358,506,600)	444,139,614	(309,407,197)	676,371,624

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

THE GROUP

	2011							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,085,084,764	-	-	-	-	-	-	1,085,084,764
Due from banks	3,923,953,392	504,115,879	3,056,155,513	363,682,000	-	-	-	-
Financial instruments - held-for-trading	435,191,300	-	204,153,600	-	231,037,700	-	-	-
Loans and advances to customers	8,559,141,660	771,693,118	6,707,686,330	965,015,816	1,684,713	113,061,683	-	-
Financial investments held-to-maturity	2,527,738,237	-	178,720,610	195,948,737	772,721,780	1,357,743,860	22,603,250	-
Total assets	16,531,109,353	1,275,808,997	10,146,716,053	1,524,646,553	1,005,444,193	1,470,805,543	22,603,250	1,085,084,764
Liabilities								
Due to banks	28,482,344	2,344	28,480,000	-	-	-	-	-
Deposits from customers	14,845,061,309	5,416,026,186	6,043,645,610	1,590,110,004	1,585,666,219	209,613,290	-	-
Debts issued	527,553,325	-	-	-	-	114,998,796	412,554,529	-
Total liabilities	15,401,096,978	5,416,028,530	6,072,125,610	1,590,110,004	1,585,666,219	324,612,086	412,554,529	-
Total interest sensitivity gap	1,130,012,375	(4,140,219,533)	4,074,590,443	(65,463,451)	(580,222,026)	1,146,193,457	(389,951,279)	1,085,084,764

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

THE BANK

	2013							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,598,715,632	-	-	-	-	-	-	1,598,715,632
Due from banks	9,006,008,538	3,909,431,788	4,110,913,750	985,663,000	-	-	-	-
Financial instruments - held-for-trading	523,453,768	-	203,675,224	250,283,938	29,298,600	25,000,000	15,196,006	-
Loans and advances to customers	13,988,834,125	983,009,579	12,845,665,619	138,243,911	15,394,101	6,520,915	-	-
Financial investments held-to-maturity	5,754,225,420	-	686,335,340	180,859,052	931,881,247	3,411,227,781	543,922,000	-
Total Assets	30,871,237,483	4,892,441,367	17,846,589,933	1,555,049,901	976,573,948	3,442,748,696	559,118,006	1,598,715,632
Liabilities								
Due to banks	880,177,898	-	305,731,300	29,625,625	259,369,950	-	285,451,023	-
Deposits from customers	27,033,864,658	11,095,101,419	9,941,206,523	1,971,633,670	3,238,143,086	567,779,960	220,000,000	-
Amount due to subsidiary	57,253,644	-	57,253,644	-	-	-	-	-
Debts issued	864,232,308	-	-	-	-	417,000,000	447,232,308	-
Total liabilities	28,835,528,508	11,095,101,419	10,304,191,467	2,001,259,295	3,497,513,036	984,779,960	952,683,331	-
Total interest sensitivity gap	2,035,708,975	(6,202,660,052)	7,542,398,466	(446,209,394)	(2,520,939,088)	2,457,968,736	(393,565,325)	1,598,715,632

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

THE BANK

	2012							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	676,371,624	-	-	-	-	-	-	676,371,624
Due from banks	3,522,709,724	547,382,424	2,289,132,000	686,195,300	-	-	-	-
Financial instruments - held-for-trading	1,141,717,500	-	365,827,250	582,642,750	193,247,500	-	-	-
Loans and advances to customers	12,784,021,904	832,509,414	10,485,917,811	1,453,816,254	1,841,510	9,936,915	-	-
Financial investments held-to-maturity	3,459,476,254	-	366,056,550	433,219,344	1,209,868,110	1,203,737,250	246,595,000	-
Total Assets	21,584,297,006	1,379,891,838	13,506,933,611	3,155,873,648	1,404,957,120	1,213,674,165	246,595,000	676,371,624
Liabilities								
Due to banks	8,427,786	-	3,374,150	4,206,119	847,517	-	-	-
Deposits from customers	19,458,892,063	5,597,651,550	8,451,094,833	1,989,909,382	2,762,616,203	657,620,095	-	-
Amount due to subsidiary	123,146,175	-	-	-	-	123,146,175	-	-
Debts issued	556,002,197	-	-	-	-	-	556,002,197	-
Total liabilities	20,146,468,221	5,597,651,550	8,454,468,983	1,994,115,501	2,763,463,720	780,766,270	556,002,197	-
Total interest sensitivity gap	1,437,828,785	(4,217,759,712)	5,052,464,628	1,161,758,147	(1,358,506,600)	432,907,895	(309,407,197)	676,371,624

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

THE BANK

	2011							
	Carrying amount	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
Assets	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	1,085,084,764	-	-	-	-	-	-	1,085,084,764
Due from banks	3,923,805,748	503,968,235	3,056,155,513	363,682,000	-	-	-	-
Financial instruments - held-for-trading	435,191,300	-	204,153,600	-	231,037,700	-	-	-
Loans and advances to customers	8,559,141,660	771,693,118	6,707,686,330	965,015,816	1,684,713	113,061,683	-	-
Financial investments held-to-maturity	2,527,738,237	-	178,720,610	195,948,737	772,721,780	1,357,743,860	22,603,250	-
Total assets	16,530,961,709	1,275,661,353	10,146,716,053	1,524,646,553	1,005,444,193	1,470,805,543	22,603,250	1,085,084,764
Liabilities								
Due to banks	28,482,344	2,344	28,480,000	-	-	-	-	-
Deposits from customers	14,845,163,494	5,416,128,371	6,043,645,610	1,590,110,004	1,585,666,219	209,613,290	-	-
Amount due to subsidiary	125,516,297	-	-	-	-	125,516,297	-	-
Debts issued	412,554,529	-	-	-	-	-	412,554,529	-
Total liabilities	15,411,716,664	5,416,130,715	6,072,125,610	1,590,110,004	1,585,666,219	335,129,587	412,554,529	-
Total interest sensitivity gap	1,119,245,045	(4,140,469,362)	4,074,590,443	(65,463,451)	(580,222,026)	1,135,675,956	(389,951,279)	1,085,084,764

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The table below indicates the currencies to which the Group and the Bank had significant exposure at 30 June 2013 on all its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the MUR, with all other variables held constant on the statement of comprehensive income (due to the fair value of currency sensitive non trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in statement of comprehensive income, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against the MUR would have resulted in an equivalent but opposite impact.

THE GROUP

	2013				2012			
		Effect on profit of change in currency on				Effect on profit of change in currency on		
Currency	**% Change in Currency rate**	**Assets**	**Liabilities**	**Sensitivity of profit or loss**	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR	**MUR**	**MUR**		MUR	MUR	MUR
AUD	**+5**	**18,396,712**	**(17,770,950)**	**625,762**	+5	12,400,005	(12,767,166)	(367,161)
	-5	**(18,396,712)**	**17,770,950**	**(625,762)**	-5	(12,400,005)	12,767,166	367,161
EUR	**+5**	**200,211,250**	**(199,895,100)**	**316,150**	+5	146,089,991	(146,152,007)	(62,016)
	-5	**(200,211,250)**	**199,895,100**	**(316,150)**	-5	(146,089,991)	146,152,007	62,016
GBP	**+5**	**117,630,800**	**(117,167,200)**	**463,600**	+5	103,593,542	(103,527,068)	66,474
	-5	**(117,630,800)**	**117,167,200**	**(463,600)**	-5	(103,593,542)	103,527,068	(66,474)
USD	**+5**	**681,712,342**	**(688,731,300)**	**(7,018,958)**	+5	514,626,763	(511,573,360)	3,053,403
	-5	**(681,712,342)**	**688,731,300**	**7,018,958**	-5	(514,626,763)	511,573,360	(3,053,403)

	2011			
		Effect on profit of change in currency on		
Currency	% Change in Currency rate	Assets	Liabilities	Sensitivity of profit or loss
		MUR	MUR	MUR
AUD	+5	11,058,158	(10,885,197)	172,961
	-5	(11,058,158)	10,885,197	(172,961)
EUR	+5	92,993,143	(92,485,496)	507,647
	-5	(92,993,143)	92,485,496	(507,647)
GBP	+5	54,296,911	(54,266,197)	30,714
	-5	(54,296,911)	54,266,197	(30,714)
USD	+5	390,751,260	(392,201,424)	(1,450,164)
	-5	(390,751,260)	392,201,424	1,450,164

36. RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

(ii) Currency risk (Continued)

THE BANK

	2013				2012			
	% Change in Currency rate	Effect on profit of change in currency on Assets	Effect on profit of change in currency on Liabilities	Sensitivity of profit or loss	% Change in Currency rate	Effect on profit of change in currency on Assets	Effect on profit of change in currency on Liabilities	Sensitivity of profit or loss
Currency		MUR	MUR	MUR		MUR	MUR	MUR
AUD	+5	18,386,500	(17,770,950)	615,550	+5	12,389,793	(12,767,166)	(377,373)
	-5	(18,386,500)	17,770,950	(615,550)	-5	(12,389,793)	12,767,166	377,373
EUR	+5	200,211,250	(199,895,100)	316,150	+5	146,089,991	(146,152,007)	(62,016)
	-5	(200,211,250)	199,895,100	(316,150)	-5	(146,089,991)	146,152,007	62,016
GBP	+5	117,630,800	(117,167,200)	463,600	+5	103,593,542	(103,527,068)	66,474
	-5	(117,630,800)	117,167,200	(463,600)	-5	(103,593,542)	103,527,068	(66,474)
USD	+5	681,711,350	(688,731,300)	(7,019,950)	+5	514,625,771	(511,573,360)	3,052,411
	-5	(681,711,350)	688,731,300	7,019,950	-5	(514,625,771)	511,573,360	(3,052,411)

	2011			
	% Change in Currency rate	Effect on profit of change in currency on Assets	Effect on profit of change in currency on Liabilities	Sensitivity of profit or loss
Currency		MUR	MUR	MUR
AUD	+5	6,133,722	(5,967,928)	165,794
	-5	(6,133,722)	5,967,928	(165,794)
EUR	+5	92,993,143	(92,485,496)	507,647
	-5	(92,993,143)	92,485,496	(507,647)
GBP	+5	54,296,911	(54,266,197)	30,714
	-5	(54,296,911)	54,266,197	(30,714)
USD	+5	384,320,445	(385,925,609)	(1,605,164)
	-5	(384,320,445)	385,925,609	1,605,164

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group and the Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group and the Bank are able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices. The non-trading equity price risk exposure arises from available-for-sale investments. A 10 percent increase in the value of the Group's available for sale equities as at 30 June 2013 would have increased equity by MUR 4,073,457 (2012: MUR 1,500,000). An equivalent decrease would have resulted in an equivalent but opposite impact. The Group and the Bank did not have any equity price risk exposure for the financial year ended 30 June 2013.

37. CAPITAL

The Group and the Bank maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's and the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Mauritius in supervising the Group and the Bank. During the past year, the Group and the Bank have complied in full with all its externally imposed capital requirements.

Capital management

The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with externally imposed capital requirements and that the Group and the Bank maintain strong credit ratings and healthy capital ratios in order to support the business and to maximise shareholders' value.

The Group and the Bank manage their capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group and the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

ELIGIBLE RISK-WEIGHTED CAPITAL

	THE GROUP			THE BANK		
	Basel II	Basel II	Basel II	**Basel II**	Basel II	Basel II
	2013	2012	2011	**2013**	2012	2011
	MUR	MUR	MUR	**MUR**	MUR	MUR
Tier 1 capital	**1,946,510,722**	1,526,056,489	1,025,610,085	**1,892,472,425**	1,475,848,174	1,028,292,842
Tier 2 capital	**856,535,188**	409,247,798	443,897,732	**805,222,843**	458,584,928	463,503,886
Total capital	**2,803,045,910**	1,935,304,287	1,469,507,817	**2,697,695,268**	1,934,433,102	1,491,796,728
Risk-weighted assets	**21,915,200,195**	14,322,800,625	9,597,083,852	**21,664,853,953**	14,230,547,482	9,515,826,760
	%	%	%	**%**	%	%
Capital adequacy ratio	**12.79**	13.51	15.31	**12.45**	13.59	15.68

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings, foreign currency translation and other reserves. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Mauritius. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt.

38. EVENTS AFTER REPORTING DATE

After the end of the financial year, AfrAsia Bank Limited provided USD 10m in terms of liquidity support to its associate, AfrAsia Kingdom Zimbabwe Limited (AKZL), by way of a placement, secured by a pledge of all AKZL's shares in MicroKing Finance (Pvt) Ltd, AKZL's largest subsidiary. In addition, AfrAsia Bank Limited is to underwrite a USD 5m rights issue to be undertaken by AKZL and is to lead a USD 15m private placement in order to recapitalise AKZL. These are anticipated to occur towards end of November 2013 subject to all necessary approvals being received.

39. HEDGE ACCOUNTING

(a) THE GROUP

Hedge of net investment in foreign operations

The Group hedges part of the currency risk of its net investment in foreign operations using a portfolio of identified deposits from customers and debts issued.

Included in 'deposit from customers' and 'debts issued' at 30 June 2013 was an amount of MUR 300m (2012: MUR 300m), which has been designated as a hedge of the Bank's net investment in its subsidiary, AfrAsia Holdings Limited, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Gains or losses on the retranslation of the identified portion of the deposit from customers and debts issued, due to exchange rate risk, are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary.

No ineffectiveness from hedges of net investments in foreign operations was recognised in profit or loss during the year ended 30 June 2013 (2012 & 2011: Nil).

(b) THE BANK

Fair value hedges

Fair value hedges are used by the Bank to protect it against changes in the fair value of financial assets and financial liabilities due to movements in exchange rates. The assets and liabilities hedged for exchange rate risk include investment in subsidiary, deposit from customers and debts issued. The Bank's fair value hedge relationship principally is the retranslation difference of the portfolio of identified deposit from customers and debt to acquire the investment, used to hedge the foreign currency risk of the investment in subsidiary.

Gains or losses due to changes on fair value hedges for the year:

	THE BANK		
	2013	2012	2011
Gains/(losses) on:	**MUR**	MUR	MUR
Hedged instruments	**48,401**	(17,429,109)	-
Hedged items attributable to the hedged risk	**(48,401)**	17,429,109	-
Hedge ineffectiveness recognised immediately in profit or loss	**-**	-	-

40. SEGMENTAL REPORTING

The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments.

		Year ended 30 June 2013			Year ended 30 June 2012			Year ended 30 June 2011		
		Segment A	**Segment B**	**Total**	Segment A	Segment B	Total	Segment A	Segment B	Total
	Notes	**MUR**	**MUR**	**MUR**	MUR	MUR	MUR	MUR	MUR	MUR
Interest income	I	**692,779,816**	**293,834,348**	**986,614,164**	579,935,254	249,295,435	829,230,689	419,610,599	123,406,883	543,017,482
Interest expense	II	**(494,437,182)**	**(125,929,855)**	**(620,367,037)**	(408,222,855)	(98,479,452)	(506,702,307)	(269,833,433)	(54,438,482)	(324,271,915)
Net interest income		**198,342,634**	**167,904,493**	**366,247,127**	171,712,399	150,815,983	322,528,382	149,777,166	68,968,401	218,745,567
Fees and commission income	III	**43,235,956**	**133,290,889**	**176,526,845**	38,065,682	77,940,993	116,006,675	25,909,332	27,843,038	53,752,370
Fees and commission expense	III	**(15,542,817)**	**(5,187,644)**	**(20,730,461)**	(10,469,358)	(4,107,343)	(14,576,701)	(6,852,831)	(3,878,758)	(10,731,589)
Net fees and commission income	III	**27,693,139**	**128,103,245**	**155,796,384**	27,596,324	73,833,650	101,429,974	19,056,501	23,964,280	43,020,781
Net trading income	IV	**70,398,931**	**62,054,860**	**132,453,791**	47,497,524	14,559,213	62,056,737	72,322,935	35,655,639	107,978,574
Other operating income		**5,199,960**	**4,136,736**	**9,336,696**	425,394	10,785,016	11,210,410	67,703	76,654	144,357
Total operating income		**301,634,664**	**362,199,334**	**663,833,998**	247,231,641	249,993,862	497,225,503	241,224,305	128,664,974	369,889,279
Reversal of impairment charge/(net allowance for credit impairment)	V	**(884,075)**	**2,036,127**	**1,152,052**	(20,133,577)	(4,740,901)	(24,874,478)	(13,100,205)	(12,199,436)	(25,299,641)
Net operating income		**300,750,589**	**364,235,461**	**664,986,050**	227,098,064	245,252,961	472,351,025	228,124,100	116,465,538	344,589,638
Personnel expenses		**(108,697,724)**	**(88,934,501)**	**(197,632,225)**	(111,479,258)	(61,373,114)	(172,852,372)	(76,952,236)	(49,768,721)	(126,720,957)
Depreciation of equipment		**(4,694,856)**	**-**	**(4,694,856)**	(1,512,627)	(1,713,779)	(3,226,406)	(1,850,145)	(1,196,579)	(3,046,724)
Amortisation of intangible assets		**(5,714,166)**	**-**	**(5,714,166)**	(1,889,935)	(2,141,263)	(4,031,198)	(2,397,884)	(1,414,353)	(3,812,237)
Other operating expenses		**(50,473,629)**	**(66,383,577)**	**(116,857,206)**	(40,529,134)	(51,352,098)	(91,881,232)	(41,474,453)	(26,823,529)	(68,297,982)
Total operating expenses		**(169,580,375)**	**(155,318,078)**	**(324,898,453)**	(155,410,954)	(116,580,254)	(271,991,208)	(122,674,718)	(79,203,182)	(201,877,900)
Profit before tax		**131,170,214**	**208,917,383**	**340,087,597**	71,687,110	128,672,707	200,359,817	105,449,382	37,262,356	142,711,738
Tax expense		**(29,182,861)**	**(8,308,814)**	**(37,491,675)**	(15,123,126)	(4,968,925)	(20,092,051)	(24,454,712)	(2,113,171)	(26,567,883)
Profit for the year		**101,987,353**	**200,608,569**	**302,595,922**	56,563,984	123,703,782	180,267,766	80,994,670	35,149,185	116,143,855

40. SEGMENTAL REPORTING (CONTINUED)

		2013			2012			2011		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
ASSETS	Notes	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cash and balances with the Central Bank	VI	1,596,948,624	1,767,008	1,598,715,632	674,374,483	1,997,141	676,371,624	1,081,082,718	4,002,046	1,085,084,764
Due from banks	VII	2,789,660,123	6,220,147,211	9,009,807,334	2,057,378,886	1,469,740,416	3,527,119,302	1,212,739,461	2,732,189,928	3,944,929,389
Derivative financial instruments	VIII	3,799,034	21,838,127	25,637,161	105,848,216	17,933,830	123,782,046	55,541,755	45,555,319	101,097,074
Financial investments - held-for-trading	IX	363,884,280	168,801,238	532,685,518	1,162,543,500	-	1,162,543,500	441,804,000	-	441,804,000
Loans and advances to customers	X	6,224,016,147	7,783,735,869	14,007,752,016	5,310,745,941	7,473,689,813	12,784,435,754	4,422,666,831	4,126,711,881	8,549,378,712
Investment in subsidiaries	XI	83,562,500	299,552,737	383,115,237	63,562,500	299,601,138	363,163,638	25,000,000	-	25,000,000
Investment in associates	XII	-	-	-	-	-	-	-	5,022,438	5,022,438
Financial investments - held-to-maturity	XIII	5,557,402,326	250,400,498	5,807,802,824	3,506,007,725	-	3,506,007,725	2,560,492,783	-	2,560,492,783
Equipment	XIV	28,756,687	-	28,756,687	14,313,604	-	14,313,604	13,354,813	-	13,354,813
Intangible assets	XV	15,420,212	-	15,420,212	17,094,812	-	17,094,812	13,591,022	-	13,591,022
Deferred tax assets		7,512,236	542,799	8,055,035	6,880,427	757,140	7,637,567	1,846,056	647,971	2,494,027
Other assets	XVI	37,416,386	4,535,606	41,951,992	27,533,074	1,832,365	29,365,439	19,900,410	-	19,900,410
TOTAL ASSETS		16,708,378,555	14,751,321,093	31,459,699,648	12,946,283,168	9,265,551,843	22,211,835,011	9,848,019,849	6,914,129,583	16,762,149,432
LIABILITIES AND EQUITY										
Due to banks	XVII	881,908,278	-	881,908,278	8,516,013	-	8,516,013	28,483,333	-	28,483,333
Derivative financial instruments	VIII	44,835,402	4,862,282	49,697,684	46,205,612	17,044,253	63,249,865	871,036	47,450,292	48,321,328
Deposits from customers	XVIII	12,504,446,511	14,728,169,569	27,232,616,080	11,355,154,779	8,273,212,385	19,628,367,164	8,276,413,855	6,686,124,309	14,962,538,164
Debts issued	XIX	883,069,803	-	883,069,803	565,479,715	-	565,479,715	421,574,481	-	421,574,481
Amount due to subsidiary	XX	57,253,644	-	57,253,644	123,146,176	-	123,146,176	125,516,298	-	125,516,298
Current tax liabilities		14,081,506	8,094,473	22,175,979	7,249,739	2,382,008	9,631,747	16,370,374	2,015,184	18,385,558
Other liabilities	XXI	82,366,295	55,943,520	138,309,815	83,722,660	47,559,299	131,281,959	82,201,083	15,740,077	97,941,160
TOTAL LIABILITIES		14,467,961,439	14,797,069,844	29,265,031,283	12,189,474,694	8,340,197,945	20,529,672,639	8,951,430,460	6,751,329,862	15,702,760,322
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT										
Issued capital				1,694,593,418			1,398,457,492			921,638,335
Retained earnings				290,007,317			189,817,849			91,263,376
Other reserves				210,067,630			93,887,031			46,487,399
TOTAL EQUITY				2,194,668,365			1,682,162,372			1,059,389,110
TOTAL LIABILITIES AND EQUITY				31,459,699,648			22,211,835,011			16,762,149,432

40. SEGMENTAL REPORTING (CONTINUED)

		2013			2012			2011		
		Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
I	**INTEREST INCOME**	**MUR**	**MUR**	**MUR**	MUR	MUR	MUR	MUR	MUR	MUR
	Due from banks	**13,597,841**	**18,592,047**	**32,189,888**	16,044,347	30,947,863	46,992,210	13,059,439	29,071,701	42,131,140
	Loans and advances to customers	**440,661,207**	**267,593,622**	**708,254,829**	421,505,575	218,347,572	639,853,147	325,800,578	94,335,182	420,135,760
	Financial investments held-to-maturity	**238,520,768**	**7,648,679**	**246,169,447**	142,385,332	-	142,385,332	80,750,582	-	80,750,582
		692,779,816	**293,834,348**	**986,614,164**	579,935,254	249,295,435	829,230,689	419,610,599	123,406,883	543,017,482
II	**INTEREST EXPENSE**									
	Due to banks	**4,731,182**	**82**	**4,731,264**	796,495	-	796,495	786,826	-	786,826
	Deposits from customers	**412,795,862**	**125,929,773**	**538,725,635**	353,252,728	98,479,452	451,732,180	249,415,529	54,438,482	303,854,011
	Other	**76,910,138**	**-**	**76,910,138**	54,173,632	-	54,173,632	19,631,078	-	19,631,078
		494,437,182	**125,929,855**	**620,367,037**	408,222,855	98,479,452	506,702,307	269,833,433	54,438,482	324,271,915
III	**NET FEES AND COMMISSION INCOME**									
	Fees and commission income									
	Credit related fees and commission income	**37,645,095**	**116,962,725**	**154,607,820**	34,704,331	69,367,032	104,071,363	24,534,390	24,365,544	48,899,934
	Other fees received	**5,590,861**	**16,328,164**	**21,919,025**	3,361,351	8,573,961	11,935,312	1,374,942	3,477,494	4,852,436
	Total fees and commission income	**43,235,956**	**133,290,889**	**176,526,845**	38,065,682	77,940,993	116,006,675	25,909,332	27,843,038	53,752,370
	Fees and commission expense									
	Other fees	**(15,542,817)**	**(5,187,644)**	**(20,730,461)**	(10,469,358)	(4,107,343)	(14,576,701)	(6,852,831)	(3,878,758)	(10,731,589)
	Total fees and commission expense	**(15,542,817)**	**(5,187,644)**	**(20,730,461)**	(10,469,358)	(4,107,343)	(14,576,701)	(6,852,831)	(3,878,758)	(10,731,589)
	Net fees and commission income	**27,693,139**	**128,103,245**	**155,796,384**	27,596,324	73,833,650	101,429,974	19,056,501	23,964,280	43,020,781
IV	**NET TRADING INCOME**									
	Financial investments held-for-trading	**37,668,277**	**816,795**	**38,485,072**	35,141,513	-	35,141,513	12,418,225	-	12,418,225
	Foreign exchange	**32,730,654**	**61,238,065**	**93,968,719**	12,356,011	14,559,213	26,915,224	59,904,710	35,655,639	95,560,349
		70,398,931	**62,054,860**	**132,453,791**	47,497,524	14,559,213	62,056,737	72,322,935	35,655,639	107,978,574
V	**(REVERSAL OF IMPAIRMENT CHARGE)/NET ALLOWANCE FOR CREDIT IMPAIRMENT**									
	Portfolio and specific provisions on loans and advances to customers	**884,075**	**(2,036,127)**	**(1,152,052)**	20,133,577	4,740,901	24,874,478	13,100,205	12,199,436	25,299,641
	Bad debts written off	**-**	**-**	**-**	-	-	-	-	-	-
	Recoveries	**-**	**-**	**-**	-	-	-	-	-	-
		884,075	**(2,036,127)**	**(1,152,052)**	20,133,577	4,740,901	24,874,478	13,100,205	12,199,436	25,299,641
VI	**CASH AND BALANCES WITH THE CENTRAL BANK**									
	Cash in hand	**7,457,074**	**1,767,008**	**9,224,082**	8,212,852	1,997,141	10,209,993	5,224,450	4,002,046	9,226,496
	Current account with the Central Bank	**1,589,491,550**	**-**	**1,589,491,550**	666,161,631	-	666,161,631	1,075,858,268	-	1,075,858,268
		1,596,948,624	**1,767,008**	**1,598,715,632**	674,374,483	1,997,141	676,371,624	1,081,082,718	4,002,046	1,085,084,764

40. SEGMENTAL REPORTING (CONTINUED)

VII DUE FROM BANKS

	2013 Segment A	2013 Segment B	2013 Total	2012 Segment A	2012 Segment B	2012 Total	2011 Segment A	2011 Segment B	2011 Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Placements with other banks	2,377,170,276	2,723,205,268	5,100,375,544	2,055,246,615	924,490,264	2,979,736,879	1,208,257,560	2,232,703,594	3,440,961,154
Current accounts with other banks	412,426,395	3,495,037,897	3,907,464,292	2,051,234	544,028,433	546,079,667	4,417,782	498,247,208	502,664,990
Other amounts due	63,452	1,904,046	1,967,498	81,037	1,221,719	1,302,756	64,119	1,239,126	1,303,245
	2,789,660,123	6,220,147,211	9,009,807,334	2,057,378,886	1,469,740,416	3,527,119,302	1,212,739,461	2,732,189,928	3,944,929,389

VIII DERIVATIVE FINANCIAL INSTRUMENTS

	2013 Segment A	2013 Segment B	2013 Total	2013 Notional Amount	2012 Segment A	2012 Segment B	2012 Total	2012 Notional Amount	2011 Segment A	2011 Segment B	2011 Total	2011 Notional Amount
ASSETS	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Derivatives designated at fair value through profit or loss												
Fund Options Transactions	-	-	-	-	-	31	31	117,610,000	-	757,568	757,568	108,224,000
Equity Linked Notes	-	-	-	-	-	15,938,191	15,938,191	16,175,492	-	14,544,758	14,544,758	15,369,800
Index Linked Options	-	-	-	-	-	-	-	-	-	30,032,160	30,032,160	42,720,000
	-	-	-	-	-	15,938,222	15,938,222	133,785,492	-	45,334,486	45,334,486	166,313,800
Derivatives held-for-trading												
Forward Exchange Option Contracts	1,079,237	-	1,079,237	7,811,593,494	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts	2,719,797	21,838,127	24,557,924	1,328,243,859	105,848,216	1,995,608	107,843,824	3,917,526,296	55,541,755	220,833	55,762,588	2,752,357,185
	3,799,034	21,838,127	25,637,161	9,139,837,353	105,848,216	1,995,608	107,843,824	3,917,526,296	55,541,755	220,833	55,762,588	2,752,357,185
	3,799,034	21,838,127	25,637,161	9,139,837,353	105,848,216	17,933,830	123,782,046	4,051,311,788	55,541,755	45,555,319	101,097,074	2,918,670,985
LIABILITIES												
Derivatives designated at fair value through profit or loss												
Fund Options Transactions	-	-	-	-	-	(31)	(31)	117,610,000	-	(757,568)	(757,568)	108,224,000
Equity Linked Notes	-	-	-	-	-	(15,938,191)	(15,938,191)	16,175,492	-	(14,544,758)	(14,544,758)	15,369,800
Index Linked Options	-	-	-	-	-	-	-	-	-	(30,032,160)	(30,032,160)	42,720,000
	-	-	-	-	-	(15,938,222)	(15,938,222)	133,785,492	-	(45,334,486)	(45,334,486)	166,313,800
Derivatives held-for-trading												
Forward Exchange Option Contracts	-	(1,079,237)	(1,079,237)	7,811,593,494	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts	(44,835,402)	(3,783,045)	(48,618,447)	2,437,455,113	(46,205,612)	(1,106,031)	(47,311,643)	2,089,382,357	(871,036)	(2,115,806)	(2,986,842)	408,946,293
	(44,835,402)	(4,862,282)	(49,697,684)	10,249,048,607	(46,205,612)	(1,106,031)	(47,311,643)	2,089,382,357	(871,036)	(2,115,806)	(2,986,842)	408,946,293
	(44,835,402)	(4,862,282)	(49,697,684)	10,249,048,607	(46,205,612)	(17,044,253)	(63,249,865)	2,223,167,849	(871,036)	(47,450,292)	(48,321,328)	575,260,093

40. SEGMENTAL REPORTING (CONTINUED)

	2013			2012			2011		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
IX FINANCIAL INVESTMENTS - HELD-FOR-TRADING									
Government of Mauritius debt securities	336,909,022	-	336,909,022	1,162,543,500	-	1,162,543,500	441,804,000	-	441,804,000
Other debt securities	26,975,258	168,801,238	195,776,496	-	-	-	-	-	-
	363,884,280	168,801,238	532,685,518	1,162,543,500	-	1,162,543,500	441,804,000	-	441,804,000
X LOANS AND ADVANCES TO CUSTOMERS									
(a) Remaining term to maturity									
Within 3 months	3,027,077,859	571,996,847	3,599,074,706	3,215,725,202	1,887,889,049	5,103,614,251	2,707,753,194	1,461,837,171	4,169,590,365
Over 3 to 6 months	460,454,817	123,166,823	583,621,640	446,230,543	1,644,069,555	2,090,300,098	111,113,569	889,846,934	1,000,960,503
Over 6 to 12 months	181,929,806	1,738,875,999	1,920,805,805	414,461,162	424,411,455	838,872,617	354,419,141	238,584,075	593,003,216
Over 1 to 5 years	1,262,643,446	4,090,800,703	5,353,444,149	1,295,410,082	3,541,987,808	4,837,397,890	1,005,352,635	810,700,017	1,816,052,652
Over 5 years	1,351,775,631	1,281,308,832	2,633,084,463	-	-	-	283,253,932	747,392,668	1,030,646,600
	6,283,881,559	7,806,149,204	14,090,030,763	5,371,826,989	7,498,357,867	12,870,184,856	4,461,892,471	4,148,360,865	8,610,253,336
(b) Credit concentration of risk by industry sectors									
Agriculture and Fishing	400,769,176	81,520,796	482,289,972	420,306,775	-	420,306,775	175,109,662	-	175,109,662
Manufacturing	570,852,433	2,067,993,208	2,638,845,641	646,575,385	1,622,546,441	2,269,121,826	635,194,940	400,036,499	1,035,231,439
Tourism	1,518,555,428	92,791,660	1,611,347,088	1,213,232,551	119,513,057	1,332,745,608	1,051,015,913	132,209,479	1,183,225,392
Transport	2,518,855	158,707,692	161,226,547	605,969	158,937,687	159,543,656	-	141,472,513	141,472,513
Construction, infrastructure and real estate	1,379,454,947	303,656,180	1,683,111,127	1,143,149,366	309,911,065	1,453,060,431	752,329,065	285,187,132	1,037,516,197
Financial and business services	498,514,671	1,211,813,779	1,710,328,450	467,635,898	3,301,995,506	3,769,631,404	423,274,961	2,582,482,712	3,005,757,673
Traders	847,375,183	608,539,966	1,455,915,149	583,766,760	293,271,404	877,038,164	707,821,394	62,042,290	769,863,684
Personal	894,116,760	281,096,821	1,175,213,581	638,181,192	249,935,089	888,116,281	487,953,085	230,668,302	718,621,387
Professional	8,511,285	7,239	8,518,524	5,994,810	-	5,994,810	14,042,080	-	14,042,080
Global Business License Holders (GBL)	-	2,158,512,616	2,158,512,616	-	980,190,101	980,190,101	-	181,465,514	181,465,514
Information, communication and technology	46,012,174	479,111,505	525,123,679	40,353,058	332,536,225	372,889,283	34,910,898	129,164,319	164,075,217
Government	-	309,788,246	309,788,246	103,538,187	-	103,538,187	103,535,359	-	103,535,359
Other entities	117,200,647	52,609,496	169,810,143	108,487,038	129,521,292	238,008,330	76,705,114	3,632,105	80,337,219
	6,283,881,559	7,806,149,204	14,090,030,763	5,371,826,989	7,498,357,867	12,870,184,856	4,461,892,471	4,148,360,865	8,610,253,336

40. SEGMENTAL REPORTING (CONTINUED)

X LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Allowance for credit losses

	2013			2012			2011		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
At beginning of year	61,081,048	24,668,054	85,749,102	39,225,640	21,648,984	60,874,624	26,125,435	25,286,786	51,412,221
Amount written off against allowance	(2,099,711)	(218,592)	(2,318,303)	-	-	-	-	(15,837,238)	(15,837,238)
Charge for the year	884,075	(2,036,127)	(1,152,052)	21,855,408	3,019,070	24,874,478	13,100,205	12,199,436	25,299,641
At end of year	59,865,412	22,413,335	82,278,747	61,081,048	24,668,054	85,749,102	39,225,640	21,648,984	60,874,624

(d) Allowance for credit losses by sector

	2013					2012	2011
	Gross amount of loans	Non performing loans	Specific provision	Portfolio provision	Total	Total	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Agriculture and Fishing	482,289,972	-	-	3,102,074	3,102,074	3,300,312	1,139,608
Manufacturing	2,638,845,641	-	-	10,751,923	10,751,923	16,531,082	6,316,992
Tourism	1,611,347,088	13,381,897	-	10,903,897	10,903,897	10,077,638	7,561,500
Transport	161,226,547	-	-	540,469	540,469	1,126,919	772,074
Construction, infrastructure and real estate	1,683,111,127	696,034	604,148	10,541,595	11,145,743	11,277,181	6,452,518
Financial and business services	1,710,328,450	1,486,925	282	6,138,586	6,138,868	5,612,740	16,848,333
Traders	1,455,915,149	53,444,363	8,014,418	7,503,396	15,517,814	11,494,535	5,926,679
Personal	1,175,213,581	8,123,529	4,581,971	9,486,924	14,068,895	13,935,195	11,882,326
Professional	8,518,524	-	-	56,659	56,659	46,865	91,385
Information, communication and technology	525,123,679	798,115	761,422	1,337,985	2,099,407	3,298,066	1,758,287
Government	309,788,246	-	-	1,021,724	1,021,724	-	932,102
Global Business License Holders (GBL)	2,158,512,616	-	-	6,124,093	6,124,093	7,154,963	673,805
Other entities	169,810,143	1,907,453	-	807,181	807,181	1,893,606	519,015
	14,090,030,763	79,838,316	13,962,241	68,316,506	82,278,747	85,749,102	60,874,624

40. SEGMENTAL REPORTING (CONTINUED)

X LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Allowance for credit losses by sector (Continued)

	2013					2012	2011
	Gross amount of loans	Non performing loans	Specific provision	Portfolio provision	Total	Total	Total
Analysed by Segments:	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Segment A							
Agriculture and fishing	400,769,176	-	-	2,833,208	2,833,208	3,300,312	1,139,608
Manufacturing	570,852,433	-	-	3,931,400	3,931,400	4,809,889	4,133,828
Tourism	1,518,555,428	13,381,897	-	10,597,857	10,597,857	9,210,604	6,839,978
Transport	2,518,855	-	-	17,029	17,029	3,909	-
Construction, infrastructure and real estate	1,379,454,947	696,034	604,148	9,540,096	10,144,244	9,031,161	4,896,134
Financial and business services	498,514,671	1,486,925	282	3,498,959	3,499,241	3,412,764	2,754,660
Traders	847,375,183	53,444,363	8,014,418	5,519,925	13,534,343	9,372,007	5,588,088
Personal	894,116,760	8,013,936	4,458,959	9,067,765	13,526,724	12,859,167	10,623,474
Professional	8,511,285	-	-	56,635	56,635	46,865	91,385
Information, communication and technology	46,012,174	798,115	761,422	316,991	1,078,413	886,734	1,758,287
Government	-	-	-	-	-	-	227,199
Global Business License Holders (GBL)	-	-	-	-	-	-	673,805
Other entities	117,200,647	1,907,453	-	646,318	646,318	992,673	499,194
	6,283,881,559	79,728,723	13,839,229	46,026,183	59,865,412	53,926,085	39,225,640
Segment B							
Agriculture and fishing	81,520,796	-	-	268,866	268,866	-	-
Manufacturing	2,067,993,208	-	-	6,820,523	6,820,523	11,721,193	2,183,164
Tourism	92,791,660	-	-	306,040	306,040	867,034	721,522
Transport	158,707,692	-	-	523,440	523,440	1,123,010	722,074
Construction, infrastructure and real estate	303,656,180	-	-	1,001,499	1,001,499	2,246,020	1,556,384
Financial and business services	1,211,813,779	-	-	2,639,627	2,639,627	2,199,976	14,093,673
Traders	608,539,966	-	-	1,983,471	1,983,471	2,122,528	388,591
Personal	281,096,821	109,593	123,012	419,159	542,171	1,076,028	1,258,852
Professional	7,239	-	-	24	24	-	-
Information, communication and technology	479,111,505	-	-	1,020,994	1,020,994	2,411,332	-
Government	309,788,246	-	-	1,021,724	1,021,724	-	704,903
Global Business License Holders (GBL)	2,158,512,616	-	-	6,124,093	6,124,093	7,154,963	-
Other entities	52,609,496	-	-	160,863	160,863	900,933	19,821
	7,806,149,204	109,593	123,012	22,290,323	22,413,335	31,823,017	21,648,984

40. SEGMENTAL REPORTING (CONTINUED)

	2013			2012			2011		
	Segment A	**Segment B**	**Total**	Segment A	Segment B	Total	Segment A	Segment B	Total
XI INVESTMENT IN SUBSIDIARIES	**MUR**	**MUR**	**MUR**	MUR	MUR	MUR	MUR	MUR	MUR
Cost									
At 30 June	**83,562,500**	**299,552,737**	**383,115,237**	63,562,500	299,601,138	363,163,638	25,000,000	-	25,000,000
XII INVESTMENT IN ASSOCIATES									
Cost									
At 30 June	**-**	**-**	**-**	-	-	-	-	5,022,438	5,022,438
XIII FINANCIAL INVESTMENTS-HELD-TO-MATURITY									
Unquoted investments									
Government of Mauritius debt securities	**4,746,886,818**	**-**	**4,746,886,818**	3,506,007,725	-	3,506,007,725	2,560,492,783	-	2,560,492,783
Other debt securities	**810,515,508**	**250,400,498**	**1,060,916,006**	-	-	-	-	-	-
	5,557,402,326	**250,400,498**	**5,807,802,824**	3,506,007,725	-	3,506,007,725	2,560,492,783	-	2,560,492,783

40. SEGMENTAL REPORTING (CONTINUED)

XIV EQUIPMENT

Segment A	Improvement to building	Furniture and fittings	Office equipment	Motor vehicle	Computer equipment	Total
COST	MUR	MUR	MUR	MUR	MUR	MUR
At 1 July 2010	2,639,920	7,042,356	4,631,739	700,572	4,930,898	19,945,485
Additions	16,000	301,094	346,753	-	2,572,453	3,236,300
Assets written off	-	-	(214,636)	-	(79,030)	(293,666)
Transfer	1,264,230	(1,264,230)	-	-	-	-
At 30 June 2011	3,920,150	6,079,220	4,763,856	700,572	7,424,321	22,888,119
At 1 July 2011	3,920,150	6,079,220	4,763,856	700,572	7,424,321	22,888,119
Additions	304,736	2,094,091	486,817	-	1,421,033	4,306,677
Assets written off	-	(6,360)	(118,905)	-	(165,791)	(291,056)
At 30 June 2012	4,224,886	8,166,951	5,131,768	700,572	8,679,563	26,903,740
At 1 July 2012	**4,224,886**	**8,166,951**	**5,131,768**	**700,572**	**8,679,563**	**26,903,740**
Additions	**6,421,799**	**5,487,428**	**4,124,404**	**-**	**3,930,856**	**19,964,487**
Assets written off	**-**	**(427,288)**	**(162,676)**	**(29,280)**	**(1,425,379)**	**(2,044,623)**
At 30 June 2013	**10,646,685**	**13,227,091**	**9,093,496**	**671,292**	**11,185,040**	**44,823,604**
DEPRECIATION						
At 1 July 2010	724,696	937,202	1,282,435	163,892	3,450,020	6,558,245
Charge for the year	391,455	598,418	597,898	140,114	1,318,839	3,046,724
Assets written off	-	-	(36,735)	-	(34,928)	(71,663)
At 30 June 2011	1,116,151	1,535,620	1,843,598	304,006	4,733,931	9,533,306
At 1 July 2011	1,116,151	1,535,620	1,843,598	304,006	4,733,931	9,533,306
Charge for the year	414,938	750,507	680,038	140,114	1,240,809	3,226,406
Assets written off	-	(1,166)	(29,186)	-	(139,224)	(169,576)
At 30 June 2012	1,531,089	2,284,961	2,494,450	444,120	5,835,516	12,590,136
At 1 July 2012	**1,531,089**	**2,284,961**	**2,494,450**	**444,120**	**5,835,516**	**12,590,136**
Charge for the year	**837,070**	**1,138,274**	**1,148,224**	**139,133**	**1,432,155**	**4,694,856**
Assets written off	**-**	**(169,714)**	**(54,155)**	**(19,859)**	**(974,347)**	**(1,218,075)**
At 30 June 2013	**2,368,159**	**3,253,521**	**3,588,519**	**563,394**	**6,293,324**	**16,066,917**
NET BOOK VALUE						
At 30 June 2013	**8,278,526**	**9,973,570**	**5,504,977**	**107,898**	**4,891,716**	**28,756,687**
At 30 June 2012	2,693,797	5,881,990	2,637,318	256,452	2,844,047	14,313,604
At 30 June 2011	2,803,999	4,543,600	2,920,258	396,566	2,690,390	13,354,813

40. SEGMENTAL REPORTING (CONTINUED)

XV INTANGIBLE ASSETS

Segment A	Computer software	Banking software	Other	Total
COST	MUR	MUR	MUR	MUR
At 1 July 2010	2,634,723	16,698,531	5,656,149	24,989,403
Additions	2,245,418	-	109,781	2,355,199
Assets written off	-	-	-	-
At 30 June 2011	4,880,141	16,698,531	5,765,930	27,344,602
At 1 July 2011	4,880,141	16,698,531	5,765,930	27,344,602
Additions	7,114,364	420,624	-	7,534,988
Assets written off	-	-	-	-
At 30 June 2012	11,994,505	17,119,155	5,765,930	34,879,590
At 1 July 2012	**11,994,505**	**17,119,155**	**5,765,930**	**34,879,590**
Additions	**2,063,040**	**-**	**1,976,525**	**4,039,565**
At 30 June 2013	**14,057,545**	**17,119,155**	**7,742,455**	**38,919,155**
AMORTISATION				
At 1 July 2010	1,042,218	5,686,002	3,213,122	9,941,342
Charge for the year	1,269,322	2,386,217	156,698	3,812,237
Assets written off	-	-	-	-
At 30 June 2011	2,311,540	8,072,219	3,369,820	13,753,579
At 1 July 2011	2,311,540	8,072,219	3,369,820	13,753,579
Charge for the year	1,574,995	2,414,465	41,738	4,031,198
Assets written off	-	-	-	-
At 30 June 2012	3,886,535	10,486,684	3,411,558	17,784,777
At 1 July 2012	**3,886,535**	**10,486,684**	**3,411,558**	**17,784,777**
Charge for the year	**2,806,494**	**2,434,307**	**473,365**	**5,714,166**
At 30 June 2013	**6,693,029**	**12,920,991**	**3,884,923**	**23,498,943**
NET BOOK VALUE				
At 30 June 2013	**7,364,516**	**4,198,164**	**3,857,532**	**15,420,212**
At 30 June 2012	8,107,970	6,632,471	2,354,371	17,094,812
At 30 June 2011	2,568,601	8,626,312	2,396,109	13,591,022

40. SEGMENTAL REPORTING (CONTINUED)

	2013			2012			2011		
	Segment A	Segment B	Total	Segment A	Segment B	Total	Segment A	Segment B	Total
XVI OTHER ASSETS	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Accrued income	3,692,721	2,108,938	5,801,659	1,067,763	-	1,067,763	241,700	-	241,700
Prepayments	2,340,141	815,825	3,155,966	1,483,167	259,320	1,742,487	6,863,199	-	6,863,199
Share capital money	2,524,869	-	2,524,869	2,524,869	-	2,524,869	-	-	-
Other receivables	28,858,655	1,610,843	30,469,498	22,457,275	1,573,045	24,030,320	12,795,511	-	12,795,511
	37,416,386	4,535,606	41,951,992	27,533,074	1,832,365	29,365,439	19,900,410	-	19,900,410
XVII DUE TO BANKS									
Deposits with other banks	881,908,278	-	881,908,278	8,516,013	-	8,516,013	28,480,989	-	28,480,989
Bank overdrafts	-	-	-	-	-	-	2,344	-	2,344
	881,908,278	-	881,908,278	8,516,013	-	8,516,013	28,483,333	-	28,483,333
XVIII DEPOSITS FROM CUSTOMERS									
Personal									
- Current and savings accounts	2,155,869,955	1,677,604,409	3,833,474,364	1,694,808,147	876,357,076	2,571,165,223	1,282,699,413	696,844,807	1,979,544,220
- Term deposits	2,925,547,828	877,837,122	3,803,384,950	3,079,023,709	943,589,814	4,022,613,523	2,114,410,866	728,344,513	2,842,755,379
Business									
- Current and savings accounts	2,025,635,187	7,930,367,853	9,956,003,040	2,032,763,960	2,948,211,415	4,980,975,375	1,576,940,496	1,842,479,940	3,419,420,436
- Term deposits	5,390,961,846	4,242,360,185	9,633,322,031	4,510,261,428	3,505,054,080	8,015,315,508	3,285,199,364	3,418,455,049	6,703,654,413
Government institutions									
- Current and savings accounts	6,431,695	-	6,431,695	38,297,535	-	38,297,535	17,163,716	-	17,163,716
	12,504,446,511	14,728,169,569	27,232,616,080	11,355,154,779	8,273,212,385	19,628,367,164	8,276,413,855	6,686,124,309	14,962,538,164
XIX DEBTS ISSUED									
Unsecured subordinated bonds	883,069,803	-	883,069,803	565,479,715	-	565,479,715	421,574,481	-	421,574,481
XX AMOUNT DUE TO SUBSIDIARY									
Funds due to subsidiary in respect of structured notes	57,253,644	-	57,253,644	123,146,176	-	123,146,176	125,516,298	-	125,516,298
XXI OTHER LIABILITIES									
Accounts payable and sundry creditors	82,366,295	55,943,520	138,309,815	83,722,660	47,559,299	131,281,959	82,201,083	15,740,077	97,941,160