AFRASIA
bank different

annual report 2009

it’s all about...

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it's all about...

partnership
relationships
innovation
genuineness
attitude

1.0 Executive Summary

The Financial Year 2008-2009 saw AfrAsia Bank Limited ("AfrAsia Bank") emerge into a recognized competitor providing customers with a tangible and "different" banking choice. We celebrated several milestones, including award-winner of the Most Innovative Bank in Mauritius, we brought additional Mauritian and International strategic shareholders on board, we substantially increased our capital base and we continued to launch several pioneering products and services.

Since launch, AfrAsia Bank has enjoyed great customer loyalty, good brand recognition and a reputation for innovation. Our Bank continues to deliver on our customer promise to be a truly regional bank that links Africa and Asia together seamlessly. We specialize in three principal business areas namely **Private Banking & Wealth Management**, **Corporate & Investment Banking** and **International Banking**.

Across a number of different dimensions, we are pleased with our operating performance as below:

- We retain a conservative balance sheet structure with customer deposits increasing rapidly by 108% to over Rs.5bn at June 2009 from Rs.2,4bn at June 2008;
- Deposits in fact peaked at over Rs.6bn during the year with major transaction flows from International Businesses and we have again seen such levels post balance sheet date;
- Shareholders' capital increased to Rs.654m from Rs.250m with existing and new shareholders continuing to invest heavily in the growth of our business;
- Customer loans grew substantially to Rs.2,1bn from Rs.947m and with stability returning to global markets, we are poised to grow our customer lending relationships;
- Our liquidity position was very strong throughout the year and at June 2009, our loans to deposits ratio stood at 42%;
- Our treasury and capital markets activities drove excellent trading income by providing clearly competitive and responsive rates and services;
- We achieved a profitable year with a profit of Rs.20m after tax with which we will continue to reinvest in our business and improve our customer experience.

The key ingredient in this successful year, despite massive market turmoil, has been the strength of our client relationships. With our focused approach and a team of experienced local and international bankers, our clients benefit from a dedicated and unparalleled customer service at all times.

Our strong growth has attracted new international shareholders including South African based Trinity Financial Group, through its financial services division Dale Capital Partners Limited. Our new strategic shareholder will facilitate the Bank's growth strategies which include the establishment of a representative office in Cape Town, South Africa in the coming months. This is a further milestone for AfrAsia Bank to be the reference point for Corporate & Investment Banking, Private Banking and International Banking Solutions linking Mauritius and the Africa-Asia trade corridor by being closer to those markets.

International expansion is an essential pillar in AfrAsia Bank's growth strategies. We are working with shareholders and alliance partners in South Africa, India, Singapore, Madagascar and Eastern Africa to offer a regional banking scope for our customers. We will communicate on these plans as they reach conclusion during the year.

Finally, we wish to thank and congratulate our team of over 50 employees for a job exceedingly well done in 2008-2009. The team's commitment has been simply outstanding, delivering great customer experiences. We also wish to thank our fellow directors for their leadership and our fellow shareholders for their steadfast support.

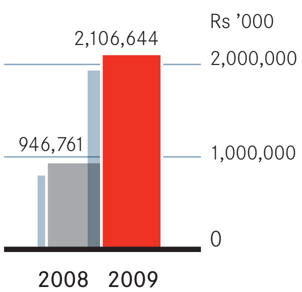
Arnaud Lagesse
Chairman

James Benoit, CFA
Chief Executive Officer

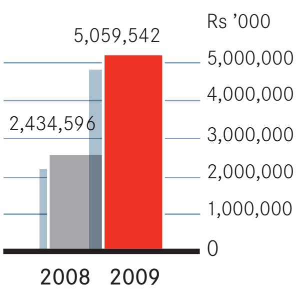
2.0 Financial Highlights

	12 Months Ended 30 June 2009	18 Months Ended 30 June 2008
Income Statement (Rs.’000)		
Net Interest Income	60,910	13,739
Non Interest Income	98,895	40,698
Total Operating Income	159,805	54,437
Operating Expenses	(124,391)	(93,232)
Profit/(Loss) after tax	20,490	(40,417)
Balance Sheet (Rs.’000)		
Total Assets	6,067,313	2,977,928
Total Loans	2,106,644	946,761
Total Deposits	5,059,542	2,434,596
Shareholders’ Funds	639,683	209,583
Performance Ratios (%)		
Return on Equity (Paid up)	5.41	(19.28)
Loans to Deposits Ratio	41.64	38.89
Operating Expense to Total Operating Income	77.84	171.27
Capital Adequacy Ratios (%)		
Basel I	N/A	13.73
Basel II	12.82	N/A
Asset Quality		
Non-Performing Loans (Rs.’000)	500	-
Portfolio Provisioning (%)	1	1

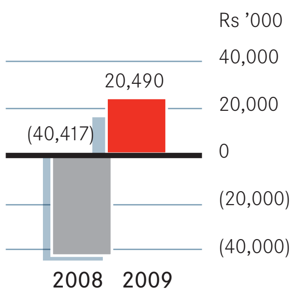
Loans Growth



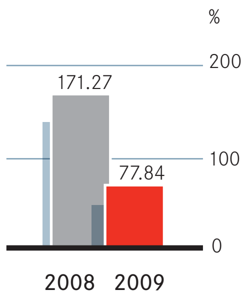
Deposits Growth



Profit after Tax



Operating Expenses to Total Income



”Our strong growth has attracted new international ‘passionate’ partners which will enable the Bank to be the reference point for Corporate & Investment Banking, Private Banking and International Banking in Mauritius and the Africa-Asia trade corridor.”

it's all about **passionate partners**

3.0 Corporate Information

3.1 About AfrAsia Bank Limited

AfrAsia Bank Limited ("AfrAsia Bank") is a boutique bank with the ability to tailor innovative banking solutions for both the local and international markets. We are a focused bank that offers a comprehensive range of financial solutions while ensuring that clients benefit from a dedicated, personalized and unparalleled customer service. Our partnership approach and team of highly experienced professionals allow you to discover a different facet of banking.

AfrAsia Bank has strong strategic mauritian and international shareholders to pursue its growth regionally and exceed our clients' expectations. With our anchor shareholder, Compagnie d'Investissement et de Developpement Limitée (CIDL) part of Groupe Mon Loisir, coupled with other strategic partners including South African based Trinity Financial Group, listed on the official market of the Stock Exchange of Mauritius and the establishment of a representative office in Cape Town, the Bank is poised to deliver customized services focusing on:

- Corporate and Investment Banking, Treasury and Capital Markets;
- Private Banking and Wealth Management;
- International Banking Solutions.

Corporate and Investment Banking, Treasury and Capital Markets

The Bank's objective is to bring value to its clients' business. AfrAsia Bank has developed innovative, flexible and attractive facilities to finance working capital and trade finance requirements. We also offer Investment Banking Solutions to our corporate clients and our expertise in this field includes Debt Capital Market and Bond Issuance, Structured Trade Finance and Debt and Equity Arrangement.

AfrAsia Bank provides a wide range of cash management products that will suit specific requirements including:

- Treasury and Cash Management including FX swaps, corporate advisory and options;
- Working Capital Funding;
- Mezzanine Finance;
- Investment Banking;
- Project Finance including Integrated Resort Schemes for developers and buyers.

Private Banking and Wealth Management

Our experienced team of Relationship Managers provides expert financial advice that enables individuals to achieve three primary financial objectives which are Capital Building & Preservation, Cash Management and Financial Protection against risk. We have devised easy to manage deposit products which allow our clients to obtain the most remuneration for rupee and foreign currency at the Bank.

Our range of differentiated products includes:

- Remunerated Current Accounts;
- Unique Titanium credit card, offering exclusive lifestyle privileges;
- Enhanced Savings Packages;
- Unique Structured Deposits and Investment Services;
- Free and Secured transactional Internet Banking.

AfrAsia Investments Limited (AIL), which is a fully-owned subsidiary of AfrAsia Bank Limited, offers Wealth Management Services to clients. AIL offers a diverse range of investment products including Managed Funds, Short-Term Notes and other specific investment products that will be tailored either in-house or through strategic business partners including JPMorgan.

International Banking Solutions

AfrAsia Bank delivers customised services for structures under the Mauritius International Financial Services Centre. We also have cross-border capabilities to deliver tailor-made solutions with tangible benefits in an environment of trust.

AfrAsia Bank is a passionate partner to help both private and corporate clients benefit from the country's network of Double Taxation Agreements (DTAs) and its membership to SADC and COMESA.

Our global business clients benefit from an array of customized services:

- Treasury Products and Hedging Services;
- High yielding multi-currency deposits for GBL 1 and GBL 2 companies and trusts;
- Structured Investment products;
- Private Banking & Wealth management;
- Corporate & Investment Banking;
- Flexibility in procedures and quick decision making.

3.2 Board of Directors

Our Board of Directors comprises of high caliber multi-disciplined professionals with vast experience in the financial sector.

ARNAUD LAGESSE

Outside Director - Non-Executive Chairman

Appointed as Director on 12 January 2007 and as Chairman on 13 February 2007

Arnaud Lagesse, born in 1968, holds a "Maîtrise de Gestion" from the University of Aix-Marseille III, France and is a graduate of "Institut Supérieur de Gestion", France. He also completed an Executive Education Program at INSEAD, Fontainebleau, France. He joined the Groupe Mon Loisir in 1995 as the Finance and Administrative Director before becoming its CEO in August 2005. He also participated in the National Corporate Governance Committee as a member of the Board of Directors' sub-committee. He is a member of the Board of Directors of several of the country's major companies and is the Chairman of Naïade Resorts Ltd, Mauritius Stationery Manufacturers Limited, Robert Le Maire Limited, AfrAsia Bank Limited and various other companies. Arnaud Lagesse is an ex-president of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Sugar Industry Pension Fund as well as a member of Audit Committees of various companies.

JAMES BENOIT

Inside Director

Appointed on 31 May 2007

James Benoit is the Chief Executive Officer and Founder Executive of the Bank. He is a Chartered Financial Analyst with 18 years experience in banking. He has been working with HSBC in China, Philippines, Hong Kong, Middle East, Canada and Mauritius from 1999 to 2001 when he was Deputy CEO and Head of Retail Banking. James Benoit has grown and lead consumer banking and corporate banking businesses in these regions. He has in-depth functional experience in marketing, credit cards, product development, trade finance and credit risk. He sits on many professional and commercial boards including Society of Financial Analysts of Mauritius, Mauritius Institute of Directors, American Chamber of Commerce and Mauritius Bankers Association.

JEAN DE FONDAUMIÈRE

Outside Director - Independent Director

Appointed on 12 January 2007

Jean de Fondaumière is a member of the Institute of Chartered Accountants of Scotland since 1980. He 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 has been the Chairperson of the Stock Exchange of Mauritius from 2002 to December 2006 and is a member of a number of Corporate Governance and Audit Committees.

STUART KIRKMAN

Outside Director - Independent Director

Appointed on 8 April 2009

Stuart Kirkman, born in 1973, holds a Bachelor of Commerce from the University of Cape Town and is a member of the South African Institute of Chartered Accountants. He has served as a partner in an accounting and auditing practice in South Africa before joining the HBD Group in September 2000 where he is involved in setting, implementing and monitoring the group's investment strategies for both listed and unlisted investments. He also sits as a trustee on the Shuttleworth Foundation in South Africa.

J. CYRIL LAGESSE

Outside Director - Non-Executive Director

Appointed on 12 January 2007

J. Cyril Lagesse, a well known entrepreneur, born in 1932, took over his father's business in 1969 (Mon Loisir S.E) and set up the "Compagnie d'Investissement et de Développement Ltée" ("CIDL") in the early 1970's, to take advantage of the diverse investment opportunities that arose while Mauritius moved towards greater industrialisation. Since then, the Mon Loisir Group has grown in size, and is now the major shareholder of several other well-established firms. He also sits on the Board of several of the country's most prestigious companies, many of which are listed on the Stock Exchange of Mauritius.

THIERRY LAGESSE

Outside Director - Non-Executive Director

Appointed on 12 January 2007

Thierry Lagesse, born in 1953, holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He is the founder and executive Chairman of the Palmar group of companies, a textile and garment manufacturing group. He is also the promoter of both Companhia de Sena, a sugar processing and refining factory in Mozambique and Parabole Reunion SA, a Direct to Home Satellite TV company in the media and communication fields across the islands of the Indian Ocean. He is the Chairman of the following listed companies: Phoenix Beverages Limited, Ireland Blyth Limited, The United Basalt Products Ltd and chairs Compagnie d'Investissement et de Développement Limitée, the latter being the ultimate holding company of Flacq United Estates Limited. Thierry Lagesse is a member of the Mauritius Chamber of Agriculture and was in 1995, Chairman of the Mauritius Export Processing Zone Association.

LIM SIT CHEN LAM PAK NG

Outside Director - Independent Director

Appointed on 12 February 2007

Maurice Lam is the founding partner of Stewardship Consulting, a strategy consulting firm working with senior executives in the area of corporate strategy, industry restructuring, corporate finance and risk management. Prior to Stewardship Consulting, he was in investment

The Board Of Directors: (Left to right starting at bottom row) James Benoit, Arnaud Lagesse (Chairman), Jean De Fondaumière, Stuart Kirkman, Alain Rey, Jean-Claude Béga, Norman Noland, Thierry Lagesse, Michael Pike, Maurice Lam

banking advising multinationals 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. Currently he lives in Singapore and New York.

NORMAN NOLAND

Outside Director - Non-Executive Director

Appointed on 19 January 2009

Norman Noland is an entrepreneur and businessman and holds directorships in listed entities in South Africa and Mauritius and numerous other local and international privately owned companies. He has extensive experience in the International Financial Services arena, the Information Technology, Property, Property Development and Leisure Industry sectors. He is currently the Executive Chairman of Stock Exchange of Mauritius listed private equity group, Trinity Financial Group. Mr Noland is a member of the Financial Planning Institute in South Africa (AFP) and also holds two post-graduate degrees.

MICHAEL PIKE

Outside Director - Independent Director

Appointed on 19 January 2009

Michael John Pike ACIB, aged 60, joined the foreign staff of The Hongkong and Shanghai Banking Corporation 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 experience in banking in Corporate, Retail and Operations. Latterly he was the Head of Group Risk for the Mauritius Commercial Bank Ltd from 2005 to 2007.

ALAIN REY
Outside Director - Independent Director
Appointed on 12 January 2007
Alain Rey holds a BSc in Economics and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He is currently the IRS Project Director of Compagnie Sucrière de Mon Choisy Ltée. His past key professional experiences were with, to name a few, Coopers & Lybrand (London), Citibank N.A. (Paris), Barclays Bank plc (Mauritius), Novel Denim Holdings Ltd (Hong Kong) and Shape Fabrics Ltd (Mauritius).

Alternate Directors' Profiles

JEAN-CLAUDE BÉGA
Outside Director - Non-Executive Alternate Director
Appointed on 6 June 2007
Born in 1963, Jean-Claude Béga, a Fellow of the Association of Chartered Certified Accountants, was appointed as Alternate Director of J. Cyril Lagesse in June 2007. He joined the Groupe Mon Loisir in March 1997 and is presently Finance Executive. He is also a Director of Naïade Resorts Ltd and of a number of corporations operating in the Financial Sector including the Sugar Insurance Fund Board, City Brokers Ltd, Capital Leasing Ltd and ACMS Ltd. He is also a member of the Audit Committee of AfrAsia Bank.

3.3 Management Team

Founder Executives

Kamben Padayachy
General Manager - Head of Banking, Treasury and Markets
Kamben has 15 years experience in banking, having successively worked with BNP Paribas (BNPI), Barclays Bank and Standard Bank (Mauritius), prior to joining AfrAsia in May 2007. He has held senior management roles at both retail and corporate level throughout his career and has originated investment banking transactions from debt capital markets to structured trade finance. He holds a Masters degree in Monetary Economics from University of Paris Dauphine and a post-graduate degree in Banking and Finance.

Rouben Chocalingum
Head of Domestic Banking Relationships & Sales
Rouben is a 15 years experienced banker. He started his career in 1992 with State Bank of Mauritius and has acquired extensive experience in credit and corporate banking, and was part of the executive management prior to leaving SBM. He joined Standard Bank (Mauritius) in 2006 as Senior Relationship Manager before moving to AfrAsia Bank. He holds a diploma in business administration from University of Surrey and a certificate in Banking Studies.

(From Left To Right) Yogesh Gokool, Soodesh Beegun, Thierry Vallet, Jennifer Jean-Louis.

Thierry Vallet

Head of Strategic Development

Thierry is a qualified engineer who also holds an MBA from Groupe HEC in France. During his engineering career he has worked successively at Britannia Sugar Estate and IBL. He then left Mauritius for his MBA and joined the Groupe Generali in Paris, France, in the insurance/finance sector where he was inspector and national training leader in the commercial division. He was also working for the Corporate Banking division of the Mauritius Commercial Bank before joining AfrAsia Bank.

Management

Soodesh Beegun

Head of IT and Operations

Soodesh Beegun holds an MBA with specialisation in Information Systems from University of Technology Mauritius. He is also holder of an Oracle DBA and WEB programmer's Certificates from NIIT - Mauritius. Soodesh has 16 years experience in Banking and 20 years in IT. He started his career in Banking in 1987 with Indian Ocean International Bank Ltd and joined F.U.E.L in 1994. He was working for SBI Mauritius as Head of IT since 2000 before joining AfrAsia Bank at end of March 2009.

Anil Fangoo

Head of Compliance

Anil has 19 years of experience in the banking field. He started his career in the Legal Dept of the Indian Ocean International Bank Ltd now SBI Mauritius in the mid 1990 until 2009. He also worked as branch manager and has experience in Credit Recovery. Anil was heading the Legal and Compliance Department at SBI Mauritius before joining AfrAsia Bank as Head of Compliance in July 2009.

Yogesh Gokool

Head of International Banking, Trusts and Custody

Yogesh is a member of the Society of Trust and Estate Practitioners and has over 14 years experience in retail banking, global business and private wealth management, fiduciary services. Prior to joining us, he has been working with Deutsche Bank, Mauritius for 5 years where he was until recently heading the fiduciary services division, providing estate and wealth transfer planning solutions to target high net worth individuals across the world. Yogesh has also worked as an Executive at International Financial Services Limited, a leading Management Company in Mauritius for 6 years where he was overseeing a team specialising in management of offshore funds and Global Business companies for international clients.

Jennifer Jean-Louis

Head of Finance and Treasury Back Office

Jennifer is a Fellow Member of the Taxation Institute of Australia. She started her career in the Audit and Taxation Division of BDO De Chazal du Mée in 1991 before joining FedEx and

(From Left To Right) Rouben Chocalingum, Joelle Ng Foong Lee, Dwejendranath (Jen) Ramanah, Suneeta Motala, Kamben Padayachy

International Management Mauritius, a Global Business Management Company, in senior accounting positions. Prior to her role at AfrAsia Bank, she practised extensively in the areas of finance and taxation in Australia. She holds a Masters degree in Applied Finance and is a Chartered Accountant.

Arvind K Jha

Head of Global Business and Structured Trade

Arvind brings with him more than 24 years of experience in different facets of banking. He has held many challenging positions in State Bank of India, which includes Manager (Credit) of Industrial Finance Branch, Chief Manager of a large branch and Asst. General Manager (HR) of the Bank at Corporate office. His last assignment in SBI was as General Manager, SBI International (Mauritius) Ltd before joining AfrAsia Bank in November 2008. Arvind is a B.Sc, MBA, Certified Associate of Indian Institute of Bankers (CAIIB) and also the recipient of prestigious C.H. Bhabha Research Scholarship & Award given by Indian Bank's Association.

Suneeta Motala

Head of Marketing and Public Relations

Holder of a Pre Associateship from the Chartered Institute of Bankers and an International Certificate for Financial Advisors from the Chartered Insurance Institute (CII), Suneeta has 15 years experience in the banking sector. She started her career at HSBC and held several key responsibilities in Operations, Credit Risk and Sales & Marketing departments. She held the post of Head of Strategic Marketing at MPCB before joining AfrAsia Bank in July 2007.

Joelle Ng Foong Lee

Head of Credit and Risk

Joelle is a banker with 15 years of experience. She started her career at the HSBC in 1994 in Customer Service and Sales and occupied successively the posts of Branch Manager, Credit Recovery Manager and Credit Risk Manager. Before joining AfrAsia Bank, she worked at the Mauritius Commercial Bank Ltd as Special Assets Manager. Joelle Ng holds an International Certificate for Financial Advisers of the Chartered Insurance Institute (CII) and a certificate in Banking Studies from the University of Mauritius.

Dwejendranath (Jen) Ramanah

Money Market Executive

Jen started his career at the Government Audit department before joining the Bank of Mauritius in 1980 where he gathered wide ranging experience culminating as a Senior Dealer in the Financial Markets Department. Jen also worked at the Mauritius Commercial Bank as the Chief Money Market Trader before joining AfrAsia Bank. Jen holds a Bsc(Hons) Management from The University of Mauritius and an MBA from the Edinburgh Business School.

”Our aim is to help our clients reach their objectives. AfrAsia Bank believes in quick decision taking. Our team is focused, proficient and friendly with a can-do attitude.”

it's all about **can-do attitude**

4.0 Key Achievements

4.1 Most Innovative Bank in Mauritius 2008 - By World Finance

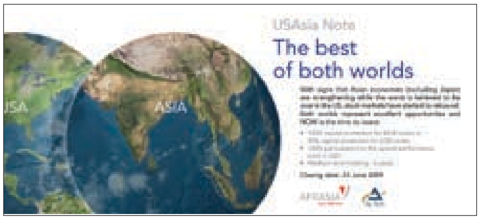
Since its opening in October 2007, AfrAsia Bank has been at the forefront of innovation, scooping in its first year of operation the award of "Most Innovative Bank in Mauritius for the year 2008" given by UK-based magazine, World Finance. The Bank has been rewarded namely for its well established financial structure, good governance as well as its tailored innovative products and services.

AfrAsia Bank has recently also emphasized its relationship-driven approach by being the first to launch a corporate blog where the CEO, James Benoit, shares his regular perspectives on the banking and economic events that drive clients' financial success. This new communication tool allows the Bank to promote networking and opinion sharing amongst its clients and non-clients in Mauritius and abroad.

Moreover, while the Bank increases its footprint in South Africa, the exceptional benefits of having the AfrAsia Titanium card can now also be enjoyed in this country as well. We were indeed pleased to unveil the first of many new Titanium MasterCard privileges in South Africa that now include discounts at the newly opened five-star One&Only Cape Town Hotel which is located in the heart of the Cape Town Waterfront, Virgin Active Health Clubs, Queensgate Hotels, Spas & Resorts, including the ultra exclusive Tinga Game Reserve in Kruger National Park, amongst others.

Andrew Hubbard (CEO - Queensgate Holdings Ltd) and Arnaud Lagesse (Chairman - AfrAsia Bank Limited)

4.2 Launch of Capital Protected Foreign Currency & Rupee Structured Investment Products



One of the most innovative set of products launched by AfrAsia Investments Limited has been structured notes, crafted by the Bank in partnership with JPMorgan and AXYS/ACMS Fund Management Ltd. The Golden Ladder was the first Mauritian Rupee-denominated capital guaranteed note to be publicly issued in Mauritius. Its return was indexed to the performance of Gold as a commodity. During the financial year 2008-2009, AfrAsia Investments Limited has subsequently launched the Global Opportunities Note and the USAsia Note, that were also capital protected with returns linked to the performance of different stock markets globally.

4.3 AfrAsia Bank Profitability

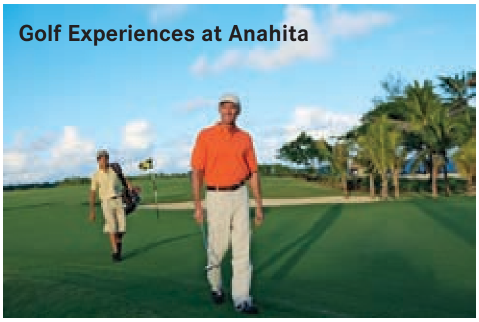
After just one year of full operations and significant brand marketing and infrastructure costs, AfrAsia Bank attained its first profitable month in December 2008. This achievement would not have been possible without a fiercely focused approach and tremendous customer trust earned though exceptional staff dedication.

4.4 New Strategic Shareholders & Capital Injection

In September 2008, AfrAsia Bank attained a major milestone with the addition of an important new strategic shareholder, Trinity Financial Group, through its financial services division Dale Capital Partners Limited. The Bank further announced a capital injection of some Rs.404m which was made by the existing shareholders, Dale Capital Partners Limited and one other major mauritian group thus enabling larger and diversified financing of development projects in both the local and regional markets.

AfrAsia Bank's financial performance, growth plans and strategic vision have been clearly validated by the encouraging response to the capital increase from the existing and new investors. United Investments Ltd also joined the list of shareholders during 2008.

4.5 Launch of Titanium Awards Program



AfrAsia officially launched its Titanium Awards program whereby loyalty points are earned while spending with Titanium Credit Cards. Clients are invited to redeem their points for amazing, memorable and priceless moments. Among the awards are hotel stays at Constance Prince Maurice and golf moments at Four Seasons Golf at Anahita.

In Europe, at the Head Office of JPMorgan in Paris, France, the Bank hosted various professionals, businessmen and investors.

From left to right – Dr. The Hon. Ramakrishna Sithanen, Deputy Prime Minister & Minister of Finance; Raju Jaddoo, Managing Director, Board of Investment; Milan Meetarbhan, Chief Executive, Financial Services Commission; Theunie Lategan, Managing Director, FirstRand (India); Staphan Claassen, Executive Director, FirstRand (India)

From left to right: Clive Noland (CEO, MSI Nolands), Norman Noland (Chairman, Trinity Financial Group), Andrew Hubbard (CEO, Queensgate Holdings Ltd.), Rama Sithanen (Deputy Prime Minister & Minister of Finance of Mauritius), Arnaud Lagesse (Chairman, AfrAsia Bank), Raju Jaddoo (MD, BOI), James Benoit (CEO, AfrAsia Bank)

4.6 International Exposure

Mauritius is a regional cross border business hub and AfrAsia Bank plays a key role in this. We have accompanied the Board of Investment (BOI) and the Vice Prime Minister and Finance Minister Dr. Ramakrishna Sithanen, to several continents including Asia, Europe and recently Africa. This has allowed us to highlight the favourable positioning of Mauritius and AfrAsia to facilitate regional cross-border business flows. Our strong growth has attracted new international partnerships which will enable the Bank to be the reference point for Corporate & Investment Banking, Private Banking and International Banking Solutions in Mauritius and the Africa-Asia trade corridor.

The Bank has a niche positioning to facilitate Africa-Asia business flow in general and India-South Africa in particular. AfrAsia Bank in association with First Rand Bank India organized a breakfast meeting at Trident Hilton Hotel, Mumbai, in which the Vice Prime Minister and Finance Minister Dr. Ramakrishna Sithanen was the Chief Guest and Speaker. The strong Mauritian delegation was represented by the Board of Investment's Managing Director, the CEO of the Financial Services Commission, some of the top management companies in Mauritius and leading entrepreneurs and corporate houses.

Our representative office in Cape Town, South Africa has recently been approved and the Bank has built significant strategic alliances to facilitate seamless business between Asia and major African countries.

The seminar co-hosted in Cape Town, South Africa was on "South Africa - Mauritius & the Leisure Industry". Held at the Radisson Blu Hotel, this event was organized in collaboration with Queensgate Hotels & Leisure, MSI Nolands and Trinity Financial Group, a strategic shareholder of AfrAsia Bank. The seminar brought together over 140 professionals in the Hospitality & Leisure industry from across the Western Cape as they came to listen to Mauritian & South African industry leaders on the various investment opportunities and facilities.

4.7 Passionate Partnerships

The Bank has partnered with various key organisations to demonstrate its willingness to be involved in the community:

The AfrAsia Bank Lightning Cup - Our first horse racing day sponsorship

Leisure

We believe that horse racing has a significant importance in our community's leisure habit. By sponsoring this event, we translated our commitment to supporting various social activities. As the purpose of the event was also to enhance our corporate image, this sponsorship reflects our commitment to accompany our clients even in their leisure activities and is consistent with our mission to be recognized as passionate partners.

Junior Chamber International (JCI) Business Forums

The JCI Business Forums organized each month by the JCI of Port Louis and sponsored by AfrAsia gathers high-calibre professionals to share their views and experiences on various economic, financial and business topics.

JCI Business Forums

Partnership with L'Eco Austral for regional business forums

The Bank has partnered with L'Eco Austral Magazine for the organization of Business Forums on a monthly basis where economic and social topics are debated among professionals, entrepreneurs and directors.

L'Eco austral

Budget de crise : quelles perspectives économiques pour Maurice ?

Regional Business Forums

Corporate Patron of the Society of Financial Analysts of Mauritius (SFAM)

Professional Tie-ups

Rafael Resendes, co-founder of the Applied Finance Group, Chicago at an SFAM Speaker Series event on Corporate Performance, Valuation and Market Performance.

AfrAsia Bank has recently joined the Corporate Patron program of the SFAM together with two other leading players in the Investment Industry in Mauritius: Multiconsult Ltd and Mauritius Union Assurance Co. Ltd. The aim of the program is to develop the investment profession talent pool through assisting serious investment professionals to participate in local and international industry events, training and continuing education activities and networking with leading investment executives.

AfrAsia Dodo Golf Open – A partnership with the Dodo Club

Sport

Golfing has been at the centre of AfrAsia Bank's sport sponsoring activities since launching in October 2007 and we were proud to be sponsoring our first Golf Open Tournament in collaboration with the Dodo Club and the Mauritius Golf Federation. We were pleased to offer the winning golfer the chance to see the best golfers in the world playing on the Pearl Valley course, one of the top five in South Africa, in the South African Open Championship, a competition that started back in 1903.

Les Jeunes Dodo International Tennis Tournament

Sport

The Bank was one of the proud sponsors of the 2008 edition of this competition organized by the Mauritius Tennis Federation which gathered 70 young players aged between 10 and 14 years old and coming from 8 different countries.

Corporate Social Responsibility Program – Visit to children of Bois Marchand

CSR

The Bank's staff organized a visit to the 'Centre D'Eveil de Bois Marchand' to share a meal with the less fortunate children and bring them various educational materials, books, toys and clothes. These children aged between three and five years old, live in one of the most deprived regions of the island. The staff hopes to continue supporting these children in the future.

”Since its opening in October 2007, AfrAsia Bank has been at the forefront of innovation, scooping in its first year of operation the award of “Most Innovative Bank in Mauritius” for the year 2008.”


it's all about **disruptive innovation**

5.0 Management Discussion and Analysis

5.1 Review of Key Economic Issues

2008 was an unprecedented and difficult year for the financial and global economies. Events in the latter part of 2008, notably the collapse of banking giant Lehman Brothers, took us into uncharted territory. The result was a liquidity squeeze and a decline in financial markets which were matched by a decline in the real economy. Economic outlook deteriorated rapidly with rising unemployment, falling consumption, weak housing market and a declining industrial production. Contraction of world trade and manufacturing output reflected in the world GDP growth in 2009, which stood at 3.2% compared to the strong 5% average in 2004-2007. Equity markets around the world have also seen erosion in their value as confidence from investors was lost. Nouriel Roubini, the economist who predicted a collapse of the housing market and the recession, forecasts the end of this severe global recession later this year although growth will still remain anemic. Risk of a double-dip recession is, however, still present with recent market rallies that might have gone ahead of improvement in the real economy.

The Mauritian Economy

Mauritius, in 2008, has achieved a fair growth despite the global economic crisis. However, by the end of the year, the country started to feel the pinch of the degenerating international economic climate. GDP growth, although resilient in comparison to other countries, is expected to lose momentum and fall by 3 percentage points to 2.4%. This loss of steam in the economy is attributed to major contractions in the textile and tourism sectors, although this has been contained by growth in the financial and communications industries.

The changing economic environment has had a noticeable impact on the importance of each sector in the Mauritian economy. The finance and hotel sectors, representing 7.4% and 6.2% of GDP respectively ten years ago have now been shored up to 11% and 8.7%. The same trend can be viewed in the construction sector where it was 5.6% two years ago to attain 7%. On the other hand, the sugar industry represents only 2.5% of our GDP in 2008, from 7.2% ten years ago.

Inflation

The Bank of Mauritius remains on target to achieve an average annual inflation rate of between 4% to 5% by December of this year. Year-on-year inflation, which bottomed out at 2.8% in May, is expected to move upwards and converge with the average annual rate at the end of 2009. The downward path of inflation rate was helped by a decline in commodity prices, most notably oil from its peak of July 2008 and a decrease in items linked to the December stimulus package. Although inflation is projected to maintain its descent, outlook is clouded by a number of uncertainties such as oil prices and movements of exchange rates.

Financial Sector

The financial sector, and banks in particular, has had an excellent performance in 2008 but growth is expected to soften this year. The banking sector expanded by 12.9% in 2008 and is projected for a 6.5% growth for 2009. As banks around the world have been turning to Governments for help, Mauritian banks have, in contrast, been able to rely on solid fundamentals and robust regulation to weather the downturn. Leading banks on the island are however facing possible downgrades from Moody's rating agency. Although banks are in good health, the global business sector has taken the brunt of global turmoil with a decrease in activity in the sector. A slowdown in economic activity in other countries such as India has impacted on the running of the global business sector, with an expected decrease in investment flows through Mauritius. The financial intermediation sector is to expand by 5.9% from 10.1% last year, due to the lower growth expected in the global business sector.

Sugar

Sugar production is expected to rise by 10% to an estimated 500,000 tonnes from 452,062 tonnes last year. However, with the end of the sugar protocol, representing a cumulative cut of 36% in sugar prices on the European market in September 2009, export revenue will be negatively affected. Faced with such a challenge, the sugar industry reacted promptly to restructure the industry, noticed by the centralisation of production. Other restructuring and reform issues are still left pending with the lack of a definition and creation of a national energy policy. This is slowing the process of creation of a resilient cane industry.

Tourism

The tourism industry in Mauritius has navigated many economic challenges in the past and has spared no efforts or energy to manage the current situation. Despite severe contractions in international tourism, the tourism industry in Mauritius is showing resilience and the second half of the year is expected to be better in terms of arrivals. Some important measures taken by the sector include: “Ile Maurice sans passeport”, decrease in the price of hotel rooms and promotional campaigns to get locals to venture towards hotels. There is added uncertainty in the sector as the swine flu disease takes its toll on the global travel industry.

Textile

After a difficult end to the 2008 year, textile firms have continued to brace themselves for a tough 2009 on the back of the global economic crisis. Facing more competitive countries like China, the sector has experienced year-on-year reductions of 3.2% in real value added for the third quarter of last year. Contraction in 2009 seems to be at a lesser extent to what was predicted due to the depreciation of the rupee against the Great British Pound and the Euro, representing the main export markets of our textile sector. Against this backdrop, the government of Mauritius has been providing more support, through the financial stimulus package, to vulnerable companies to enhance productivity and improve their current market position.

Other Sectors

The Business Process Outsourcing and IT sectors have been more resilient than other sectors and have in fact benefitted from the downturn. Firms worldwide have accelerated their externalisation process with the goal of cutting costs and focusing on the core activities. Expansion is likely to continue throughout this year. After a good year in 2008 with a growth of 11%, the construction sector is set to grow by a weak 2.5% owing to a cat-and-mouse attitude from investors who are looking for clarity before investing into infrastructure projects.

Conclusion

The Mauritian Economy is expected to still show positive growth in 2009/2010, an achievement that many countries would envy. However, the depth and sustainability of this are contingent on the length of the global economic downturn. The efficiency of the stimulus package and the capacity of the private sector to improve competitiveness will also be a determining factor of economic recovery.

5.2 Financial Review

5.2.1 Performance against objectives

	Objectives 2009	Performance 2009	Objectives 2010
Income Statement			
Operating Income	To benefit from a full year of operating income; had only 9 months of operations in 2008	Outperformed target by about 1%	To improve substantially despite the current economic turmoil
Operating Expenses	Maximum operating expenses of Rs.123m	Performed slightly better than budget	Operating Expenses expected to increase by about 27% with staff head count increases, office expansion and IT infrastructure upgrade
Balance Sheet			
Loans & Advances Growth	To grow loans and advances balance to Rs.2,8bn	Reached Rs.2,1bn whilst maintaining a healthy assets book	To further continue its growth
Deposits Growth	To grow deposits base to Rs.5,1bn	Deposits base grew by more than 107,8% during its 2nd year of operations	To further continue its growth
Portfolio Quality	To maintain the level of Non Performing Loans below 1% of Net Loans and Advances	Satisfactorily closed the year with negligible non-performing loans	To maintain the level of Non Performing Loans to below 1% of Net Loans
Performance Ratio (%)			
Return on Equity (based on weighted average of paid up)	4.34% for a 2nd year of operations	Outperformed target to reach 5.41%	To maintain at similar levels considering current global environments
Cost to Income	79.20% was set as the maximum cost/ income ratio	77.49% with effective costs monitoring	To improve on last year

5.2.2 Financial Highlights

AfrAsia Bank Limited ("AfrAsia Bank" or "The Bank") proudly recorded a net profit after tax of Rs.20,49m in its second financial year despite a challenging global financial environment. The financial results for the year ended 30 June 2009 were achieved based on a product and market differentiation strategy which has enabled it to secure steady growth in its operating revenue from interest and non-interest sources and to further consolidate its market share.

Income Statement:

Net Interest Income

The Bank achieved a Net Interest Income of Rs.60,91m for the year ended 30 June 2009.

This was primarily driven by Interest Income on customer loans and current accounts of Rs.204,39m, a satisfactory achievement considering that the Bank was striving to grow its deposit base in a local and international declining yield environment.

Interest Income from other Banks of Rs.31,11m was also satisfactory despite the exceptionally low returns on international banks placements. Interest Income from local Treasury Bills and Bank of Mauritius Bills accounted for Rs.28,25m.

Interest Expense amounted to Rs.202,85m for the year to June 2009 – Rs.189,86m to customers and the balance, Rs.12,99m to other Banks and others.

Non-Interest Income

The Bank's performance in the area of non-interest income was quite remarkable with Rs.98,90m being achieved for the past 12 months. The main drivers include:

- Foreign currencies dealing profits including swap transactions of Rs.77,35m, due to its competitiveness in the foreign currencies market;
- Held-for-trading financial investments income of Rs.3,38m;
- Net Fees and Commission income of Rs.14,34m;
- Other fees and income of Rs.3,83m.

Non-Interest Expenses "NIE"

With a close monitoring of its costs, the Bank closed its second year of operations within its approved NIE budget with Rs.124,39m of non-interest expenses before the statutory requirements of 1% on general portfolio provisioning. Some specifics of the non-interest expenses include:

- Staff Costs and Employee Benefits of Rs.72,72m – To facilitate the achievement of its core objectives, the Bank is fully conscious of its need to attract and retain the best professionals locally and internationally. One of its retention strategies in 2009 was the launch of an attractive Employee Share Option Scheme for its key personnel;
- Depreciation and amortisation charges amounted to Rs.5,50m for the year – reflecting a depreciation policy ranging between 10% and 33 1/3% per annum;
- The core of its Other Non-Interest Expenses of Rs.43,22m are reflected in its marketing strategy to gain greater visibility locally and internationally.

Liabilities:

Capital Resources – Based on Bank of Mauritius Guidelines

The Bank closed the year with a Tier I and II Core Capital including reserves of Rs.439,66m. This represents a risk-weighted capital adequacy ratio (calculated under Basel II requirements) of 12.82%, a ratio above the 10% minimum recommended level set by the Bank of Mauritius in terms of risks taken with depositors monies. The Bank is under negotiations with relevant partners – local, regional and international – to further consolidate its capital base.

Deposits and Borrowings

With aggressive interest rates used as teasers to secure greater market share, the Bank has continuously attracted deposits from private, corporate and global business customers to reach the Rs5,06bn mark at the end of this financial year.

Borrowings from other Banks stood at Rs.142,67m at end of June 2009. The Bank pursues a funding strategy that primarily relies on customer deposits in both rupees and foreign currencies. Interbank borrowing is used selectively and is not a core source of funding for the Bank.

Assets:

Loans and Advances

AfrAsia Bank achieved a significant customer assets base of Rs.2,10bn at the end of June 2009 – of which Rs.380,43m was made to Segment B. The Bank's assets base is primarily comprised of loans and advances, bills discounted and credit cards debtors.

Its loan portfolio was 89% from corporate and business clients with the balance of 11% from retail and personal clients.

Provisioning and Asset Quality

With disciplined credit assessment policies in place, the Bank satisfactorily closed its second year of operations with Rs.0,5m of non-performing loans and Rs.0,01m of loans written off. This was achieved with adequate overall risks management policies and actively seeking for collateral to mitigate risks.

In accordance with the local regulator's Guideline on Credit Impairment Measurement and Income Recognition which required an analysis of loans by the various sectors and based on current attributes and forward trends, the Bank has set aside a portfolio provision of Rs.11,16m fully expensed in its Income Statement.

The breakdown of portfolio provision by sector can be seen on Note 16 to the Financial Statements.

Concentration Risk

The Bank successfully managed to maintain its aggregate of large credit exposures on approved facilities at 563%, as a percentage of Tier 1 capital. The Bank of Mauritius Guideline maximum allowable is 800%, so AfrAsia is well within that limit and has ample capacity to grow and serve its large clients.

Investment in Government Securities

As part of its liquidity management, the Bank invested Rs.638,61m in Treasury Bills and Bank of Mauritius Bills as at 30 June 2009. Of note, AfrAsia Bank has proudly secured a Primary Dealers' licence, granted by the local authorities, to give it exclusive rights of access to Primary Auctions of Government of Mauritius Treasury Bills as well as the ability to sell Government Papers to clients and other primary dealers.

Local Subsidiary

In association with AXYS, a leading local fund management and sister company, AfrAsia Investments Limited, the wholly owned subsidiary of AfrAsia Bank Limited, has successfully launched investment products namely Global Opportunities Note and more recently USAsia Note. Global Opportunities

Note is a medium term rupee note with guaranteed capital by AfrAsia Bank and USAsia is a medium term USD note with guaranteed capital by JPMorgan. AfrAsia Investments Limited currently holds an Investment dealer licence issued by the Financial Services Commission.

5.2.3 Capital

Capital Structure

AfrAsia Bank consolidated its capital base by an injection of Rs.202m, representing the 1st call of a new round of Tier I capital from existing and new shareholders during the year. This was supplemented by the introduction of an Employee Share Option Scheme to its employees. Coupled with the remaining calls from the 2009 capital issue, we will consider some Tier I and Tier II capital injections to further strengthen our capital base.

The following table provides a summary of our capital structure under Basel II as at 30 June 2009:

BASEL II	**Rs'000**
Tier I Capital	
Share Capital	451,989
Statutory Reserve	-
Other Reserves	5,633
Current Year's Retained Profits	(19,927)
Statutory Reserves	-
Deduct:	
Intangible asset	(13,581)
Deferred Tax	(3,271)
Core Capital	420,843
Less:	
Investment in Subsidiary	(500)
Total Tier I Capital	*420,343*
Tier II Capital	
Other Reserves	19,818
Subordinated Debts	-
Provisions for performing loans	-
Supplementary Capital	19,818
Less:	
Investment in Subsidiary	(500)
Total Tier II Capital	*19,318*
Total Capital Base	**439,661**
Risk Weighted Assets for:	
Credit Risk	3,200,784
Operational Risk	245,438
Aggregate Net Open Exchange Position	(17,665)
Total Risk Weighted Assets	**3,428,557**
CAPITAL ADEQUACY RATIO (%)	**12.82**

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 profit and loss account 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, on the other hand, 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.

Capital Adequacy

Whilst pursuing its core objectives in its major stakeholders' interests, including its shareholders, customers, employees and the public at large, AfrAsia Bank has successfully managed to keep its minimum capital adequacy ratio above the lower limit of 10% as set by the local regulator.

Basel II consists of three mutually reinforcing pillars:

- Pillar 1 - minimum capital requirements;
- Pillar 2 - supervisory review process; and
- Pillar 3 - market discipline.

Pillar 1 requires the maintenance of capital adequacy by looking at credit, operational and market risks. Of the three methods recommended for calculating credit risk, AfrAsia Bank has adopted the standardised approach method. While market risks requirements remain the same as under the Basel I Accord, an explicit operational risk regulatory capital charge was introduced for the first time under Basel II;

Pillar 2 is intended to bridge the gap between regulatory and economic capital requirements and gives the local regulators discretion to increase regulatory capital requirements if weaknesses are found in a Bank's internal capital assessment process;

The aim of Pillar 3 is to allow market discipline by requiring Banks to provide more disclosures thus enabling the public and counterparties to have a better understanding of the Bank's overall risk position.

Basel II

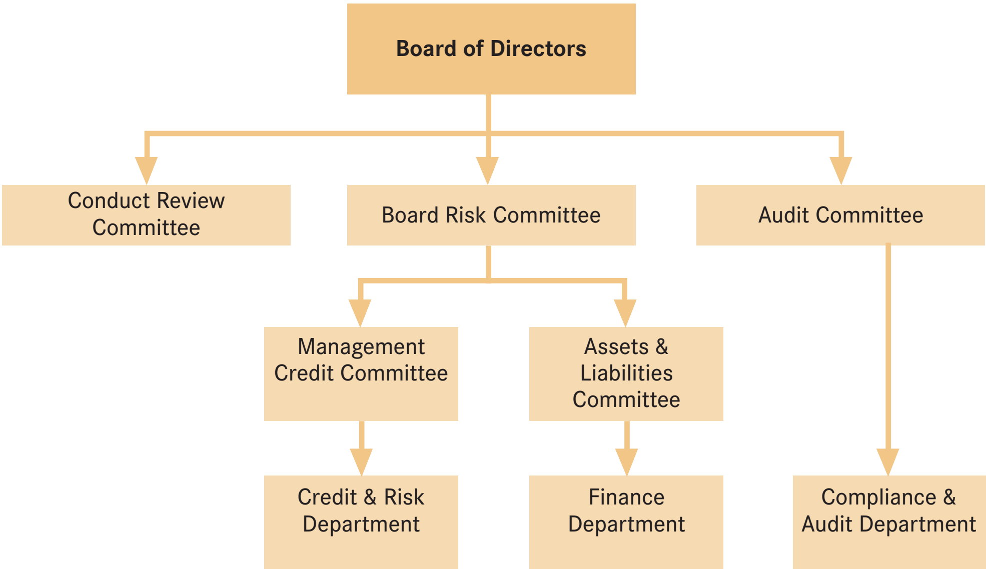
AfrAsia Bank has shifted to reporting under the Standardised Approach to credit risk since 31 March 2009 in line with the guidelines issued by the regulator. The latter has also issued a proposal paper on Market Risks which provides a framework for each risk component arising either in the Trading book and/or in the Banking Book and has been re-circulated for discussions with banks. To cater for Operational Risk, Bank of Mauritius has issued a guideline to give commercial banks guidance on the approach to adopt and also the different options available for the computation of capital charge which include the Basic Indicator Approach, The Standardised Approach and the Advances Measurement Approach.

Since its launch in October 2007, AfrAsia Bank has pro actively been working on the Basel II implementation process and has, as from March 2008, started reporting on a parallel run basis.

An appropriate credit system will be needed to assist in the assessment of the credit ratings for corporate clients as well as a more advanced treasury system to allow utilization of the Value at Risk (VaR) methodology to compute capital charges for Interest Rate Risk and Foreign Currency Risk. No capital is being allocated for liquidity risk as AfrAsia maintains a high liquidity level with BOM and also with other local banks.

5.3 Risk Management Policies and Controls

5.3.1 Risk Management Structure:



AfrAsia Bank's Risk Management structure is geared towards facilitating the implementation and monitoring of all regulatory and internal policies/guidelines. Whilst all departments report directly to the CEO on a regular basis, they have access to various Committees for reporting and monitoring control purposes.

Board Risk Committee

The Board Risk Committee's core objective is to monitor the quality of assets and risk portfolio of the Bank. It delegates its authority through the formulation and implementation of risk management policies to the Bank's management Committees and management team via the Assets and Liabilities Committee "ALCO" Policy and Credit Policy, which ensure adherence to regulatory norms and set risk appetite limits. The Board Risk Committee, which comprises two highly experienced non-executive directors and the CEO, meets on a quarterly and adhoc basis as required.

In more detail, the role of the Board Risk Committee is to:

- Approve, if acceptable, the liquidity, market and credit risks policies;
- Review at least once a year the policies, related techniques and information systems to implement any required changes;

- Ensure through audit and/or inspection, adherence to the policies;
- Ensure that qualified and competent person(s) at senior level are employed to manage and control the Bank's liquidity on a regular basis;
- Direct the persons so employed to submit, at least once a year, a comprehensive written report to the Board on the management of liquidity, and submit such other reports thereon at such intervals as the Board may require.

Assets and Liabilities Committee "ALCO"

The Bank's Assets and Liabilities Committee "ALCO" lays down the framework for its currency liquidity management, setting out sources and amounts of funds necessary for prudent management of its currency operations, including the strategy for meeting its currency obligations. ALCO is governed by the Board of Directors, the Risk sub-committee and the Guidelines of the Bank of Mauritius.

More specifically, the Management ALCO mandate is to:

- Develop and implement the Bank's liquidity policy in line with BOM's guidelines;
- Prepare cash flow projections on a regular basis for measuring and managing net refinancing risk. Projections cover not only the assets and liabilities as they exist in the Balance Sheet at a particular time but also flows from planned future activities;
- Maintain a stock of readily available high quality liquid assets in line with the cash flow projections;
- Measure and control the Bank's Net Funding Requirements (NFR or Gap), this along with several key ratios are monitored to measure and use our liquidity to derive strategic advantage;
- Develop the needed techniques, procedures and information systems for implementation of the policy and to ensure their dissemination to all appropriate staff within the Bank;
- Ensure that the techniques employed measure accurately, continually and consistently the Bank's current liquidity and estimate its projected liquidity;
- Prudently manage and control liquidity in accordance with the policy;
- Set limits in terms of interest-rate mismatches and constantly monitor same;
- Set limits in terms of maximum exposure to foreign currency fluctuations and constantly monitor same.

Management Credit Committee "MCC"

The Bank's Management Credit Committee comprises of 7 members with 3 voting members (the CEO, the Head of Finance and the Head of Credit & Risk) and 4 members in attendance (General Manager Banking, Treasury and Markets, the Head of Domestic Relationships & Sales, the Head of Strategic Development and the Credit Manager). MCC has as main purpose to sanction/decline credit applications up to certain levels and those referred by lower mandates or which cannot be sanctioned at lower levels.

The Management Credit Committee is also mandated to:

- Review recommendations from Credit & Risk Management to grant a credit facility when exceeding its delegated limits to the Risk sub-committee;
- Monitoring of large credits, impaired credits and the overall level of provisioning on a regular basis, based on recommendations made from the Credit & Risk Management department and the information is circulated on a monthly basis via the monthly credit activities, excesses/arrears and facilities roll over reports.

MCC is governed by the Board of Directors, the Risk sub-committee (BRC), the Credit & Risk Policy (CRP) and the Guidelines of the Bank of Mauritius.

Audit Committee

The Audit Committee of the Bank consists of three non-executive directors, two of whom are independent, including the Chairperson. It meets on a quarterly basis to review all the audit reports and matters arising and its principal function is to oversee any shortcoming of system and processes within the bank.

The Audit Committee's role is to assist the Board of Directors in fulfilling its oversight responsibilities for:

- The integrity of the Bank's financial statements;
- The Bank's compliance with legal and regulatory requirements;
- The independent external auditor's qualifications and independence;
- The performance and effectiveness of the Bank's internal audit function;
- The effectiveness of the Bank's internal financial control and risk management systems;
- The independence of the external auditors and the assessment of the external auditors' performance;
- The remuneration of the independent external auditors and their supply of non-audit services;
- Specific issues where the Committee considers action or improvement is needed.

The Audit Committee conducts and authorizes investigations into any matters within its scope of responsibility. It is also empowered to:

- Resolve any disagreements between management and the independent external auditor regarding financial reporting;
- Pre-approve all auditing and permitted non-audit services performed by the Bank's external audit firm;
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties;
- Meet with the Bank's officers, external auditors, or outside counsel, as necessary;
- The Committee may delegate authority to sub-committees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting.

In carrying out its responsibilities, the Committee meets regularly with the Executive Management of the Bank and receives regular reports from both internal and external auditors. Any comments received or any other matters are then discussed at the Committee level.

Credit Risks

Credit Risk is defined as the risk of loss arising from the failure by a customer, client or counterparty to fulfill any of its financial or contractual obligations towards AfrAsia Bank Limited as and when they fall due. The practices within the Bank have as main aim to follow prudent and consistent policies of the bank whilst sanctioning credit facilities and are guided by various internal policies as well as BOM guidelines. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties as well as for geographical/country and sector/industry concentrations, and by closely monitoring exposures against such set limits.

Operational Risks

Operational risks are the risks of direct or indirect loss arising from inadequate or failed processes, technology or human performance, or from external events. They can cause financial loss, reputational loss, loss of company positions, or regulatory sanctions.

With its competent and trained personnel, AfrAsia Bank will continue to maintain adequate controls, systems and methodologies to assess and mitigate such risks.

Market Risks

Interest Rate Risks

Interest rate risk is the exposure of AfrAsia Bank to movements in interest rates. The main source of interest rate risk is the mismatch between its earning/paying assets and liabilities in different time bands by interest rate re-pricing dates. AfrAsia Bank manages interest rate risk across its whole Balance Sheet by using Interest Rate Gap analysis. Interest Rate Gap analysis segregate rates sensitive assets and liabilities (Risk Sensitive Assets) “RSA” and Risk Sensitive Liabilities “RSL”) and off balance sheet instruments according to re-pricing characteristics by time horizon.

Foreign Exchange Risks

Foreign exchange risk is defined as the risk that the Bank’s foreign currency positions during a period may be affected by movements in exchange rates.

The Bank’s open positions arising from foreign exchange transactions with counterparties are monitored daily relative to trading limits and policies, with daily reporting of open positions to Bank of Mauritius for monitoring within set regulatory limits.

Profits or losses arising from the Bank’s foreign currency deposits and loan book together with operational cash flows in foreign currencies are managed on an ongoing basis. All exposures to foreign exchange risk are hedged according to ALCO policies and guidelines.

Liquidity Risks

Liquidity risk is the risk that AfrAsia Bank, despite a solvent balance sheet, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

The Treasury Unit of AfrAsia Bank is responsible for the day-to-day liquidity management within the targets and limits, defined and regularly reviewed by AfrAsia’s ALCO and finally approved by the Board of Directors.

The Bank’s liquidity policy is to ensure that it has sufficient cash flows to meet its commitments at all times and to fund its assets book and banking operations with the appropriate mix of domestic and foreign currency funding. Sources and amounts of funds are obtained at the right time, in the most cost-effective way without unduly jeopardizing the Bank’s income potential.

5.3.2 Compliance and Anti-Money Laundering

A significant risk banks are facing today is the global phenomenon of money laundering. Banks have become major targets of money laundering operations as they provide a variety of financial services and instruments. The Bank, aware of its duties as a responsible corporate citizen, has a Know-Your-Customer and Anti-Money Laundering Policies duly approved by the Board and has recently adopted a Customer Acceptance Policy and Compliance & Related Obligations in conformity with the relevant guidelines of the Bank of Mauritius. It comprehensively sets out the customer identification procedures, the procedures for ongoing monitoring of accounts and transactions, the identification, approach to and reporting of suspicious transactions. The Policies also provide for the education and training of the staff in this area.

5.3.3 Internal Audit
The Internal Audit function was carried out by the Head of Compliance and Audit. It has now been segregated into two separate roles of Head of Compliance and Head of Audit. The Head of Audit reports to the Audit Committee. All departments of the Bank are being subjected to periodical audit. The Audit Committee reviews the audit function on a regular basis.

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

As such, 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, UPS and generator facilities, and fire-fighting equipment;
- The local area network is protected by firewall and all accesses to the various servers and services are password protected with expiry lifetime set;
- 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;
- 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.

5.3.5 Business Continuity Management ”BCM”
Business Continuity Management Policy has been put in place with appropriate plans to mitigate operations risks and as a commitment to continue business to our shareholders, our customers and our 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:-
- Ultimate responsibility of a sound BCM rests on the Bank’s Board of Directors and Senior Management;
- Explicitly consider and plan for major operational disruptions and review the plan in light of the increasing frequency of such events;
- Recovery objectives reflect the risk they represent to the operation of the banking system. Critical services or services that may represent significant risk to the operation of the Bank are targeted

with higher standards in their business continuity management than other services. Identification of appropriate recovery objectives that are proportionate to the risk may be adopted to achieve a reasonably consistent level of resilience. In a "worse 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 is necessary to manage a crisis and maintain public confidence;
- Highlights on cross-border communications during a major operational disruption, as the Bank has global reach and the Bank will plan to adopt communication protocols that address situations where cross border communication as may be necessary;
- Ensure that business continuity plans are effective and to identify necessary modifications through periodic testing;
- Ensure that appropriate implementing approaches to business continuity management that reflect the recovery objectives are adopted and reviewed periodically.

The Bank has put in place BCM Steering Committee to review the processes after each testing exercise and review the policy every year in view to improve the 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 the Bank will be back to normal operation within a reasonable time frame.

5.3.6 Concentration of risk policies

The Guidelines on Credit Concentration (revised in January 2009) contains the following general restrictions on the granting of credit facilities to non-financial institutions and other related parties:
- Maximum exposure to any company to 25% and to related group of companies to 40% of the Bank's capital base;
- Maximum aggregate individual exposure of 15% above of the Bank's capital base, shall not exceed 800% of its capital base.

The Bank has duly documented these limitations in the Credit Risk Policy (CRP) and all facilities sanctioned falling into the above 2 categories are duly reported, as required under CRP and the BOM guidelines, to the Risk Committee and to Bank of Mauritius.

Since its launch, the Bank has kept its large exposures within the regulators limits and closely controls its large exposure credit concentration as a percentage of its capital base.

5.4 Related Party Transactions, Policies and Practices

Transactions between the Bank and its related parties are guided by the Bank's Conduct Review Policy. Related parties has been redefined by the Bank of Mauritius in the revised guideline on related party transactions dated January 2009 and fall into three principal categories. Limitations per category have been set by regulators.

All transactions with a related party are carried out as per "market terms and conditions that are no more favourable than those granted to the public".

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

All transactions with related parties (including staff for amounts exceeding 2% of Tier I capital and those facilities to staff outside normal terms of employment) require the Conduct Review Committee's approval prior to disbursement and/or payment.

Arnaud Lagesse Chairman	James Benoit Chief Executive Officer	Jean de Fondaumière Director

2 September 2009

6.0 Statement of Management's Responsibility for Financial Reporting

The financial statements for the Bank's operations presented in this annual report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards of the International Accounting Standards Committee as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of 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 Internal Auditor, who has full and free access to the Audit Committee, conducts a well designed program of internal audits in coordination with the Bank's external auditors.

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

The Bank's external auditors, 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	Jean de Fondaumière Director

2 September 2009

> "Our Bank continues to deliver on our customer promise to be a truly regional bank by promoting privileged relationships that links Africa and Asia together seamlessly."

it's all about **privileged relationships**

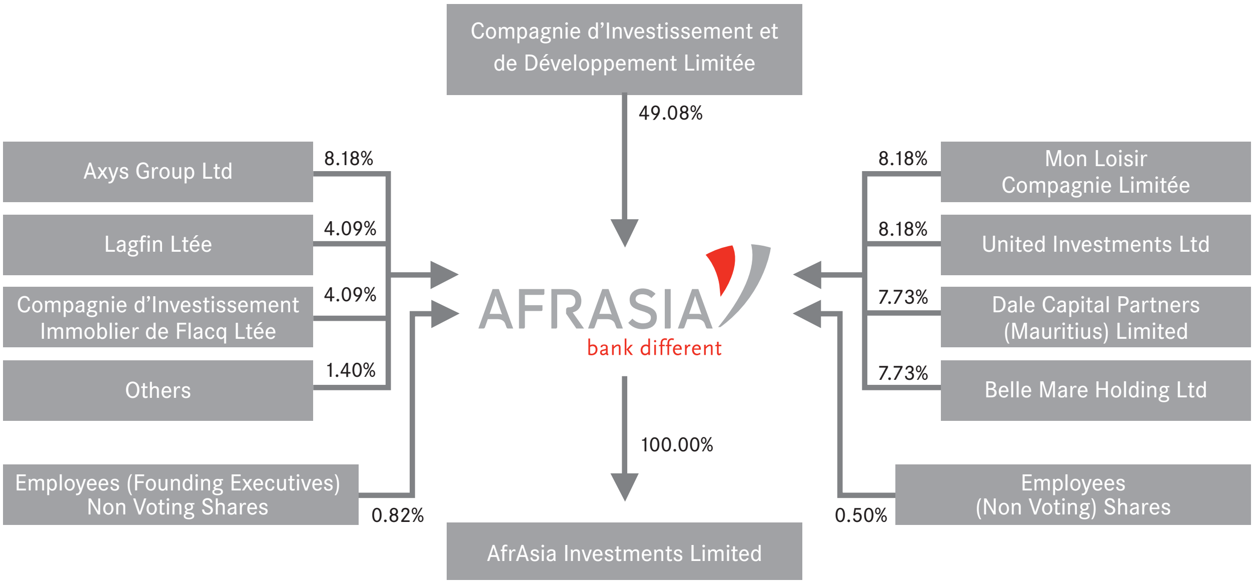
7.0 Statement of Corporate Governance Practices

AfrAsia Bank Limited is a public company incorporated on 12 January, 2007 and is regulated by the Bank of Mauritius.

7.1 Shareholding Structure

The shareholding structure is as follows:

The main activities of AfrAsia Bank Limited consists of lending and deposit taking for Corporate and Private Clients, Treasury Operations, Investment Banking and Wealth Management. The Bank is established to be a benchmark provider for tailored and innovative Private, Corporate and International banking solutions. The Bank acts as a partner and financial advisor, offering a comprehensive and differentiated package to its targeted market.



In line with section 7.0 of the Guideline on Corporate Governance issued by the Bank of Mauritius, the Directors are pleased to present their Statement of Corporate Governance Practices.

Board of Directors

The powers of Directors are set out in the Constitution of the Bank. The Board is aware of its responsibility to ensure that the Bank adheres to all relevant legislations such as the Banking Act 2004 and the Companies Act 2001.

The Board of Directors of AfrAsia blends the experience of well-known Mauritian executives with high-calibre international financiers coming from South Africa, Singapore and Australia.

It has the overall responsibility of ensuring that adequate structures, policies and procedures are in place for risk management and that they are properly implemented. The Board approves the risk management policies and also sets limits by assessing its risk appetite, skills available for managing risk and the risk bearing capacity.

7.2 Composition of the Board

The Bank has a unitary Board of ten members, amongst which there are one Inside Director and nine Outside Directors. Amongst the Outside Directors, five are Independent Directors, as detailed below:

Mr Arnaud Lagesse	Outside Director	Non-Executive Chairman
Mr James Benoit	Inside Director	-
Mr Jean de Fondaumière	Outside Director	Independent Director
Mr Stuart Kirkman	Outside Director	Independent Director
Mr J. Cyril Lagesse	Outside Director	Non-Executive Director
Mr Thierry Lagesse	Outside Director	Non-Executive Director
Mr Lim Sit Chen Lam Pak Ng	Outside Director	Independent Director
Mr Norman Noland	Outside Director	Non-Executive Director
Mr Michael Pike	Outside Director	Independent Director
Mr Alain Rey	Outside Director	Independent Director

Alternate Director

Mr Jean Claude Béga	Outside Director	Non-Executive Alternate Director

The Directors' profile are set out on pages 7 to 10.
There is a clear separation of the roles of the Chairman and the Chief Executive. The Chairman is elected by the Board and has no executive or management responsibilities.

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.

7.3 Board Committees

The powers and duties necessary for directing and supervising the management of the business and affairs of the Bank have been entrusted to the Board. The Board discharges the above responsibilities either directly or through Board sub-committees for more in-depth analysis and review of various issues. A report is then prepared by each sub-committee and presented after each meeting to the Board.

The composition of the four Board sub-committees are set out below:

Audit Committee	Conduct Review Committee	Corporate Governance Committee	Risk Committee
Jean de Fondaumière *(Chairman)*	Michael Pike *(Chairman)*	Arnaud Lagesse *(Chairman)*	Alain Rey *(Chairman)*
Stuart Kirkman	Jean de Fondaumière	Norman Noland	Maurice Lam
Jean Claude Béga	Alain Rey	Thierry Lagesse	James Benoit
	Jean Paul de Chazal *(Technical Advisor)*		

Audit Committee

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

This committee reviews and evaluates the internal control system, compliance and risk framework of the Bank, with the support of the Internal and External Auditors. It also reviews the audited financial statements of the Bank and integrity of accounting policies and rules used, and recommend and approve corrective actions as required.

This Committee oversees audit and compliance issues.

Conduct Review Committee

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

This committee is a sub-committee within the Audit Committee which reviews the Bank's practice with regards to related party transactions, ensuring that the latter is in compliance with all reporting and/or approval procedures of the Bank of Mauritius. It also ensures that transactions which could materially affect the financial stability of the Bank, are identified at source.

Corporate Governance Committee

The Corporate Governance Committee met four times during the period under review.

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 and reviews the annual Corporate Social Responsibility Policies and related budgets.

This Committee therefore oversees Compensation, Human Resources and Corporate Social Responsibility issues.

Risk Committee

The Risk Committee, whose focus is on the Bank's credit and overall Balance Sheet risks, met four times during the period under review.

This Committee approves the Credit and Risk policies and updates which set out the credit granting processes 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 and approves all operational risk issues of the Bank. It also monitors large and impaired credits as well as the overall level of provisioning, i.e. overseeing Credit and Risk exposures and approving amounts in excess of AfrAsia's management team delegated limits. The Credit Risk Committee is solely constituted of independent Directors to ensure that AfrAsia Bank operates independently from its shareholders.

Moreover, the Committee governs the Bank's Assets and Liabilities Committee "ALCO" and involves setting the framework for its currency liquidity management, sources and amounts of funds necessary for prudent management of its currency operations, including the strategy for meeting its currency obligations.

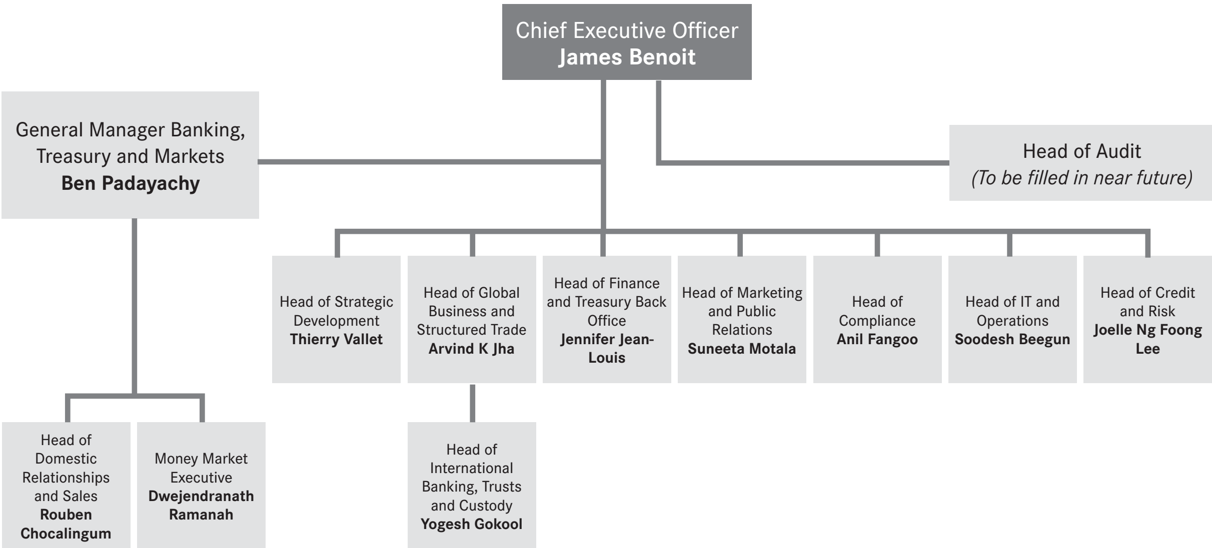
Prior approval of the Board

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

- (i) Issue of other shares;
- (ii) Consideration for issue of shares;
- (iii) Shares not paid for in cash;
- (iv) Authorisation of Distribution;
- (v) Shares in lieu of Dividend;
- (vi) Shareholder discount;
- (vii) Purchase of own shares;
- (viii) Redemption at option of Bank;
- (ix) Restrictions on giving financial assistance;
- (x) Change of registered office;
- (xi) Approval of Amalgamation proposal;
- (xii) Short form Amalgamation.

7.4 Senior Management Structure

The Senior Management Structure is set out below:



The senior management profiles, outlining their responsibilities, qualifications and experience, are set out on pages 10 and 12.

Board's expectations of senior management and its performance in meeting them

The Board approves the strategic direction, financial plans and core policies for ALCO, Risk, Compliance and Operations as prepared and proposed by Management. Day-to-day running of the Bank is delegated to the CEO and his Management team to execute the strategies and achieve core targets.

The Board manages the performance of the Bank through the established committee structures of the Board which meet quarterly. The Board has approved an ambitious strategic plan for the Bank and has empowered the Management team to deliver this, respecting all laws and regulations and implementing global best practice corporate governance.

Incentive Structure of the Bank, Remuneration Policies, Executive Compensation

The Bank has implemented market competitive levels of remuneration and compensation necessary to attract, retain and motivate the high quality people required to lead, manage and serve the Bank in a competitive environment. In its first year of operation the Bank recruited mostly very experienced and well talented people to drive the Bank towards success and market recognition. The salary structure of the Bank's staff was one of the most attractive based on industry standards and as the Bank moves forward staff will be remunerated for their aptitude and performance based on organisational goals and on the long term interests of the Bank's stakeholders.

The Bank strives to ensure that remuneration packages reflect duties and responsibilities are fair and equitable based on industry standards and incorporate rewards clearly and measurably linked to performance individually and on a corporate basis.

In addition to the base salary and incentive plan participation, senior management and the Executive Board member enjoy benefits similar to most other comparable employees of the banking sector. These include benefits such as the use of company cars, personal pension plans with the Bank contributing 5% of the employee's salary towards the pension plan and liability covers during their stay at the Bank.

Executive salary is dependent on their overall performance in terms of Key Performance Indicators approved at the start of the financial year and the performance of the Bank for the financial year. Additionally the Bank grants bonus incentives to employees having achieved a noteworthy performance in their selling efforts of the Bank's products.

The nature and extent of transactions with affiliates and related parties of the Bank are set out on pages 87 to 89 of the audited financial statements.

Thierry Labat
Per GML Services Financiers et Juridiques Ltée
Company Secretary

2 September 2009

8.0 Statutory Disclosures

(Pursuant to S221 of the Companies Act 2001)

The Directors have pleasure in submitting the Annual Report and consolidated financial statements of AfrAsia Bank Limited (the “Bank”) and its subsidiary, (altogether the “Group”) for the year ended 30 June 2009

State of affairs and review of activities

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

AfrAsia Investments Limited (the “Subsidiary”) holds an investment dealer licence and is in the business of developing and marketing tailored financial products to its targeted client base consisting of Corporate and High Net Worth Individuals (“HNWI”).

Dividends

No dividends have been declared during the period under review.

Directors

The name of the Directors of the Bank and its subsidiary during the year ended 30 June 2009 were as follows:

The Bank

AfrAsia Bank Limited

Arnaud	LAGESSE	(Chairman)
James	BENOIT	
Jean	DE FONDAUMIÈRE	
Stuart	KIRKMAN	appointed on 8 April 2009
J. Cyril	LAGESSE	
Thierry	LAGESSE	
Lim Sit Chen	LAM PAK NG	
Norman	NOLAND	appointed on 19 January 2009
Michael	PIKE	appointed on 19 January 2009
Alain	REY	
Jean Claude	BÉGA	Alternate to J. Cyril Lagesse
Sanjiv	BHASIN	resigned on 19 January 2009
Justin	CHINYANTA	resigned on 19 January 2009

The Subsidiary

AfrAsia Investments Limited

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

Directors' share interest

The interests of the Directors in the securities of the Group and the Bank as at 30 June 2009 were:

Directors	2009			2008		
	Shares Held Directly		% Shares Held Indirectly	Shares Held Directly		% Shares Held Indirectly
	Ordinary	Employees (Founding Executives) Non Voting		Ordinary	Employees (Founding Executive) Non Voting	
Arnaud LAGESSE	-	-	4.09%	-	-	5%
James BENOIT	293,712	174,177	-	-	-	-
Sanjiv BHASIN resigned on 19 January 2009	-	-	-	-	-	-
Justin CHINYANTA resigned on 19 January 2009	-	-	-	-	-	-
Stuart KIRKMAN	-	-	-	-	-	-
Jean DE FONDAUMIÈRE	-	-	-	-	-	-
J. Cyril LAGESSE	-	-	-	-	-	-
Thierry LAGESSE	-	-	4.09%	-	-	5%
Lim Sit Chen LAM PAK NG	-	-	-	-	-	-
Norman NOLAND	-	-	-	-	-	-
Michael PIKE	-	-	-	-	-	-
Alain REY	-	-	-	-	-	-

Directors' remuneration and benefits

Total remuneration and benefits received, or due and receivable, by the Directors from the Group and the Bank for the year/period ended 30 June 2009 were as follows:

	Year ended 30 June 2009		Period ended 30 June 2008	
	Executive Directors Rs.	Non-Executive Directors Rs.	Executive Directors Rs.	Non-Executive Directors Rs.
The Bank				
AfrAsia Bank Limited	12,311,630	1,519,932	9,083,334	1,750,000
The Subsidiary				
AfrAsia Investments Limited	-	-	-	-

Directors' Service Contracts

Mr James Benoit has a service contract with the Group and the Bank for a period of five years expiring on 31 March 2012 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Mr Rouben Chocalingum, Director of AfrAsia Investments Limited, has a service contract with the Group and the Bank for a period of five years expiring on 1 May 2012 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

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

Mr Kamben Padayachy, Director of AfrAsia Investments Limited, has a service contract with the Group and the Bank for a period of five years expiring on 20 May 2012 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Mr Thierry Vallet, Director of AfrAsia Investments Limited, has a service contract with the Group and the Bank for a period of five years expiring on 20 August 2012 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Donations

The Group and the Bank made Rs.1,674 of donations during the year ended 30 June 2009. (Period ended 30 June 2008: Rs.10,000)

Auditors' remuneration

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

	2009		2008	
	Audit Rs.	Others Rs.	Audit Rs.	Others Rs.
Ernst & Young **The Bank**				
AfrAsia Bank Limited	707,250	63,250	600,000	472,557
The Subsidiary				
AfrAsia Investments Limited	115,000	28,750	100,000	-

Acknowledgements

The Directors wish to place on record their sincere appreciation and gratitude to management and personnel for the work done during the year.

By order of the Board

Arnaud Lagesse Director	James Benoit Director	Jean de Fondaumière Director

2 September 2009

9.0 AfrAsia Bank Limited and its Subsidiary Secretary's Certificate – 30 June 2009

In terms of section 166(d) of the Companies Act 2001, we certify that the Group and the Bank have lodged with the Registrar of Companies all such returns as are required in terms of the Companies Act 2001.

Thierry LABAT
Company Secretary
GML Services Financiers Et Juridiques Ltée

2 September 2009

10.0 Independent auditors' report

To the members of AfrAsia Bank Limited And Its Subsidiary

Report on the Financial Statements

We have audited the financial statements of AfrAsia Bank Limited ('the Bank') and its subsidiary (altogether 'the Group') on pages 48 to 115 which comprise the balance sheets as at 30 June 2009 and the income statements, the statements of changes in equity and consolidated cash flow statements 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 Mauritian Companies Act 2001 and Banking Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 consolidated financial statements on pages 48 to 115 give a true and fair view of the financial position of the Group and the Bank as of 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001 and Banking Act 2004.

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 capacity as auditors, tax advisors and 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 and 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.

ERNST & YOUNG
Port Louis,
Mauritius

PATRICK NG TSEUNG, A.C.A.

2 September 2009

” With our focused approach and a team of experienced local and international bankers, our clients benefit from a dedicated and unparalleled customer service.”

it's all about **genuineness**

Income Statements
for the year ended 30 June 2009

		THE GROUP		THE BANK	
	Notes	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.
Interest income	3	**263,779,220**	81,490,417	**263,761,845**	81,425,237
Interest expense	4	**(202,691,017)**	(62,160,593)	**(202,851,809)**	(67,686,313)
Net interest income		**61,088,203**	19,329,824	**60,910,036**	13,738,924
Fees and commission income	5	**19,954,450**	16,432,748	**19,443,923**	13,390,659
Fees and commission expense	5	**(5,163,580)**	(8,383,476)	**(5,109,862)**	(936,671)
Net fees and commission income	5	**14,790,870**	8,049,272	14,334,061	12,453,988
Net trading income	6	**81,627,576**	33,399,338	**80,721,966**	28,140,560
Other operating income		**3,849,112**	103,178	**3,839,112**	103,178
Total operating income		**161,355,761**	60,881,612	**159,805,175**	54,436,650
Allowance for credit impairment	7	**(11,161,755)**	(8,656,684)	**(11,161,755)**	(8,656,684)
Net operating income		**150,194,006**	52,224,928	**148,643,420**	45,779,966
Personnel expenses	8	**(73,602,489)**	(53,076,317)	**(72,716,773)**	(52,916,658)
Depreciation of equipment	19	**(2,294,902)**	(1,682,832)	**(2,283,447)**	(1,682,204)
Amortisation of intangible assets		**(3,221,622)**	(2,571,534)	**(3,221,622)**	(2,571,534)
Other operating expenses	9	**(46,747,416)**	(42,267,060)	**(46,169,002)**	(36,061,966)
Total operating expenses		**(125,866,429)**	(99,597,743)	**(124,390,844)**	(93,232,362)
Profit/(loss) before tax		**24,327,577**	(47,372,815)	**24,252,576**	(47,452,396)
Income tax (expense)/release	10	**(3,775,820)**	7,023,310	**(3,762,868)**	7,035,360
Profit/(loss) for the year/period		**20,551,757**	(40,349,505)	**20,489,708**	(40,417,036)
Earnings/(loss) per share					
Basic earnings/(loss) per share	11	**0.48**	(1.63)	**0.48**	(1.63)

The notes on pages 52 to 115 form an integral part of these financial statements. Auditors' report on page 46.

Balance Sheets
as at 30 June 2009

	Notes	THE GROUP 2009 Rs.	THE GROUP 2008 Rs.	THE BANK 2009 Rs.	THE BANK 2008 Rs.
ASSETS					
Cash and balances with Central Bank	12	**207,964,884**	336,759,156	**207,964,884**	336,759,156
Due from banks	13	**2,751,535,864**	1,221,291,604	**2,715,056,629**	1,207,020,927
Derivative financial instruments	14	**149,082,366**	165,440,195	**51,654,502**	65,364,630
Other financial assets held-for-trading	15	**103,171,720**	-	**103,171,720**	-
Loans and advances to customers	16	**2,106,644,479**	946,761,441	**2,106,644,479**	946,761,441
Investment in subsidiary	17	**-**	-	**1,000,000**	1,000,000
Financial investments - held-to-maturity	18	**638,610,782**	372,117,115	**638,610,782**	372,117,115
Equipment	19	**11,307,572**	12,831,757	**11,285,287**	12,798,017
Intangible assets	20	**13,580,739**	18,336,068	**13,580,739**	18,336,068
Deferred tax assets	10	**3,272,492**	7,035,360	**3,272,492**	7,035,360
Other assets	21	**210,494,775**	13,803,375	**215,071,306**	10,735,538
TOTAL ASSETS		**6,195,665,673**	3,094,376,071	**6,067,312,820**	2,977,928,252
LIABILITIES AND EQUITY					
Due to banks	22	**142,670,271**	143,028,710	**142,670,271**	143,028,710
Derivative financial instruments	14	**147,711,855**	166,266,907	**50,283,991**	66,191,342
Deposits from customers	23	**5,027,223,830**	2,357,809,589	**5,059,541,818**	2,434,596,321
Capital guaranteed contracts	24	**151,235,328**	101,475,191	**-**	-
Amount due to subsidiary	25	**-**	-	**151,235,327**	101,475,191
Current tax liabilities	10	**11,680**	9,566	**-**	-
Deferred tax liabilities	10	**2,055**	2,484	**-**	-
Other liabilities	26	**86,998,049**	116,133,129	**23,898,388**	23,053,724
TOTAL LIABILITIES		**5,555,853,068**	2,884,725,576	**5,427,629,795**	2,768,345,288
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT					
Issued capital	27	**653,977,578**	250,000,000	**653,977,578**	250,000,000
Revenue deficit		**(19,797,748)**	(40,349,505)	**(19,927,328)**	(40,417,036)
Other reserves	28	**5,632,775**	-	**5,632,775**	-
TOTAL EQUITY		**639,812,605**	209,650,495	**639,683,025**	209,582,964
TOTAL LIABILITIES AND EQUITY		**6,195,665,673**	3,094,376,071	**6,067,312,820**	2,977,928,252

The financial statements have been approved for issue by the Board of Directors on 2 September 2009

Arnaud Lagesse
Chairman

James Benoit
Chief Executive Officer

Jean de Fondaumière
Director

The notes on pages 52 to 115 form an integral part of these financial statements. Auditors' report on page 46.

Statements of Changes in Equity

for the year ended 30 June 2009

(a) THE GROUP	Notes	Issued capital Rs.	Revenue deficit Rs.	Other reserves Rs.	Total Rs.
Issue of shares	27	**250,000,000**	-	-	250,000,000
Loss for the period		-	(40,349,505)	-	(40,349,505)
At 30 June 2008		**250,000,000**	(40,349,505)	-	209,650,495
At 1 July 2008		**250,000,000**	(40,349,505)	-	209,650,495
Issue of shares	27	**403,977,578**	-	-	403,977,578
Profit for the year		-	20,551,757	-	20,551,757
Share-based payments	28	-	-	**5,632,775**	5,632,775
At 30 June 2009		**653,977,578**	(19,797,748)	**5,632,775**	639,812,605

(b) THE BANK	Notes	Issued capital Rs.	Revenue deficit Rs.	Other reserves Rs.	Total Rs.
Issue of shares	27	**250,000,000**	-	-	250,000,000
Loss for the period		-	(40,417,036)	-	(40,417,036)
At 30 June 2008		**250,000,000**	(40,417,036)	-	209,582,964
At 1 July 2008		**250,000,000**	(40,417,036)	-	209,582,964
Issue of shares	27	**403,977,578**	-	-	403,977,578
Profit for the year		-	20,489,708	-	20,489,708
Share-based payments	28	-	-	**5,632,775**	5,632,775
At 30 June 2009		**653,977,578**	(19,927,328)	**5,632,775**	639,683,025

The notes on pages 52 to 115 form an integral part of these financial statements. Auditors' report on page 46.

Cash Flow Statements

for the year ended 30 June 2009

		THE GROUP		THE BANK	
		2009	2008	2009	2008
	Notes	Rs.	Rs.	Rs.	Rs.
OPERATING ACTIVITIES					
Profit/(loss) before tax		**24,327,577**	(47,372,815)	**24,252,576**	(47,452,396)
Adjustments for:					
Change in operating assets	30(b)	**(1,525,906,798)**	(1,472,864,192)	**(1,536,198,867)**	(1,369,720,790)
Change in operating liabilities	30(c)	**2,649,707,701**	2,831,128,434	**2,637,866,401**	2,714,760,196
Non-cash items included in profit/loss before tax	30(d)	**(37,997,733)**	(5,609,432)	**(37,831,021)**	(19,160)
Interest received		**253,284,974**	74,736,117	**253,267,599**	74,670,937
Interest paid		**(166,714,637)**	(36,402,730)	**(166,875,429)**	(41,928,450)
Tax paid		**(11,267)**	-	**-**	-
Net cash flows from operating activities		**1,196,689,817**	1,343,615,382	**1,174,481,259**	1,330,310,337
INVESTING ACTIVITIES					
Purchase of equipment	19	**(1,845,744)**	(14,561,783)	**(1,845,744)**	(14,527,415)
Proceeds from sale of equipment		**39,586**	49,899	**39,586**	49,899
Purchase of intangible assets	20	**(549,136)**	(21,052,738)	**(549,136)**	(21,052,738)
Investment in subsidiary	17	**-**	-	**-**	(1,000,000)
Net cash flows used in investing activities		**(2,355,294)**	(35,564,622)	**(2,355,294)**	(36,530,254)
FINANCING ACTIVITIES					
Issue of share capital		**201,988,789**	250,000,000	**201,988,789**	250,000,000
Net cash flows from financing activities		**201,988,789**	250,000,000	**201,988,789**	250,000,000
Net cash flows for the year/period		**1,396,323,312**	1,558,050,760	**1,374,114,754**	1,543,780,083
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of the year/period		**1,558,050,760**	-	**1,543,780,083**	-
Net increase in cash and cash equivalents		**1,396,323,312**	1,558,050,760	**1,374,114,754**	1,543,780,083
Cash and cash equivalents at June 30,	30(a)	**2,954,374,072**	1,558,050,760	**2,917,894,837**	1,543,780,083

The notes on pages 52 to 115 form an integral part of these financial statements. Auditors' report on page 46.

Notes to the Financial Statements
for the year ended 30 June 2009

1. Corporate information

AfrAsia Bank Limited (the "Bank") is a public company incorporated and domiciled in the Republic of Mauritius. The Bank's principal activity is the provision of banking facilities. Its registered office is at 10, Dr Ferrière Street, Port Louis.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Bank and its subsidiary (the "Group") have been prepared on a historical cost basis, except for financial assets held-for-trading and derivative financial instruments, that have been measured at fair value as disclosed in the accounting policies hereafter. The financial statements are presented in Mauritian Rupees ("Rs").

Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of consolidation

The consolidated financial statements comprised the financial statements of AfrAsia Bank Limited and its subsidiary as at 30 June each year. The financial statements of the subsidiary are prepared for the same reporting year as the bank, using consistent accounting policies.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases.

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

2.2 Significant accounting judgements and estimates

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

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has 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 ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet 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 markets where possible, but where this is not feasible, a degree of judgement is required in establising fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Impairment losses on loans and advances

The Group reviews its problem loans and advances on a regular basis to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such 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 and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to

2. Accounting policies (Cont'd)

2.2 Significant accounting judgements and estimates (Cont'd)

collateral ratio etc), concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of different individual groups) as well as historical credit loss data in the industry. The impairment loss on loans and advances is disclosed in more detail in Note 7 and 16.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management 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.

2.3 Change in accounting policies

The accounting policies adopted are consistent with those used in the previous year except that the Group has adopted the following standards, amendments and interpretations. The adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Group.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Intruments: Disclosures - Reclassification of Financial Assets

- The amendments allow entities to reclassify certain financial assets out of held-for-trading if they are held for the purpose of being sold or repurchased in the near term.
- Financial assets that would be eligible for classification as 'Loans and Receivables' may be transferred from 'Held-for-Trading' to 'Loans and Receivables', if the entity has the intention and ability to hold them for the foreseeable future.
- Financial assets that are not eligible for classification as loans and receivables, may be transferred from 'Held-for-Trading' to 'Available-for-sale' or 'Held-to-Maturity', only in rare circumstances.

IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for periods beginning on or after 1 March 2007)

The Group has adopted IFRIC Interpretation 11 insofar as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The Group amended its accounting policy accordingly. The Group has not issued instruments caught by this interpretation.

IFRIC 12 Service Concession Arrangements

The IFRIC issued IFRIC 12 in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

IFRIC 13 Customer loyalty programmes (effective for periods beginning on or after 1 July 2008)

The IFRIC issued IFRIC 13 in June 2007. This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. This interpretation has no impact on the Group.

IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective for periods beginning on or after 1 January 2008)

IFRIC Interpretation 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 1 Employee Benefits. This interpretation has no impact on the Group.

2.4 Future changes in accounting policies

The following standards and interpretations have been issued but are not yet effective at the balance sheet date. The interpretations have not yet been applied in these financial statements.

2. Accounting policies (Cont'd)

2.4 Future changes in accounting policies (Cont'd)

The Group intends to comply with the interpretations from their effective dates.

New and revised IFRS and IFRICs	Effective on or after
IFRS 1 (Revised 2008) First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 3 (Revised) Business Combinations	1 July 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 (Revised 2007) Presentation of Financial Statements	1 January 2009
IAS 23 (Revised) Borrowing Costs	1 January 2009
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18 Transfers of Assets from Customers	1 July 2009

As part of the IASB's annual improvement projects, there were a number of amendments made to the standards detailed below:

Amendments of May 2008	Effective on or after
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
IAS 1 Presentation of Financial Statements (as revised in 2007)	1 January 2009
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009
IAS 10 Events after the Reporting Period	1 January 2009
IAS 16 Property, Plant and Equipment	1 January 2009
IAS 18 Revenue	1 January 2009
IAS 19 Employee Benefits	1 January 2009
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 23 Borrowing Costs (as revised in 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (as amended in January 2008)	1 January 2009
IAS 28 Investments in Associates	1 January 2009
IAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2009
IAS 31 Interests in Joint Ventures	1 January 2009
IAS 34 Interim Financial Reporting	1 January 2009
IAS 36 Impairment of Assets	1 January 2009
IAS 38 Intangible Assets	1 January 2009
IAS 40 Investment Property	1 January 2009
IAS 41 Agriculture	1 January 2009

Amendments of April 2009	Effective on or after
IFRS 2 Share-based Payment	1 July 2009
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
IFRS 8 Operating Segments	1 January 2010
IAS 1 Presentation of Financial Statements	1 January 2010
IAS 7 Statement of Cash Flows	1 January 2010
IAS 17 Leases	1 January 2010
IAS 18 Revenue	1 April 2009
IAS 36 Impairment of Assets	1 January 2010
IAS 38 Intangible Assets	1 July 2009
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2010
IFRIC 9 Reassessment of Embedded Derivatives	1 July 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 July 2009

2. Accounting policies (Cont'd)

2.4 Future changes in accounting policies (Cont'd)

Apart from IAS 1 (revised) none of the above standards or interpretations are expected to have any significant impact on the financial statements of the Group. IAS 1 (revised) will affect the presentation of the financial statements.

2.5 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 ("Rs"), which is the Group's functional and presentation currency.

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 functional currency rate of exchange ruling at the balance sheet date. All differences are taken to 'Net trading income' in the income statement.

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

(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 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 recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. 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 cross currency swaps and forward foreign exchange contracts 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 of derivatives are included in 'Net trading income'.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

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

Financial assets or financial liabilities held-for-trading are recorded in the balance sheet 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, equities and short positions and customer loans 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 on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met,

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(v) Financial assets or financial liabilities designated at fair value through profit or loss (Cont'd)

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; or
- 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; or
- the financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and liabilities designated at fair value through profit or loss'. 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 is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases 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 income statement when the inputs become observable, or when the instrument is derecognised.

(vii) Held-to-maturity financial investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and 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 income statement.

If the Group were to sell or reclassify more than an insignificant amount of held-to-maturity investments 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.

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

'Due from Banks' and 'Loans and advances to customers' include non-derivative financial assets and 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 Bank upon initial recognition designates as fair value through profit or loss; or
- those that the Group, upon initial recognition, designates as available-for-sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After intial measurement, amounts 'Due from banks' and 'Loans and advances to customers' are subsequently measured at amortised cost using the effective interest rate model ("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 and similar income' in the income statement. The losses arising from impairment are recognised in the income statement in 'Credit loss expense'.

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(viii) Due from banks and loans and advances to customers (Cont'd)

The Group may enter into certain lending commitments where the loan, on drawdown, is expected to be 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 and it is likely to give rise to a loss (for example, due to a counterparty credit event).

(ix) Capital guaranteed contracts

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as liabilities under 'Capital guaranteed contracts', 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, capital guaranteed contracts are subsequently measured at amortised cost using the effective interest rate 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 effective interest rate.

(x) Reclassification of financial assets

Effective from 1 July 2008, the Group may reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it may also 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.

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 equity is recycled to the income statement.

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 where:

- the rights to receive cash flows from the asset have expired; or
- 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 of the asset, but has transferred control of the asset.

2. Accounting policies (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

(i) Financial assets (Cont'd)

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. 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.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(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, and the difference in the respective carrying amounts is recognised in profit or loss.

(d) Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet 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.

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, counterparty credit and 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.

(e) Impairment of financial assets

The Group assesses at each balance sheet 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.

(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 individually 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

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(e) Impairment of financial assets (Cont'd)

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 income statement. 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 and similar 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 the 'Credit loss expense'.

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

In the case of debt instruments classified as available-for-sale, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based 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

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(ii) Available-for-sale financial investments (Cont'd)

part of 'Interest and similar income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

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' as greater than 6 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 income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised directly in equity.

(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, 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 effective interest rate.

(f) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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, and the related assets and liabilities are presented gross in the balance sheet.

(g) 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 bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which 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 'Other operating income'.

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.

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(g) Recognition of income and expenses (Cont'd)

(ii) Fees and commission income
The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fees 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 and 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 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) 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'.

(h) Cash and cash equivalents
Cash and cash equivalents as referred in the cash flow statement comprises cash in hand, current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

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

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 upon disposal or when no future economic benefits are expected from its use or disposal. 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 expenses' in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(j) Intangible assets
Intangible assets include the value of computer and banking software and other intangible assets. 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 to be finite and 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

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(j) Intangible assets (Cont'd)

amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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%

(k) 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 the income statement.

(l) 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, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

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

(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 the income statement net of any reimbursement.

(n) Share-based payment transactions

Senior executive employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(n) Share-based payment transactions (Cont'd)

Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using an appropriate valuation methodology including reference to recent transactions with third parties.

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 income statement 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.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (a condition linked to the price of the Bank's shares), which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

Similarly, awards of equity instruments with non-vesting conditions are treated as vesting if all vesting conditions that are not market conditions are met, irrespective of whether the non-vesting conditions are satisfied.

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.

(o) Investment in subsidiary
Investment in subsidiary is accounted at cost in the Bank's accounts in the Bank's separate financial statements.

(p) Taxes
(i) Current tax
Current tax assets and liabilities for the financial year under review 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 balance sheet date.

(ii) Deferred tax
Deferred tax is provided on temporary differences at the balance sheet 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; and
- 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.

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(p) Taxes (Cont'd)

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; and
- in respect of deductible temporary differences associated with investments in subsidiary, 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 balance sheet 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 balance sheet 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 balance sheet date.

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.

(iii) 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 amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(q) Segmental 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 GBLs. Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs and capital.

2. Accounting policies (Cont'd)
2.5 Summary of significant accounting policies (Cont'd)
(q) Segmental reporting (Cont'd)

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.

(r) Events after the balance sheet date

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the balance sheet date. Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statement themselves.

3. INTEREST INCOME	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Interest income on:				
-Due from banks	**31,132,329**	20,636,035	**31,114,954**	20,570,855
-Loans and advances to customers	**204,393,748**	54,758,300	**204,393,748**	54,758,300
-Financial investments				
- held-to-maturity	**28,253,143**	6,096,082	**28,253,143**	6,096,082
	263,779,220	81,490,417	**263,761,845**	81,425,237

4. INTEREST EXPENSE	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Interest expense on:				
- Due to banks	**2,045,626**	1,761,344	**2,206,418**	1,761,344
- Deposits from customers	**189,859,044**	58,245,565	**189,859,044**	63,771,285
- Other	**10,786,347**	2,153,684	**10,786,347**	2,153,684
	202,691,017	62,160,593	**202,851,809**	67,686,313

5. NET FEES AND COMMISSION INCOME	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Fees and commission income				
Credit related fees and commissions	**17,156,396**	3,686,474	**16,913,650**	2,105,519
Structuring fees received	**-**	5,710,258	**-**	5,710,258
Other fees received	**2,798,054**	7,036,016	**2,530,273**	5,574,882
Total fees and commission income	**19,954,450**	16,432,748	**19,443,923**	13,390,659
Fees and commission expense				
Amortisation of intangible assets	**(361,303)**	(145,136)	**(361,303)**	(145,136)
Other fees	**(4,802,277)**	(8,238,340)	**(4,748,559)**	(791,535)
Total fees and commission expense	**(5,163,580)**	(8,383,476)	**(5,109,862)**	(936,671)
Net fees and commission income	**14,790,870**	8,049,272	**14,334,061**	12,453,988

6. NET TRADING INCOME	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
"Day 1" profit	**905,610**	5,258,778	**-**	-
Derivative financial instruments	**8,280,418**	4,462,196	**8,280,418**	4,462,196
Held-for-trading financial investments	**3,375,221**	-	**3,375,221**	-
Foreign exchange	**69,066,327**	23,678,364	**69,066,327**	23,678,364
	81,627,576	33,399,338	**80,721,966**	28,140,560

'Foreign exchange' income includes realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

7. ALLOWANCE FOR CREDIT IMPAIRMENT	THE GROUP AND THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.
Loans and advances to customers (Note 16 (b))		
- Retail and personal	**1,712,795**	508,546
- Business	**6,569,166**	7,735,645
- Entities outside Mauritius	**2,709,360**	374,230
- Credit cards	**170,434**	38,263
	11,161,755	8,656,684

8. PERSONNEL EXPENSES	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Salaries	**35,939,764**	32,649,245	**35,220,999**	32,506,361
Staff benefits	**31,630,110**	20,257,384	**31,463,159**	20,240,609
Training expenses	**399,840**	169,688	**399,840**	169,688
Share-based payments (Note 28)	**5,632,775**	-	**5,632,775**	-
	73,602,489	53,076,317	**72,716,773**	52,916,658

Share-based payments of Rs.5,632,775 (2008: Nil) relate to the expense arising from transactions accounted for as equity-settled share-based payment transactions (see note 28).

9. OTHER OPERATING EXPENSES	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Advertising and marketing expenses	**5,907,881**	5,511,837	**5,818,641**	4,836,615
Administrative expenses	**28,660,916**	20,488,274	**28,171,742**	20,378,402
Equipment written off	**1,050,589**	-	**1,050,589**	-
Intangible assets written off	**1,721,540**	-	**1,721,540**	-
Professional fees	**9,406,490**	16,266,949	**9,406,490**	10,846,949
	46,747,416	42,267,060	**46,169,002**	36,061,966

10. INCOME TAX

(a) Income statement

	THE GROUP		THE BANK	
The components of income tax expense for the year ended 30 June 2009 and the period ended 30 June 2008 are:	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Current tax				
Current income tax	**11,680**	9,566	**-**	-
Adjustment in respect of current income tax of prior period	**1,701**	-	**-**	-
Deferred tax				
Relating to origination and reversal of temporary differences	**3,762,439**	(7,032,876)	**3,762,868**	(7,035,360)
Income tax expense/(release) reported in the income statement	**3,775,820**	(7,023,310)	**3,762,868**	(7,035,360)

(b) Reconciliation of the total tax charge/(income)

A reconciliation between the tax expense/(income) and the accounting profit multiplied by the domestic tax rate for the year ended 30 June 2009 and the period ended 30 June 2008 is as follows:

	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Accounting profit/(loss) before tax	**24,327,577**	(47,372,815)	**24,252,576**	(47,452,396)
At statutory income tax rate of 15% and 3% (2008: 15% and 3%)	**3,649,137**	(7,105,922)	**3,637,886**	(7,117,859)
Deemed credit on Segment B profits	**(4,541,541)**	-	**(4,541,541)**	-
Segment A deferred losses asset used against segment B profits	**4,617,448**	-	**4,617,448**	-
Under-provision of deferred tax asset in prior year	**(145,375)**	-	**(145,375)**	-
Non deductible expenses	**246,239**	82,612	**245,998**	82,499
Others	**(50,088)**	-	**(51,548)**	-
Income tax expense/(release) reported in the income statement	**3,775,820**	(7,023,310)	**3,762,868**	(7,035,360)

(c) Deferred tax

THE GROUP	**Deferred tax assets 2009 Rs.**	**Deferred tax liabilities 2009 Rs.**	**Income statement 2009 Rs.**	Deferred tax assets 2008 Rs.	Deferred tax liabilities 2008 Rs.	Income statement 2008 Rs.
Impairment allowance for loans and advances to customers	**(2,507,314)**	**-**	**(1,208,811)**	(1,298,503)	-	(1,298,503)
Tax losses	**(1,920,409)**	**-**	**5,602,380**	(1,785,932)	-	(1,785,932)
Other temporary differences	**1,155,231**	**2,055**	**(631,130)**	(3,950,925)	2,484	(3,948,441)
	(3,272,492)	**2,055**	**3,762,439**	(7,035,360)	2,484	(7,032,876)

10. Income Tax (Cont'd)
(c) Deferred tax (Cont'd)

THE BANK	Deferred tax assets 2009 Rs.	Deferred tax liabilities 2009 Rs.	Income statement 2009 Rs.	Deferred tax assets 2008 Rs.	Deferred tax liabilities 2008 Rs.	Income statement 2008 Rs.
Impairment allowance for loans and advances to customers	**(2,507,314)**	**-**	**(1,208,811)**	(1,298,503)	-	(1,298,503)
Tax losses	**(1,920,409)**	**-**	**5,602,380**	(7,522,789)	-	(7,522,789)
Accelerated capital allowances	**1,155,231**	**-**	**(630,701)**	1,785,932	-	1,785,932
	(3,272,492)	**-**	**3,762,868**	(7,035,360)	-	(7,035,360)

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year/period attributable to ordinary equity holders of the Group and the Bank by the weighted average number of ordinary shares outstanding during the year/period.

All classes of shares issued by the Group and the Bank rank pari passu for dividends and have been taken into consideration when determining the average number of ordinary shares outstanding during the year/period.

The following table shows the earnings/(loss) and weighted average number of shares outstanding during the year/period used in the calculation of earnings per share:

	THE GROUP		THE BANK	
	Year ended 30 June 2009 Rs.	18 months ended 30 June 2008 Rs.	**Year ended 30 June 2009 Rs.**	18 months ended 30 June 2008 Rs.
Profit/(loss) for the year/period attributable to ordinary equity holders of the Group and the Bank	**20,551,757**	(40,349,505)	**20,489,708**	(40,417,036)
Weighted average number of ordinary shares adjusted for the effect of dilution	**42,580,871**	24,820,000	**42,580,871**	24,820,000
Earnings/(loss) per share	**Rs.**	Rs.	**Rs.**	Rs.
Basic earnings/(loss) per share	**0.48**	(1.63)	**0.48**	(1.63)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements.

12. CASH AND BALANCES WITH CENTRAL BANK

	THE GROUP AND THE BANK	
	2009 Rs.	2008 Rs.
Cash in hand (Note 30)	**14,062,169**	6,852,388
Current account with the Central Bank (Note 30)	**193,902,715**	329,906,768
	207,964,884	336,759,156

13. DUE FROM BANKS

	THE GROUP		THE BANK	
	2009 Rs.	2008 Rs.	**2009 Rs.**	2008 Rs.
Placements with other banks	**2,412,632,732**	1,165,367,891	**2,412,632,732**	1,165,367,891
Current accounts with other banks	**337,768,480**	53,316,965	**301,289,245**	39,046,288
Other amounts due	**1,134,652**	2,606,748	**1,134,652**	2,606,748
	2,751,535,864	1,221,291,604	**2,715,056,629**	1,207,020,927

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, recorded gross, is 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/period end and are indicative of neither the market risk nor the credit risk.

(a) THE GROUP

	Assets 2009 Rs.	**Liabilities 2009 Rs.**	**Notional amount 2009 Rs.**	Assets 2008 Rs.	Liabilities 2008 Rs.	Notional amount 2008 Rs.
Derivatives designated at fair value through profit or loss						
Commodity Index Options	**1,900,179**	**(1,900,179)**	**49,820,250**	5,061,737	(5,061,737)	49,820,250
Fund Options Transactions	**946,854**	**(946,854)**	**103,170,000**	17,930,946	(17,930,946)	103,170,000
Equity Linked Notes	**96,403,004**	**(96,403,004)**	**171,184,100**	127,902,794	(127,902,794)	31,165,000
Index Linked Options	**19,149,030**	**(19,149,030)**	**48,540,000**	-	-	-
Index Linked Notes	**27,506,000**	**(27,506,000)**	**63,102,000**	-	-	-
Derivatives held-for-trading						
Forward Foreign Exchange Contracts	**3,177,299**	**(1,806,788)**	**675,915,988**	14,544,718	(3,500,783)	662,970,297
Currency Call Option	-	-	-	-	(11,870,647)	207,251,462
Currency Put Option	-	-	-	-	-	102,144,250
	149,082,366	**(147,711,855)**	**1,111,732,338**	165,440,195	(166,266,907)	1,156,521,259

14. Derivative Financial Instruments (Cont'd)

(b) THE BANK

	Assets 2009 Rs.	Liabilities 2009 Rs.	Notional amount 2009 Rs.	Assets 2008 Rs.	Liabilities 2008 Rs.	Notional amount 2008 Rs.
Derivatives designated at fair value through profit or loss						
Commodity Index Options	**1,900,179**	**(1,900,179)**	**49,820,250**	5,061,737	(5,061,737)	49,820,250
Fund Options Transactions	**946,854**	**(946,854)**	**103,170,000**	17,930,946	(17,930,946)	103,170,000
Equity Linked Notes	**26,481,140**	**(26,481,140)**	**31,165,000**	27,827,229	(27,827,229)	31,165,000
Index Linked Options	**19,149,030**	**(19,149,030)**	**48,540,000**	-	-	-
Derivatives held-for-trading						
Forward Foreign Exchange Contracts	**3,177,299**	**(1,806,788)**	**675,915,988**	14,544,718	(3,500,783)	662,970,297
Currency Call Option	-	-	-	-	(11,870,647)	207,251,462
Currency Put Option	-	-	-	-	-	102,144,250
	51,654,502	**(50,283,991)**	**908,611,238**	65,364,630	(66,191,342)	1,156,521,259

As of 30 June 2009, 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. OTHER FINANCIAL ASSETS HELD-FOR-TRADING

THE GROUP AND THE BANK	2009	2008
Unquoted investments	**Rs.**	Rs.
Government of Mauritius debt securities	**103,171,720**	-

16. LOANS AND ADVANCES TO CUSTOMERS

THE GROUP AND THE BANK	2009	2008
	Rs.	Rs.
Retail and personal	**255,940,561**	83,160,000
Business	**1,471,073,262**	830,491,149
Entities outside Mauritius	**380,435,275**	37,940,659
Credit cards	**19,013,820**	3,826,317
Gross core loans and advances to customers	**2,126,462,918**	955,418,125
Less: Allowance for impairment losses	**(19,818,439)**	(8,656,684)
	2,106,644,479	946,761,441

Impairment allowance for loans and advances to customers

(a) The allowance for impairment has been calculated as 1% of the loan portfolio less cash collaterals in line with the minimum percentage of loan loss provision as prescribed by the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition. In the absence of credit loss history for the Bank, the Directors are of the opinion that the minimum 1% portfolio provision, as required by the Bank of Mauritius, reflects the loss probability for the market in which the Bank operates.

A reconciliation of the allowance for impairment losses for loans and advances by class is as follows:

	Retail and Personal Rs.	Business Rs.	Entities outside Mauritius Rs.	Credit cards Rs.	Total Rs.
At 12 January 2007	-	-	-	-	-
Charge for the period	508,546	7,735,645	374,230	38,263	8,656,684
At 30 June 2008	508,546	7,735,645	374,230	38,263	8,656,684
At 1 July 2008	508,546	7,735,645	374,230	38,263	8,656,684
Charge for the year	1,712,795	6,569,166	2,709,360	170,434	11,161,755
At 30 June 2009	**2,221,341**	**14,304,811**	**3,083,590**	**208,697**	**19,818,439**
At 30 June 2009:					
Specific impairment	**300,000**	-	-	-	**300,000**
Collective impairment	**1,921,341**	**14,304,811**	**3,083,590**	**208,697**	**19,518,439**
	2,221,341	**14,304,811**	**3,083,590**	**208,697**	**19,818,439**
At 30 June 2008:					
Specific impairment	-	-	-	-	-
Collective impairment	508,546	7,735,645	374,230	38,263	8,656,684
	508,546	7,735,645	374,230	38,263	8,656,684

(b) The following is a reconciliation of the allowance for impairment losses for loans and advances:

	Specific impairment Rs.	Collective impairment Rs.	Total Rs.
At 12 January 2007	-	-	-
Charge for the period (note 7)	-	8,656,684	8,656,684
At 30 June 2008	-	8,656,684	8,656,684
At 1 July 2008	-	8,656,684	8,656,684
Charge for the year (note 7)	300,000	10,861,755	11,161,755
At 30 June 2009	**300,000**	**19,518,439**	**19,818,439**

17. INVESTMENT IN SUBSIDIARY

	THE BANK	
	2009	2008
Cost	**Rs.**	Rs.
At start	**1,000,000**	-
Acquisition during the period-100,000 Ordinary shares at no par value	**-**	1,000,000
At 30 June	**1,000,000**	1,000,000

The details of the subsidiary are as follows:	**Country of Incorporation**	**Class of Shares**	**% Holdings**
AfrAsia Investments Limited	Mauritius	Ordinary	100

The Directors have reviewed the financial position and performance of the above subsidiary and are of the opinion that the estimated recoverable amount of the investment is not less than its carrying value.

18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

	THE GROUP AND THE BANK	
	2009	**2008**
Unquoted investments	**Rs.**	**Rs.**
Government of Mauritius debt securities	**638,610,782**	322,574,365
Bank of Mauritius Debt Securities	**-**	49,542,750
Total investments	**638,610,782**	372,117,115

19. EQUIPMENT

(a) THE GROUP	**Improvement to building**	**Furniture and fittings**	**Office equipment**	**Motor vehicle**	**Computer equipment**	**Total**
Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
At 12 January 2007	-	-	-	-	-	-
Additions	3,764,665	3,506,320	3,978,325	-	3,312,473	14,561,783
Disposal	-	-	(54,068)	-	-	(54,068)
At 30 June 2008	3,764,665	3,506,320	3,924,257	-	3,312,473	14,507,715
At 1 July 2008	3,764,665	3,506,320	3,924,257	-	3,312,473	14,507,715
Additions	21,952	165,320	327,222	671,292	659,958	1,845,744
Assets written off	(890,366)	(148,261)	(8,675)	-	(57,937)	(1,105,239)
Disposal	-	-	-	-	(45,275)	(45,275)
At 30 June 2009	**2,896,251**	**3,523,379**	**4,242,804**	**671,292**	**3,869,219**	**15,202,945**
Depreciation						
At 12 January 2007	-	-	-	-	-	-
Charge for the period	279,280	255,012	311,590	-	836,950	1,682,832
Disposal	-	-	(6,874)	-	-	(6,874)
At 30 June 2008	279,280	255,012	304,716	-	836,950	1,675,958
At 1 July 2008	279,280	255,012	304,716	-	836,950	1,675,958
Charge for the year	223,812	356,633	448,248	26,361	1,239,848	2,294,902
Assets written off	(341)	(20,989)	(1,982)	-	(31,338)	(54,650)
Disposal	-	-	-	-	(20,837)	(20,837)
At 30 June 2009	**502,751**	**590,656**	**750,982**	**26,361**	**2,024,623**	**3,895,373**
Net book values						
At 30 June 2009	**2,393,500**	**2,932,723**	**3,491,822**	**644,931**	**1,844,596**	**11,307,572**
At 30 June 2008	3,485,385	3,251,308	3,619,541	-	2,475,523	12,831,757

19. EQUIPMENT (Cont'd)

(b) THE BANK Cost	Improvement to building Rs.	Furniture and fittings Rs.	Office equipment Rs.	Motor vehicle Rs.	Computer equipment Rs.	Total Rs.
At 12 January 2007	-	-	-	-	-	-
Additions	3,764,665	3,506,320	3,978,325	-	3,278,105	14,527,415
Disposal	-	-	(54,068)	-	-	(54,068)
At 30 June 2008	3,764,665	3,506,320	3,924,257	-	3,278,105	14,473,347
At 1 July 2008	3,764,665	3,506,320	3,924,257	-	3,278,105	14,473,347
Additions	21,952	165,320	327,222	671,292	659,958	1,845,744
Assets written off	(890,366)	(148,261)	(8,675)	-	(57,937)	(1,105,239)
Disposal	-	-	-	-	(45,275)	(45,275)
At 30 June 2009	**2,896,251**	**3,523,379**	**4,242,804**	**671,292**	**3,834,851**	**15,168,577**
Depreciation						
At 12 January 2007	-	-	-	-	-	-
Charge for the period	279,280	255,012	311,590	-	836,322	1,682,204
Disposal	-	-	(6,874)	-	-	(6,874)
At 30 June 2008	279,280	255,012	304,716	-	836,322	1,675,330
At 1 July 2008	279,280	255,012	304,716	-	836,322	1,675,330
Charge for the year	223,812	356,633	448,248	26,361	1,228,393	2,283,447
Assets written off	(341)	(20,989)	(1,982)	-	(31,338)	(54,650)
Disposal	-	-	-	-	(20,837)	(20,837)
At 30 June 2009	**502,751**	**590,656**	**750,982**	**26,361**	**2,012,540**	**3,883,290**
Net book values						
At 30 June 2009	**2,393,500**	**2,932,723**	**3,491,822**	**644,931**	**1,822,311**	**11,285,287**
At 30 June 2008	3,485,385	3,251,308	3,619,541	-	2,441,783	12,798,017

20. INTANGIBLE ASSETS

THE GROUP AND THE BANK Cost	Computer software Rs.	Banking software Rs.	Other Rs.	Total Rs.
At 12 January 2007	-	-	-	-
Additions	482,964	15,642,978	4,926,796	21,052,738
At 30 June 2008	482,964	15,642,978	4,926,796	21,052,738
At 1 July 2008	482,964	15,642,978	4,926,796	21,052,738
Additions	246,918	240,300	61,918	549,136
Assets written off	-	(1,284,540)	(437,000)	(1,721,540)
At 30 June 2009	**729,882**	**14,598,738**	**4,551,714**	**19,880,334**
Amortisation				
At 12 January 2007	-	-	-	-
Charge for the period	115,507	1,531,573	1,069,590	2,716,670
At 30 June 2008	115,507	1,531,573	1,069,590	2,716,670
At 1 July 2008	115,507	1,531,573	1,069,590	2,716,670
Charge for the year	218,963	1,949,387	1,414,575	3,582,925
At 30 June 2009	**334,470**	**3,480,960**	**2,484,165**	**6,299,595**
Net book values				
At 30 June 2009	**395,412**	**11,117,778**	**2,067,549**	**13,580,739**
At 30 June 2008	367,457	14,111,405	3,857,206	18,336,068

21. OTHER ASSETS

	THE GROUP		THE BANK	
	2009	2008	**2009**	2008
	Rs.	Rs.	**Rs.**	Rs.
Accrued income	**397,471**	7,178,038	**397,471**	7,178,038
Prepayments	**1,306,953**	1,162,514	**1,306,953**	1,162,514
Issued capital not paid	**201,988,789**	-	**201,988,789**	-
Other receivables	**6,801,562**	5,462,823	**11,378,093**	2,394,986
	210,494,775	13,803,375	**215,071,306**	10,735,538

22. DUE TO BANKS

	THE GROUP AND THE BANK	
	2009	2008
	Rs.	Rs.
Bank overdrafts	**5,126,676**	-
Deposits with other banks	**137,543,595**	143,028,710
	142,670,271	143,028,710

23. DEPOSITS FROM CUSTOMERS

	THE GROUP		THE BANK	
	2009	2008	**2009**	2008
Personal	**Rs.**	Rs.	**Rs.**	Rs.
- Current accounts	**263,028,974**	130,292,869	**263,028,974**	130,292,869
- Savings accounts	**691,162,976**	313,369,160	**691,162,976**	313,369,160
- Term deposits	**622,293,149**	238,115,383	**622,293,149**	238,115,383
Business				
- Current accounts	**754,038,395**	588,531,681	**786,356,383**	665,318,413
- Savings accounts	**33,528,070**	197,921,647	**33,528,070**	197,921,647
- Term deposits	**1,657,213,129**	882,687,538	**1,657,213,129**	882,687,538
Government institutions				
- Current accounts	**192,868,939**	2,718,900	**192,868,939**	2,718,900
- Savings accounts	**165,201,898**	-	**165,201,898**	-
- Term deposits	**647,888,300**	4,172,411	**647,888,300**	4,172,411
	5,027,223,830	2,357,809,589	**5,059,541,818**	2,434,596,321

Included in 'Due to customers' accounts are deposits of Rs 155,719,454 (2008: Rs 84,995,991) held as collateral against loans and advances to these customers.

24. CAPITAL GUARANTEED CONTRACTS

	THE GROUP	
	2009	2008
	Rs.	Rs.
Rs. 198,644,545 (2008: Rs.138,644,545) notes	**151,235,328**	101,475,191

The capital guaranteed contracts represent the discounted value of capital guaranteed to investors of the subsidiary on the structured products issued by the Group.

	2009	2008
(a) The notes are due as follows:	**Rs.**	Rs.
Within 1 year	**45,416,969**	-
After 1 year but before 2 years	-	42,322,707
After 2 years but before 5 years	**105,818,359**	59,152,484
	151,235,328	101,475,191

25. AMOUNT DUE TO SUBSIDIARY

	THE BANK 2009 Rs.	THE BANK 2008 Rs.
Funds due to subsidiary in respect of capital guaranteed contracts	**151,235,327**	101,475,191

26.OTHER LIABILITIES

	THE GROUP		THE BANK	
	2009 Rs.	2008 Rs.	**2009 Rs.**	2008 Rs.
Interest payable	-	-	-	57,823
Accounts payable and sundry creditors	**86,998,049**	116,133,129	**23,898,388**	22,995,901
	86,998,049	116,133,129	**23,898,388**	23,053,724

27. ISSUED CAPITAL

	THE GROUP AND THE BANK 2009 Rs.	THE GROUP AND THE BANK 2008 Rs.
Issued and fully paid	**250,000,000**	250,000,000
Issued and partly paid	**201,988,789**	-
Issued and not yet paid	**201,988,789**	-
	653,977,578	250,000,000

Analysed as follows:

	THE GROUP AND THE BANK			
	2009		2008	
	Number of shares	**Amount Rs.**	Number of shares	Amount Rs.
Ordinary shares (note 27(a))	**46,837,965**	**651,132,902**	24,820,000	250,000,000
Founding executive shares (note 27 (b))	**391,898**	-	-	-
Employee shares (note 27 (c))	**240,057**	**2,844,676**	-	-
At 30 June	**47,469,920**	**653,977,578**	24,820,000	250,000,000
(a) Ordinary shares of no par value				
At start of the year/period	**24,820,000**	**250,000,000**	-	-
Issue of Ordinary shares	**22,017,965**	**401,132,902**	24,820,000	250,000,000
At 30 June	**46,837,965**	**651,132,902**	24,820,000	250,000,000
(b) Founding executive shares (See note 28)				
At start of the year/period	-	-	-	-
Issue of 'Founding executive shares' of no par value	**391,898**	-	-	-
At 30 June	**391,898**	-	-	-
(c) Employee shares (See note 28)				
At start of the year/period	-	-	-	-
Issue of 'Employee shares'	**240,057**	**2,844,676**	-	-
At 30 June	**240,057**	**2,844,676**	-	-

28. OTHER RESERVES

THE GROUP AND THE BANK	2009	2008
Other reserves relate to expense recognised for employee services received during the year	**Rs.**	Rs.
Expense arising from equity-settled share-based payment transactions (Note 2)	**5,632,775**	-

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during the year.

(a) Senior executives plan

(i) Ordinary shares of no par value

621,224 new ordinary shares of no par value were granted to the founding executives of the Bank. The shares, fair valued at Rs.17.36 per share based on a valuation performed by independent professional advisors, were issued for a consideration of Rs.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) Employees (Founding Executives) shares

391,898 non-voting shares at a fair value of Rs.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 employees plan

Other employees were granted 240,057 Employees (non-voting) shares in February 2009. The shares, whose fair value was estimated at Rs.17.36, were issued for a consideration of Rs.11.85 per share, half of which to be 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.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value

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.

Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly currency swaps and forward foreign exchange 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.

Derivative products valued using a valuation technique with significant non-market observable inputs are primarily long dated option contracts. These derivatives are traded over the counter and are valued using models which calculate the present value such as credit models (e.g default rate models or credit spread models) and the binomial model for options.The models incorporate various non-observable assumptions which include the credit spread of the reference asset for credit default swaps, and market rate volatilities.

Loans and receivables designated at fair value through profit or loss

For loans and receivables designated at fair value through profit or loss, a discounted cash flow model is used based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity, where relevant.

29. Fair Value Of Financial Instruments (Cont'd)

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 offered 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 debts 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 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 carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

(a) THE GROUP

	30 June 2009		30 June 2008	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value
Financial assets	**Rs.**	**Rs.**	Rs.	Rs.
Cash and balances with Central Bank	**207,964,884**	**207,964,884**	336,759,156	336,759,156
Due from banks	**2,751,535,864**	**2,751,535,864**	1,221,291,604	1,221,291,604
Derivative financial instruments	**149,082,366**	**149,082,366**	165,440,195	165,440,195
Other financial assets held for trading	**103,171,720**	**103,171,720**	-	-
Loans and advances to customers	**2,106,644,479**	**2,101,991,859**	946,761,441	946,761,441
Financial investments - Held-to-maturity	**638,610,782**	**634,268,682**	372,117,115	372,097,732
	5,957,010,095	**5,948,015,375**	3,042,369,511	3,042,350,128
Financial liabilities	**Rs.**	**Rs.**	Rs.	Rs.
Due to banks	**(142,670,271)**	**(142,670,271)**	(143,028,710)	(143,028,710)
Derivative financial instruments	**(147,711,855)**	**(147,711,855)**	(166,266,907)	(166,266,907)
Deposits from customers	**(5,027,223,830)**	**(5,025,808,190)**	(2,357,809,589)	(2,387,520,855)
Debts issued	**(151,235,328)**	**(163,721,407)**	(101,475,191)	(119,122,919)
	(5,468,841,284)	**(5,479,911,723)**	(2,768,580,397)	(2,815,939,391)

(b) THE BANK

	30 June 2009		30 June 2008	
	Carrying amount	**Total fair value**	Carrying amount	Total fair value
Financial assets	**Rs.**	**Rs.**	Rs.	Rs.
Cash and balances with Central Bank	**207,964,884**	**207,964,884**	336,759,156	336,759,156
Due from banks	**2,715,056,629**	**2,715,056,629**	1,207,020,927	1,207,020,927
Derivative financial instruments	**51,654,502**	**51,654,502**	65,364,630	65,364,630
Other financial assets held for trading	**103,171,720**	**103,171,720**	-	-
Loans and advances to customers	**2,106,644,479**	**2,101,991,859**	946,761,441	946,468,455
Financial investments - Held-to-maturity	**638,610,782**	**634,268,682**	372,117,115	372,097,732
	5,823,102,996	**5,814,108,276**	2,928,023,269	2,927,710,900

29. Fair Value Of Financial Instruments (Cont'd)
Fixed rate financial instruments (Cont'd)

	30 June 2009		30 June 2008	
	Carrying amount	Total fair value	Carrying amount	Total fair value
Financial liabilities	Rs.	Rs.	Rs.	Rs.
Due to banks	(142,670,271)	(142,670,271)	(143,028,710)	(143,028,710)
Amount due to subsidiary	(151,235,327)	(163,781,407)	(101,475,191)	(119,122,919)
Derivative financial instruments	(50,283,991)	(50,283,991)	(66,191,342)	(66,191,342)
Deposits from customers	(5,059,541,818)	(5,058,126,178)	(2,434,596,321)	(2,464,307,587)
	(5,403,731,407)	(5,414,861,847)	(2,745,291,564)	(2,792,650,558)

The following table shows an analysis of financial instruments recorded at fair value:

(a) THE GROUP	Quoted market price 2009	Valuation techniques- market observable inputs 2009	Valuation techniques- non-market observable inputs 2009	Total fair value 2009
Financial assets	Rs.	Rs.	Rs.	Rs.
Derivative financial instruments:				
Forward foreign exchange contract	-	3,177,299	-	3,177,299
	-	3,177,299	-	3,177,299
Financial assets designated at fair value through profit and loss:				
Commodity Index Options	1,900,179	-	-	1,900,179
Fund Options Transactions	946,854	-	-	946,854
Equity Linked Notes	96,403,004	-	-	96,403,004
Index Linked Options	19,149,030	-	-	19,149,030
Index Linked Notes	27,506,000	-	-	27,506,000
	145,905,067	-	-	145,905,067
	145,905,067	3,177,299	-	149,082,366
Financial liabilities				
Derivative financial instruments:				
Forward foreign exchange contract	-	(1,806,788)	-	(1,806,788)
	-	(1,806,788)	-	(1,806,788)
Financial liabilities designated at fair value through profit and loss:				
Commodity Index Options	(1,900,179)	-	-	(1,900,179)
Fund Options Transactions	(946,854)	-	-	(946,854)
Equity Linked Notes	(96,403,004)	-	-	(96,403,004)
Index Linked Options	(19,149,030)	-	-	(19,149,030)
Index Linked Notes	(27,506,000)	-	-	(27,506,000)
	(145,905,067)	-	-	(145,905,067)
	(145,905,067)	(1,806,788)	-	(147,711,855)

29. Fair Value Of Financial Instruments (Cont'd)
Fixed rate financial instruments (Cont'd)

(b) THE BANK

Financial assets	Quoted market price 2009 Rs.	Valuation techniques- market observable inputs 2009 Rs.	Valuation techniques- non-market observable inputs 2009 Rs.	Total fair value 2009 Rs.
Derivative financial instruments:				
Forward foreign exchange contract	-	3,177,299	-	3,177,299
	-	3,177,299	-	3,177,299
Financial assets designated at fair value through profit and loss:				
Commodity Index Options	1,900,179	-	-	1,900,179
Fund Options Transactions	946,854	-	-	946,854
Equity Linked Notes	26,481,140	-	-	26,481,140
Index Linked Options	19,149,030	-	-	19,149,030
	48,477,203	-	-	48,477,203
	48,477,203	3,177,299	-	51,654,502

Financial liabilities	Quoted market price 2009 Rs.	Valuation techniques- market observable inputs 2009 Rs.	Valuation techniques- non-market observable inputs 2009 Rs.	Total fair value 2009 Rs.
Derivative financial instruments:				
Forward foreign exchange contract	-	(1,806,788)	-	(1,806,788)
	-	(1,806,788)	-	(1,806,788)
Financial liabilities designated at fair value through profit and loss:				
Commodity Index Options	(1,900,179)	-	-	(1,900,179)
Fund Options Transactions	(946,854)	-	-	(946,854)
Equity Linked Notes	(26,481,140)	-	-	(26,481,140)
Index Linked Options	(19,149,030)	-	-	(19,149,030)
	(48,477,203)	-	-	(48,477,203)
	(48,477,203)	(1,806,788)	-	(50,283,991)

(c) THE GROUP

Financial assets	Quoted market price 2008 Rs.	Valuation techniques- market observable inputs 2008 Rs.	Valuation techniques- non-market observable inputs 2008 Rs.	Total fair value 2008 Rs.
Derivative financial instruments:				
Forward foreign exchange contract	-	14,544,718	-	14,544,718
	-	14,544,718	-	14,544,718

29. Fair Value Of Financial Instruments (Cont'd)
Fixed rate financial instruments (Cont'd)

Financial assets designated at fair value through profit and loss:				
Commodity Index Options	5,061,737	-	-	5,061,737
Fund Options Transactions	17,930,946	-	-	17,930,946
Equity Linked Notes	127,902,794	-	-	127,902,794
	150,895,477	-	-	150,895,477
	150,895,477	14,544,718	-	165,440,195
Financial liabilities				
Derivative financial instruments:				
Forward foreign exchange contract	-	(3,500,783)	-	(3,500,783)
Currency call option	-	(11,870,647)	-	(11,870,647)
	-	(15,371,430)	-	(15,371,430)
Financial liabilities designated at fair value through profit and loss:				
Commodity Index Options	(5,061,737)	-	-	(5,061,737)
Fund Options Transactions	(17,930,946)	-	-	(17,930,946)
Equity Linked Notes	(127,902,794)	-	-	(127,902,794)
	(150,895,477)	-	-	(150,895,477)
	(150,895,477)	(15,371,430)	-	(166,266,907)

(d) THE BANK	Quoted market price	Valuation techniques- market observable inputs	Valuation techniques- non-market observable inputs	Total fair value
	2008	2008	2008	2008
Financial assets	Rs.	Rs.	Rs.	Rs.
Derivative financial instruments:				
Forward foreign exchange contract	-	14,544,718	-	14,544,718
	-	14,544,718	-	14,544,718
Financial assets designated at fair value through profit and loss:				
Commodity Index Options	5,061,737	-	-	5,061,737
Fund Options Transactions	17,930,946	-	-	17,930,946
Equity Linked Notes	27,827,229	-	-	27,827,229
	50,819,912	-	-	50,819,912
	50,819,912	14,544,718	-	65,364,630
Financial liabilities				
Derivative financial instruments:				
Forward foreign exchange contract	-	(3,500,783)	-	(3,500,783)
Currency call option	-	(11,870,647)	-	(11,870,647)
	-	(15,371,430)	-	(15,371,430)
Financial liabilities designated at fair value through profit and loss:				
Commodity Index Options	(5,061,737)	-	-	(5,061,737)
Fund Options Transactions	(17,930,946)	-	-	(17,930,946)
Equity Linked Notes	(27,827,229)	-	-	(27,827,229)
	(50,819,912)	-	-	(50,819,912)
	(50,819,912)	(15,371,430)	-	(66,191,342)

30. ADDITIONAL CASH FLOW INFORMATION

	THE GROUP		THE BANK	
	2009	2008	**2009**	2008
	Rs.	Rs.	**Rs.**	Rs.
(a) Cash and cash equivalents				
Cash and balances with Central Bank (Note 12)	**207,964,884**	336,759,156	**207,964,884**	336,759,156
Due from banks (Note 13)	**2,751,535,864**	1,221,291,604	**2,715,056,629**	1,207,020,927
Bank overdrafts (Note 22)	**(5,126,676)**	-	**(5,126,676)**	-
	2,954,374,072	1,558,050,760	**2,917,894,837**	1,543,780,083
(b) Change in operating assets				
Net change in derivative financial instruments	**(1,956,610)**	(138,279,877)	**(4,604,311)**	(38,204,312)
Net change in loans and advances	**(1,166,807,100)**	(952,279,440)	**(1,166,807,100)**	(952,279,440)
Net change in financial assets - held-to-maturity	**(260,237,114)**	(368,501,500)	**(260,237,114)**	(368,501,500)
Net change in other financial assets - held-for trading	**(102,203,363)**	-	**(102,203,363)**	-
Net change in other assets	**5,297,389**	(13,803,375)	**(2,346,979)**	(10,735,538)
	(1,525,906,798)	(1,472,864,192)	**(1,536,198,867)**	(1,369,720,790)
(c) Change in operating liabilities				
Net change in due to banks	**(5,485,115)**	143,028,710	**(5,485,115)**	143,028,710
Net change in derivative financial instruments	**1,129,898**	138,439,678	**3,777,599**	38,364,113
Net change in amount due to subsidiary	**-**	-	**49,760,136**	101,475,191
Net change in capital guaranteed contracts	**49,760,137**	101,475,191	**-**	-
Net change in deposits from customers	**2,633,437,861**	2,332,051,726	**2,588,969,117**	2,408,838,458
Net change in other liablities	**(29,135,080)**	116,133,129	**844,664**	23,053,724
	2,649,707,701	2,831,128,434	**2,637,866,401**	2,714,760,196
(d) Non-cash items included in profit/loss before tax				
Net unrealised (gain)/loss on derivative financial instruments	**(1,370,511)**	666,911	**(1,370,511)**	666,911
Net unrealised gain on held-for-trading financial assets	**(968,357)**	-	**(968,357)**	-
Depreciation of equipment	**2,294,902**	1,682,832	**2,283,447**	1,682,204
Amortisation of intangible assets	**3,582,925**	2,716,670	**3,582,925**	2,716,670
Equipment written off	**1,050,589**	-	**1,050,589**	-
Intangible assets written off	**1,721,540**	-	**1,721,540**	-
Profit on disposal of equipment	**(15,148)**	(2,705)	**(15,148)**	(2,705)
Net interest income	**(61,088,203)**	(19,329,824)	**(60,910,036)**	(13,738,924)
Share-based payments (Note 8)	**5,632,775**	-	**5,632,775**	-
Allowance for credit impairment	**11,161,755**	8,656,684	**11,161,755**	8,656,684
	(37,997,733)	(5,609,432)	**(37,831,021)**	(19,160)

31. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	2009								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	207,964,884	-	-	-	207,964,884	-	-	-	207,964,884
Due from banks	338,903,132	2,032,255,711	346,753,850	33,623,171	2,751,535,864	-	-	-	2,751,535,864
Derivative financial instruments	-	3,177,299	-	1,900,179	5,077,478	144,004,888	-	144,004,888	149,082,366
Other financial assets held-for-trading	-	19,855,700	-	83,316,020	103,171,720	-	-	-	103,171,720
Loans and advances to customers	358,257,080	704,292,300	234,193,543	162,730,888	1,459,473,811	542,832,748	104,337,920	647,170,668	2,106,644,479
Financial investments - held-to-maturity	-	237,863,303	100,302,146	163,604,358	501,769,807	136,840,975	-	136,840,975	638,610,782
Equipment	-	-	-	-	-	11,307,572	-	11,307,572	11,307,572
Intangible assets	-	-	-	-	-	13,580,739	-	13,580,739	13,580,739
Deferred tax assets	-	-	-	-	-	3,272,492	-	3,272,492	3,272,492
Other assets	-	109,500,380	100,994,395	-	210,494,775	-	-	-	210,494,775
Total	905,125,096	3,106,944,693	782,243,934	445,174,616	5,239,488,339	851,839,414	104,337,920	956,177,334	6,195,665,673
Liabilities									
Due to banks	-	142,670,271	-	-	142,670,271	-	-	-	142,670,271
Derivative financial instruments	-	924,833	-	2,782,134	3,706,967	144,004,888	-	144,004,888	147,711,855
Deposits from customers:									
-Current account	1,209,936,308	-	-	-	1,209,936,308	-	-	-	1,209,936,308
-Savings account	889,892,944	-	-	-	889,892,944	-	-	-	889,892,944
-Time deposits	-	1,574,480,616	505,346,722	550,347,159	2,630,174,497	296,214,276	1,005,805	297,220,081	2,927,394,578
	2,099,829,252	1,574,480,616	505,346,722	550,347,159	4,730,003,749	296,214,276	1,005,805	297,220,081	5,027,223,830
Capital Guaranteed Contracts	-	-	45,416,969	-	45,416,969	105,818,359	-	105,818,359	151,235,328
Current tax liabilities	-	-	-	11,680	11,680	-	-	-	11,680
Deferred tax liabilities	-	-	-	-	-	2,055	-	2,055	2,055
Other liabilities	1,259,701	69,944,451	1,306,884	13,332,935	85,843,971	1,153,848	230	1,154,078	86,998,049
Total	2,101,088,953	1,788,020,171	552,070,575	566,473,908	5,007,653,607	547,193,426	1,006,035	548,199,461	5,555,853,068
Net	(1,195,963,857)	1,318,924,522	230,173,359	(121,299,292)	231,834,732	304,645,988	103,331,885	407,977,873	639,812,605

31. Maturity Analysis Of Assets And Liabilities (Cont'd)

(b) THE BANK

	2009								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	207,964,884	-	-	-	207,964,884	-	-	-	207,964,884
Due from banks	302,423,897	2,032,255,711	346,753,850	33,623,171	2,715,056,629	-	-	-	2,715,056,629
Derivative financial instruments	-	3,177,299	-	1,900,179	5,077,478	46,577,024	-	46,577,024	51,654,502
Other financial assets held-for-trading	-	19,855,700	-	83,316,020	103,171,720	-	-	-	103,171,720
Loans and advances to customers	358,257,080	704,292,300	234,193,543	162,730,888	1,459,473,811	542,832,748	104,337,920	647,170,668	2,106,644,479
Investment in subsidiary	-	1,000,000	-	-	1,000,000	-	-	-	1,000,000
Financial investments									
- Held-to-maturity	-	237,863,303	100,302,146	163,604,358	501,769,807	136,840,975	-	136,840,975	638,610,782
Equipment	-	-	-	-	-	11,285,287	-	11,285,287	11,285,287
Intangible assets	-	-		-	-	13,580,739	-	13,580,739	13,580,739
Deferred tax assets	-	-	-	-	-	3,272,492	-	3,272,492	3,272,492
Other assets	-	114,076,911	100,994,395	-	215,071,306	-	-	-	215,071,306
Total	868,645,861	3,112,521,224	782,243,934	445,174,616	5,208,585,635	754,389,265	104,337,920	858,727,185	6,067,312,820
Liabilities									
Due to banks	-	142,670,271	-	-	142,670,271	-	-	-	142,670,271
Derivative financial instruments	-	924,833	-	2,782,134	3,706,967	46,577,024	-	46,577,024	50,283,991
Deposits from customers:									
-Current account	1,242,254,296	-	-	-	1,242,254,296	-	-	-	1,242,254,296
-Savings account	889,892,944	-	-	-	889,892,944	-	-	-	889,892,944
-Time deposits	-	1,574,480,616	505,346,722	550,347,159	2,630,174,497	296,214,276	1,005,805	297,220,081	2,927,394,578
	2,132,147,240	1,574,480,616	505,346,722	550,347,159	4,762,321,737	296,214,276	1,005,805	297,220,081	5,059,541,818
Amount due to subsidiary	-	-	-	-	-	151,235,327	-	151,235,327	151,235,327
Other liabilities	-	8,104,491	1,306,884	13,332,935	22,744,310	1,153,848	230	1,154,078	23,898,388
Total	2,132,147,240	1,726,180,211	506,653,606	566,462,228	4,931,443,285	495,180,475	1,006,035	496,186,510	5,427,629,795
Net	(1,263,501,379)	1,386,341,013	275,590,328	(121,287,612)	277,142,350	259,208,790	103,331,885	362,540,675	639,683,025

31. Maturity Analysis Of Assets And Liabilities (Cont'd)

(c) THE GROUP

	2008								
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	336,759,156	-	-	-	336,759,156	-	-	-	336,759,156
Due from banks	53,316,965	1,165,347,639	-	2,627,000	1,221,291,604	-	-	-	1,221,291,604
Derivative financial Instruments	-	14,544,718	-	-	14,544,718	150,895,477	-	150,895,477	165,440,195
Loans and advances to customers	-	619,817,604	10,003,151	86,311,332	716,132,087	227,602,628	3,026,726	230,629,354	946,761,441
Financial investments - held-to-maturity	-	239,690,115	-	132,427,000	372,117,115	-	-	-	372,117,115
Equipment	-	-	-	-	-	12,831,757	-	12,831,757	12,831,757
Intangible assets	-	-	-	-	-	18,336,068	-	18,336,068	18,336,068
Deferred tax assets	-	-	-	-	-	7,035,360	-	7,035,360	7,035,360
Other assets	-	13,803,375	-	-	13,803,375	-	-	-	13,803,375
Total	390,076,121	2,053,203,451	10,003,151	221,365,332	2,674,648,055	416,701,290	3,026,726	419,728,016	3,094,376,071
Liabilities									
Due to banks	-	143,028,710	-	-	143,028,710	-	-	-	143,028,710
Derivative financial Instruments	-	2,901,080	-	12,470,350	15,371,430	150,895,477	-	150,895,477	166,266,907
Deposits from customers:									
-Current account	721,543,449	-	-	-	721,543,449	-	-	-	721,543,449
-Savings account	511,290,807	-	-	-	511,290,807	-	-	-	511,290,807
-Time deposits	-	426,221,653	226,621,845	201,760,770	854,604,268	270,371,065	-	270,371,065	1,124,975,333
	1,232,834,256	426,221,653	226,621,845	201,760,770	2,087,438,524	270,371,065	-	270,371,065	2,357,809,589
Capital Guaranteed Contracts	-	-	-	-	-	101,475,191	-	101,475,191	101,475,191
Current tax liabilities	-	-	-	9,566	9,566	-	-	-	9,566
Deferred tax liabilities	-	-	-	-	-	2,484	-	2,484	2,484
Other liabilities	5,521,524	99,918,676	-	10,507,174	115,947,374	185,755	-	185,755	116,133,129
Total	1,238,355,780	672,070,119	226,621,845	224,747,860	2,361,795,604	522,929,972	-	522,929,972	2,884,725,576
Net	(848,279,659)	1,381,133,332	(216,618,694)	(3,382,528)	312,852,451	(106,228,682)	3,026,726	(103,201,956)	209,650,495

31. Maturity Analysis Of Assets And Liabilities (Cont'd)

(d) THE BANK

2008	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Sub total less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	336,759,156	-	-	-	336,759,156	-	-	-	336,759,156
Due from banks	39,046,288	1,165,347,639	-	2,627,000	1,207,020,927	-	-	-	1,207,020,927
Derivative financial instruments	-	14,544,718	-	-	14,544,718	50,819,912	-	50,819,912	65,364,630
Loans and advances to customers	-	619,817,604	10,003,151	86,311,332	716,132,087	227,602,628	3,026,726	230,629,354	946,761,441
Investment in subsidiary	-	1,000,000	-	-	1,000,000	-	-	-	1,000,000
Financial investments									
- Held-to-maturity	-	239,690,115	-	132,427,000	372,117,115	-	-	-	372,117,115
Equipment	-	-	-	-	-	12,798,017	-	12,798,017	12,798,017
Intangible assets	-	-	-	-	-	18,336,068	-	18,336,068	18,336,068
Deferred tax assets	-	-	-	-	-	7,035,360	-	7,035,360	7,035,360
Other assets	-	10,735,538	-	-	10,735,538	-	-	-	10,735,538
Total	375,805,444	2,051,135,614	10,003,151	221,365,332	2,658,309,541	316,591,985	3,026,726	319,618,711	2,977,928,252
Liabilities									
Due to banks	-	143,028,710	-	-	143,028,710	-	-	-	143,028,710
Derivative financial instruments	-	2,901,080	-	12,470,350	15,371,430	50,819,912	-	50,819,912	66,191,342
Deposits from customers:									
-Current account	798,330,181	-	-	-	798,330,181	-	-	-	798,330,181
-Savings account	511,290,807	-	-	-	511,290,807	-	-	-	511,290,807
-Time deposits	-	426,221,653	226,621,845	201,760,770	854,604,268	270,371,065	-	270,371,065	1,124,975,333
	1,309,620,988	426,221,653	226,621,845	201,760,770	2,164,225,256	270,371,065	-	270,371,065	2,434,596,321
Amount due to subsidiary	-	-	-	-	-	101,475,191	-	101,475,191	101,475,191
Other liabilities	57,823	12,302,972	-	10,507,174	22,867,969	185,755	-	185,755	23,053,724
Total	1,309,678,811	584,454,415	226,621,845	224,738,294	2,345,493,365	422,851,923	-	422,851,923	2,768,345,288
Net	(933,873,367)	1,466,681,199	(216,618,694)	(3,372,962)	312,816,176	(106,259,938)	3,026,726	(103,233,212)	209,582,964

32. 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 balance sheet they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

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.

THE GROUP AND THE BANK

Contingent liabilities	**2009 Rs.**	2008 Rs.
Financial guarantees	**299,626,068**	201,855,987
Letters of credit	**44,272,468**	2,182,164
	343,898,536	204,038,151
Commitments		
Undrawn commitments to lend	**901,787,408**	535,405,000
Total	**1,245,685,944**	739,443,151

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.

The Group and the Bank have entered into commercial leases on premises and equipment. These leases have an average life of 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	
	2009 Rs.	2008 Rs.	**2009 Rs.**	2008 Rs.
Within one year	**6,691,219**	6,658,399	**6,691,219**	6,658,399
After one year but not more than five years	**14,094,919**	20,710,899	**14,094,919**	20,710,899
	20,786,138	27,369,298	**20,786,138**	27,369,298

33. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group and the Bank	THE GROUP 2009	THE GROUP 2008	THE BANK 2009	THE BANK 2008
Short-term employee benefits	**39,516,775**	29,926,960	**39,516,775**	29,926,960
Share-based payments	**5,223,748**	-	**5,223,748**	-
	44,740,523	29,926,960	**44,740,523**	29,926,960

Transactions with key management personnel of the Group and the Bank

The Group and the Bank enter into transactions, arrangements and agreements involving Directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of transactions, which has been entered into with key management personnel for the relevant financial year:

THE GROUP AND THE BANK

	2009		2008	
Key management personnel of the Bank:	**Balances as at 30 June 2009 Rs.**	**Income from / (expense) to Rs.**	Balances as at 30 June 2008 Rs.	Income from / (expense) to Rs.
Loans and advances	**9,880,983**	**614,632**	1,511,348	48,338
Deposits from customers:				
- Term deposits	**(5,188,923)**	**(159,685)**	(3,080,517)	(43,602)
- Savings and current accounts	**(21,601,078)**	**(231,405)**	(3,178,210)	(120,934)
	(26,790,001)	**(391,090)**	(6,258,727)	(164,536)
Directors' fees	**-**	**(1,873,324)**	-	(1,750,000)
	(26,790,001)	**(2,264,414)**	(6,258,727)	(1,914,536)

33. Related Party Disclosures (Cont'd)

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

2009	Fees from related parties Rs.	Fees to related parties Rs.	Interest to related parties Rs.	Amount owed by related parties Rs.	Amount owed to related parties Rs.
Holding company	**(1,846,800)**	**-**	**-**	**-**	**27,824,882**
Fellow subsidiaries	**73,684,868**	**-**	**10,704,658**	**236,934,502**	**67,994,428**
	71,838,068	**-**	**10,704,658**	**236,934,502**	**95,819,310**
2008					
Holding company	16,375,068	-	-	-	458,325
Fellow subsidiaries	22,114,576	15,542,549	64,717	167,340,197	174,311,060
	38,489,644	15,542,549	64,717	167,340,197	174,769,385

(b) THE BANK

2009	Fees from related parties Rs.	Fees to related parties Rs.	Interest to related parties Rs.	Amount owed by related parties Rs.	Amount owed to related parties Rs.
Holding company	**(1,846,800)**	**-**	**-**	**-**	**27,824,882**
Subsidiary company	**-**	**-**	**160,792**	**5,725,894**	**205,549,379**
Fellow subsidiaries	**73,684,868**	**-**	**10,704,658**	**236,934,502**	**67,994,428**
	71,838,068	**-**	**10,865,450**	**242,660,396**	**301,368,689**
2008					
Holding company	16,375,068	-	-	-	458,325
Subsidiary company	5,420,000	-	105,720	5,556,604	201,254,606
Fellow subsidiaries	22,114,576	15,542,549	64,717	167,340,197	174,311,060
	43,909,644	15,542,549	170,437	172,896,801	376,023,991

33. Related Party Disclosures (Cont'd)
Transactions with other related parties (Cont'd)

Terms and conditions of transactions with related parties

The outstanding balances mentioned on the previous page arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2009, the Group and the Bank have not made any provision for doubtful debts relating to amounts owed by related parties (2008: nil). At 30 June 2009, none of the facilities granted to related parties was non-performing.

The total on and off balance sheet exposure to the related parties amounted to Rs.240,000,000 (2008: Rs.504,100,000) representing 5% (2008: 16%) of the Group's total exposure.

The credit exposure to the six related parties with the highest exposure amounted to Rs.240,000,000 (2008: Rs.400,000,000) representing 55% (2008: 190%) 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.

34. RISK MANAGEMENT

(a) 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 is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating 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 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.

Risk measurement and reporting systems

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 Bank also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

34. Risk Management (Cont'd)
Internal Audit (Cont'd)

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, 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.

As part of its overall risk management, the Group and the Bank use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

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 Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, 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.

(b) Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls 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 Bank has 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 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 balance sheet.

Credit-related commitments risks

The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit 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 Bank to similar risks to loans and are mitigated by the same control processess and policies.

34. Risk Management (Cont'd)
(b) Credit risk (Cont'd)

Risk concentrations: Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Bank's concentrations of risk are managed by client/counterparty, by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as of 30 June 2009 was Rs.799,168,500 (2008: Rs.723,273,031) before and after taking account of collateral or other credit enhancements.

The following table shows the maximum exposure to credit risk for the components of the balance sheet, 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.

	THE GROUP		THE BANK	
Financial assets	**2009 Rs.**	2008 Rs.	**2009 Rs.**	2008 Rs.
Due from banks				
Placement with other banks	**2,412,632,732**	1,165,367,891	**2,412,632,732**	1,165,367,891
Current accounts	**337,768,480**	53,316,965	**301,289,245**	39,046,288
Other amounts due	**1,134,652**	2,606,748	**1,134,652**	2,606,748
	2,751,535,864	1,221,291,604	**2,715,056,629**	1,207,020,927
Derivative financial instruments	**149,082,366**	165,440,195	**51,654,502**	65,364,630
Loans and advances to customers				
Retail and personal	**255,940,561**	83,160,000	**255,940,561**	83,160,000
Business	**1,471,073,262**	830,491,149	**1,471,073,262**	830,491,149
Entities outside Mauritius	**380,435,275**	37,940,659	**380,435,275**	37,940,659
Credit cards	**19,013,820**	3,826,317	**19,013,820**	3,826,317
	2,126,462,918	955,418,125	**2,126,462,918**	955,418,125
Other assets	**210,494,775**	13,803,375	**215,071,306**	10,735,538
	5,237,575,923	2,355,953,299	**5,108,245,355**	2,238,539,220

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	
	2009 Rs.	2008 Rs.	**2009 Rs.**	2008 Rs.
Mauritius	**3,420,399,360**	1,445,402,244	**3,388,496,656**	1,327,988,165
France	**397,163,076**	724,953,280	**397,163,076**	724,953,280
United Kingdom	**572,622,247**	161,859,911	**475,194,383**	161,859,911
Other	**847,391,240**	23,737,864	**847,391,240**	23,737,864
	5,237,575,923	2,355,953,299	**5,108,245,355**	2,238,539,220

34. Risk Management (Cont'd)
(b) Credit risk (Cont'd)

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	
	2009	2008	**2009**	2008
	Rs.	Rs.	**Rs.**	Rs.
Agriculture	**174,404,106**	64,781,607	**174,404,106**	64,781,607
Construction, insfractructure and real estate	**301,261,090**	118,542,229	**301,261,090**	118,542,229
Financial and business services	**3,221,496,196**	1,628,381,046	**3,087,589,097**	1,510,966,967
Government	**1,545,365**	2,423,974	**1,545,365**	2,423,974
Information, communication and technology	**69,523,345**	6,493,053	**69,523,344**	6,493,053
Manufacturing	**189,980,673**	98,910,618	**189,980,673**	98,910,618
Personal	**197,970,831**	88,053,201	**197,970,831**	88,053,201
Tourism	**401,975,882**	140,097,064	**401,975,882**	140,097,064
Traders	**356,537,769**	208,270,507	**356,537,769**	208,270,507
Others	**322,880,666**	-	**327,457,198**	-
	5,237,575,923	2,355,953,299	**5,108,245,355**	2,238,539,220

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;
- Fixed charges for retail lending and for commercial lending;
- Cash deposits held under lien;
- Pledge of quoted shares.

The Bank also requests for personal guarantees from promoters, directors, shareholders and also corporate and cross guarantees from parent and sister companies.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. It is the Bank's policy to dispose of any collateral given as security for sub standard or impaired asset in line with existing standards and procedures in place. The proceeds will be used to reduce or repay the outstanding claim.

34. RISK MANAGEMENT (Cont'd)
(b) Credit risk (Cont'd)

Credit quality per class of financial assets

The table below shows the credit quality by class of asset for loan-related balance sheet lines, based on the Group's credit rating system:

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 2009	Rs.	Rs.	Rs.	Rs.	Rs.
Due from banks	2,751,535,864	-	-	-	2,751,535,864
Derivative financial instruments	-	149,082,366	-	-	149,082,366
Loans and advances to customers	2,011,573,798	-	114,388,856	500,264	2,126,462,918
- Corporate lending	1,097,488,785	-	72,095,694	-	1,169,584,479
- Business banking	649,488,628	-	32,664,803	-	682,153,431
- Private/ personal	264,596,385	-	9,628,359	500,264	274,725,008
Other assets	210,494,775	-	-	-	210,494,775
	4,973,604,437	149,082,366	114,388,856	500,264	5,237,575,923
30 June 2008	Rs.	Rs.	Rs.	Rs.	Rs.
Due from banks	1,221,291,604	-	-	-	1,221,291,604
Derivative financial instruments	-	165,440,195	-	-	165,440,195
Loans and advances to customers	948,918,125	6,500,000	-	-	955,418,125
- Corporate lending	625,721,826	-	-	-	625,721,826
- Business banking	235,874,451	6,500,000	-	-	242,374,451
- Private/ personal	87,321,848	-	-	-	87,321,848
Other assets	13,803,375	-	-	-	13,803,375
	2,184,013,104	171,940,195	-	-	2,355,953,299

34. RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Credit quality per class of financial assets

The table below shows the credit quality by class of asset for loan-related balance sheet 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 2009	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Due from banks	**2,715,056,629**	-	-	-	**2,715,056,629**
Derivative financial instruments	-	**51,654,502**	-	-	**51,654,502**
Loans and advances to customers	**2,011,573,798**	-	**114,388,856**	**500,264**	**2,126,462,918**
- Corporate lending	**1,097,488,785**	-	**72,095,694**	-	**1,169,584,479**
- Business banking	**649,488,628**	-	**32,664,803**	-	**682,153,431**
- Private/ personal	**264,596,385**	-	**9,628,359**	**500,264**	**274,725,008**
Other assets	**215,071,306**	-	-	-	**215,071,306**
	4,941,701,733	**51,654,502**	**114,388,856**	**500,264**	**5,108,245,355**
30 June 2008	Rs.	Rs.	Rs.	Rs.	Rs.
Due from banks	1,207,020,927	-	-	-	1,207,020,927
Derivative financial instruments	-	65,364,630	-	-	65,364,630
Loans and advances to customers	948,918,125	6,500,000	-	-	955,418,125
- Corporate lending	625,721,826	-	-	-	625,721,826
- Business banking	235,874,451	6,500,000	-	-	242,374,451
- Private/ personal	87,321,848	-	-	-	87,321,848
Other assets	10,735,538	-	-	-	10,735,538
	2,166,674,590	71,864,630	-	-	2,238,539,220

34. Risk Management (Cont'd)
(b) Credit risk (Cont'd)

Ageing analysis of past due but not impaired loans by class of financial assets

THE GROUP AND THE BANK

	Amount in arrears						
June 30, 2009	More than 91 days Rs.	61 to 90 days Rs.	31 to 60 days Rs.	Less than 30 days Rs.	Total amount in arrears Rs.	Amount due but not in arrears Rs.	Total exposure Rs.
Loans and advances to customers	9,869,923	7,590,845	1,915,466	3,851,825	23,228,059	91,160,797	114,388,856
- Corporate lending	-	1,511,474	1,799,421	3,523,134	6,834,029	65,261,665	72,095,694
- Business banking	8,575,035	4,445,363	116,045	286,860	13,423,303	19,241,500	32,664,803
- Private and personal	1,294,888	1,634,008	-	41,831	2,970,727	6,657,632	9,628,359
	9,869,923	7,590,845	1,915,466	3,851,825	23,228,059	91,160,797	114,388,856

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 Bank holds relating to loans that were past due but not impaired and loans individually determined to be impaired at 30 June 2009 amount to Rs.432,131,000 and Rs.197,513 respectively (2008: Nil).

Collateral repossessed

During the year, the Bank did not take possession of any collateral (2008: Nil).

Carrying amount by class of financial assets whose terms have been renegotiated.

The table below shows the carrying amount of renegotiated financial assets, by class.

THE GROUP AND THE BANK

	2009 Rs.	2008 Rs.
Loans and advances to customers		
- Corporate lending	99,708,000	-
- Business banking	38,415,455	-
- Private/personal	1,964,000	-
	140,087,455	-

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 Bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances
The Bank determines 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.

Given that the Group and the Bank do not have a credit risk loss history, management has applied the minimum portfolio provision rate of 1% as prescribed by the Bank of Mauritius and is of the opinion that it reflects the loss probability for the market in which the Group and the Bank operate.

34. Risk Management (Cont'd)
(b) Credit risk (Cont'd)

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 Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the balance sheet, they do contain credit risk and are therefore part of the overall risk of the Bank.

The table below shows 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 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 balance sheet.

	2009	2008
	Rs.	Rs.
Financial guarantees	**349,799,270**	201,855,987
Letters of credit	**28,859,754**	2,182,164
Other undrawn commitments to lend	**901,787,408**	535,405,000
	1,280,446,432	739,443,151

(c) Liquidity risk and funding management

Liquidity risk is the risk that 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 Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains 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 Bank.

34. Risk Management (Cont'd)

(c) Liquidity risk and funding management (Cont'd)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Bank's financial 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 Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

THE GROUP

	30 JUNE 2009					
	On demand Rs.	**Less than 3 months Rs.**	**3 to 12 months Rs.**	**1 to 5 years Rs.**	**Over 5 years Rs.**	**Total Rs.**
Due to banks	-	**142,670,271**	-	-	-	**142,670,271**
Derivative financial instruments	-	**924,833**	**2,782,134**	**144,004,888**	-	**147,711,855**
Deposits from customers	**2,099,829,252**	**1,574,480,616**	**1,055,693,881**	**296,214,276**	**1,005,805**	**5,027,223,830**
Capital guaranteed contracts	-	-	**45,416,969**	**105,818,359**	-	**151,235,328**
Current tax liabilities	-	-	**11,680**	-	-	**11,680**
Deferred tax liabilities		-	-	**2,055**	-	**2,055**
Other liabilities	**1,259,701**	**69,944,451**	**14,639,819**	**1,153,848**	**230**	**86,998,049**
Total financial liabilities	**2,101,088,953**	**1,788,020,171**	**1,118,544,483**	**547,193,426**	**1,006,035**	**5,555,853,068**

	30 JUNE 2008					
	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	Over 5 years Rs.	Total Rs.
Due to banks	-	143,028,710	-	-	-	143,028,710
Derivative financial instruments	-	2,901,080	12,470,350	150,895,477	-	166,266,907
Deposits from customers	1,232,834,256	426,221,653	428,382,615	270,371,065	-	2,357,809,589
Capital guaranteed contracts	-	-	-	101,475,191	-	101,475,191
Current tax liabilities	-	-	9,566	-	-	9,566
Deferred tax liabilities	-	-	-	2,484	-	2,484
Other liabilities	5,521,524	99,918,676	10,507,174	185,755	-	116,133,129
Total financial liabilities	1,238,355,780	672,070,119	451,369,705	522,929,972	-	2,884,725,576

34. Risk Management (Cont'd)
(c) Liquidity risk and funding management (Cont'd)
Analysis of financial liabilities by remaining contractual maturities (Cont'd)

THE BANK

	30 JUNE 2009					
	On demand Rs.	**Less than 3 months Rs.**	**3 to 12 months Rs.**	**1 to 5 years Rs.**	**Over 5 years Rs.**	**Total Rs.**
Due to banks	-	**142,670,271**	-	-	-	**142,670,271**
Derivative financial instruments	-	**924,833**	**2,782,134**	**46,577,024**	-	**50,283,991**
Deposits from customers	**2,132,147,240**	**1,574,480,616**	**1,055,693,881**	**296,214,276**	**1,005,805**	**5,059,541,818**
Due to subsidiary	-	-	-	**151,235,327**	-	**151,235,327**
Other liabilities	-	**8,104,491**	**14,639,819**	**1,153,848**	**230**	**23,898,388**
Total financial liabilities	**2,132,147,240**	**1,726,180,211**	**1,073,115,834**	**495,180,475**	**1,006,035**	**5,427,629,795**

	30 JUNE 2008					
	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	Over 5 years Rs.	Total Rs.
Due to banks	-	143,028,710	-	-	-	143,028,710
Derivative financial instruments	-	2,901,080	12,470,350	50,819,912	-	66,191,342
Deposits from customers	1,309,620,988	426,221,653	428,382,615	270,371,065	-	2,434,596,321
Due to subsidiary	-	-	-	101,475,191	-	101,475,191
Other liabilities	57,823	12,302,972	10,507,174	185,755	-	23,053,724
Total financial liabilities	1,309,678,811	584,454,415	451,360,139	422,851,923	-	2,768,345,288

The table below shows the contractual expiry by maturity of the Bank's commitments.

THE GROUP AND THE BANK

2009	**Less than 3 months Rs.**	**3 to 12 months Rs.**	**1 to 5 years Rs.**	**Total Rs.**
Contingent liabilities	-	-	-	-
Commitments	**6,691,219**	-	**14,094,919**	**20,786,138**
Total	**6,691,219**	-	**14,094,919**	**20,786,138**

2008	Rs.	Rs.	Rs.	Rs.
Contingent liabilities	-	64,393,171	139,644,980	204,038,151
Commitments	492,841,967	42,563,033	-	535,405,000
Total	492,841,967	106,956,204	139,644,980	739,443,151

34. Risk Management (Cont'd)
(c) Liquidity risk and funding management (Cont'd)
Analysis of financial liabilities by remaining contractual maturities (Cont'd)

The Bank expects that not all the contingent liabilities or commitments will be drawn before expiry of commitments.

(d) 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 Bank classifies exposures to market risk into either trading or non trading portfolios and manage these portfolios separately. Except for the concentrations within foreign currency, the Bank has 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. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

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 income statement and equity.

The sensitivity of the income statement 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, including the effect of hedging instruments. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

THE GROUP

Currency	Change in Basis points	2009 Net effect on profit and equity Rs.	2008 Net effect on profit and equity Rs.
AUD	+50	(49,028)	(11,352)
	-50	49,028	(48,689)
EUR	+50	(17,952)	799,719
	-50	17,952	(696,482)
GBP	+50	(23,302)	(3,329)
	-50	23,302	9,399
MUR	+100	3,962,725	(65,962)
	-100	(3,962,725)	65,962
USD	+50	99,639	521,306
	-50	(99,639)	(483,794)

THE BANK

Currency	Change in Basis points	2009 Net effect on profit and equity Rs.	2008 Net effect on profit and equity Rs.
AUD	+50	(49,046)	(15,116)
	-50	49,046	(44,925)
EUR	+50	(17,952)	799,719
	-50	17,952	(696,482)
GBP	+50	(23,302)	(3,329)
	-50	23,302	9,399
MUR	+100	3,962,725	(65,962)
	-100	(3,962,725)	65,962
USD	+50	89,524	521,306
	-50	(89,524)	(483,794)

34. Risk Management (Cont'd)
(d) Market risk
(i) Interest rate risk (Cont'd)

The table below analyses 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	2009							
	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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	207,964,884	-	-	-	-	-	-	207,964,884
Due from banks	2,751,535,864	947,797,592	1,415,004,500	351,985,950	33,484,000	-	-	-
Other financial assets held-for-trading	103,171,720	-	19,349,300	-	80,447,200	-	-	-
Derivatives - Foreign Exchange	808,663,711	33,200,000	516,889,908	18,668,400	-	-	-	-
Loans and advances to customers	2,106,644,479	1,014,589,201	940,116,438	37,751,303	3,381,166	109,121,278	14,127,155	-
Financial investments -held-to-maturity	638,610,782	-	233,032,000	99,889,100	161,764,104	134,053,410	-	-
Total Assets	6,616,591,440	1,995,586,793	3,124,392,146	508,294,753	279,076,470	243,174,688	14,127,155	207,964,884
Liabilities								
Due to banks	142,670,271	110,312,219	32,355,000	-	-	-	-	-
Derivatives - Foreign Exchange	808,663,711	33,200,000	516,889,908	18,668,400	-	-	-	-
Deposits from customers	5,027,223,830	3,038,560,550	1,383,444,028	326,494,758	199,667,310	49,640,929	-	-
Total liabilities	5,978,557,812	3,182,072,768	1,932,688,936	345,163,158	199,667,310	49,640,929	-	-
Total interest sensitivity gap	638,033,628	(1,186,485,975)	1,191,703,209	163,131,595	79,409,160	193,533,760	14,127,155	207,964,884

34. Risk Management (Cont'd)
(d) Market risk
(i) Interest rate risk (Cont'd)

THE GROUP

	2008							
	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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with Central Bank	336,759,156	-	-	-	-	-	-	336,759,156
Due from banks	1,221,291,604	54,316,608	1,162,740,891	-	2,627,000	-	-	-
Derivatives								
- Foreign Exchange	662,970,297	-	456,222,697	206,747,600	-	-	-	-
Loans and advances to customers	946,761,441	213,471,063	406,794,833	-	105,835,098	227,739,190	-	-
Financial investments -held-to-maturity	372,117,115	-	236,074,900	86,857,600	45,569,000	-	-	-
Total Assets	3,539,899,613	267,787,671	2,261,833,321	293,605,200	154,031,098	227,739,190	-	336,759,156
Liabilities								
Due to banks	143,028,710	-	143,028,710	-	-	-	-	-
Derivatives								
- Foreign Exchange	662,970,297	-	456,222,697	206,747,600	-	-	-	-
Deposits from customers	2,357,809,589	1,309,620,989	563,301,865	216,261,501	192,311,748	270,371,065	-	-
Total Liabilities	3,163,808,596	1,309,620,989	1,162,553,272	423,009,101	192,311,748	270,371,065	-	-
Total interest sensitivity gap	376,091,017	(1,041,833,318)	1,099,280,049	(129,403,901)	(38,280,650)	(42,631,875)	-	336,759,156

34. Risk Management (Cont'd)
(d) Market risk
(i) Interest rate risk (Cont'd)

THE BANK

	2009							
Assets	**Carrying amount Rs.**	**On demand Rs.**	**Less than 3 months Rs.**	**3 to 6 months Rs.**	**6 to 12 months Rs.**	**1 to 5 years Rs.**	**Over 5 years Rs.**	**Non interest bearing Rs.**
Cash and balances with Central Bank	207,964,884	-	-	-	-	-	-	207,964,884
Due from banks	2,715,056,629	911,318,357	1,415,004,500	351,985,950	33,484,000	-	-	-
Other financial assets held-for-trading	103,171,720	-	19,349,300	-	80,447,200	-	-	-
Derivatives								
- Foreign Exchange	808,663,711	33,200,000	516,889,908	18,668,400	-	-	-	-
Loans and advances to customers	2,106,644,479	1,014,589,201	940,116,438	37,751,303	3,381,166	109,121,278	14,127,155	-
Financial investments -held-to-maturity	638,610,782	-	233,032,000	99,889,100	161,764,104	134,053,410	-	-
Total Assets	6,580,112,205	1,959,107,558	3,124,392,146	508,294,753	279,076,470	243,174,688	14,127,155	207,964,884
Liabilities								
Due to banks	142,670,271	110,312,219	32,355,000	-	-	-	-	-
Derivatives								
- Foreign Exchange	808,663,711	33,200,000	516,889,908	18,668,400	-	-	-	-
Deposits from customers	5,059,541,818	3,038,560,550	1,383,444,028	326,494,758	199,667,310	49,640,929	-	-
Total Liabilities	6,010,875,800	3,182,072,769	1,932,688,936	345,163,158	199,667,310	49,640,929	-	-
Total interest sensitivity gap	569,236,405	(1,222,965,211)	1,191,703,210	163,131,595	79,409,160	193,533,759	14,127,155	207,964,884

34. Risk Management (Cont'd)
(d) Market risk (Cont'd)
(i) Interest rate risk (Cont'd)

THE BANK

	2008							
	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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and balances with								
Central Bank	336,759,156	-	-	-	-	-	-	336,759,156
Due from banks	1,207,020,927	40,045,931	1,162,740,891	-	2,627,000	-	-	-
Derivatives								
- Foreign Exchange	662,970,297	-	456,222,697	206,747,600	-	-	-	-
Loans and advances								
to customers	946,761,441	213,471,063	406,794,833	-	105,835,098	227,739,190	-	-
Financial investments								
-held-to-maturity	372,117,115	-	236,074,900	86,857,600	45,569,000	-	-	-
Total Assets	3,525,628,936	253,516,994	2,261,833,321	293,605,200	154,031,098	227,739,190	-	336,759,156
Liabilities								
Due to banks	143,028,710	-	143,028,710	-	-	-	-	-
Derivatives								
- Foreign Exchange	662,970,297	-	456,222,697	206,747,600	-	-	-	-
Deposits from customers	2,434,596,321	1,309,620,989	563,301,865	216,261,501	192,311,748	270,371,065	-	
Total Liabilities	3,240,595,328	1,309,620,989	1,162,553,272	423,009,101	192,311,748	270,371,065	-	-
Total interest sensitivity gap	285,033,608	(1,056,103,995)	1,099,280,049	(129,403,901)	(38,280,650)	(42,631,875)	-	336,759,156

34. Risk Management (Cont'd)

(e) 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 Bank had significant exposure at 30 June 2009 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 income statement (due to the fair value of currency sensitive non trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A negative amount in the table reflects a potential net reduction in income statement or equity, 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

	2009			
Currency	**% Change in Currency rate**	**Effect on profit of change in currency on Assets**	**Effect on profit of change in currency on Liabilities**	**Sensitivity of net interest income and equity**
		Rs.	**Rs.**	**Rs.**
AUD	**+5%**	**4,159,229**	**(4,054,961)**	**104,268**
	-5%	**(4,159,229)**	**4,054,961**	**(104,268)**
EUR	**+5%**	**20,327,574**	**(20,092,457)**	**235,117**
	-5%	**(20,327,574)**	**20,092,457**	**(235,117)**
GBP	**+5%**	**17,699,556**	**(16,966,177)**	**733,379**
	-5%	**(17,699,556)**	**16,966,177**	**(733,379)**
USD	**+5%**	**114,796,344**	**(111,837,620)**	**2,958,724**
	-5%	**(114,796,344)**	**111,837,620**	**(2,958,724)**

	2008			
Currency	% Change in Currency rate	Effect on profit of change in currency on Assets	Effect on profit of change in currency on Liabilities	Sensitivity of net interest income and equity
		Rs.	Rs.	Rs.
AUD	+5%	9,085,947	(8,727,219)	358,728
	-5%	(9,085,947)	8,727,219	(358,728)
EUR	+5%	12,141,253	(5,886,647)	6,254,606
	-5%	(12,141,253)	5,886,647	(6,254,606)
GBP	+5%	9,199,234	(8,984,141)	215,093
	-5%	(9,199,234)	8,984,141	(215,093)
USD	+5%	37,222,836	(18,363,103)	18,859,733
	-5%	(37,222,836)	18,363,103	(18,859,733)

34. Risk Management (Cont'd)
(e) Currency risk (Cont'd)

THE BANK

2009

Currency	**% Change in Currency rate**	**Effect on profit of change in currency on Assets**	**Liabilities**	**Sensitivity of net interest income and equity**
		Rs.	**Rs.**	**Rs.**
AUD	+5%	4,155,931	(4,054,961)	100,970
	-5%	(4,155,931)	4,054,961	(100,970)
EUR	+5%	20,327,574	(20,092,457)	235,117
	-5%	(20,327,574)	20,092,457	(235,117)
GBP	+5%	17,699,556	(16,966,177)	733,379
	-5%	(17,699,556)	16,966,177	(733,379)
USD	+5%	112,926,704	(108,694,493)	4,232,211
	-5%	(112,926,704)	108,694,493	(4,232,211)

2008

Currency	% Change in Currency rate	Effect on profit of change in currency on Assets	Liabilities	Sensitivity of net interest income and equity
		Rs.	Rs.	Rs.
AUD	+5%	8,327,324	(8,267,100)	60,224
	-5%	(8,327,324)	8,267,100	(60,224)
EUR	+5%	12,141,253	(5,886,647)	6,254,606
	-5%	(12,141,253)	5,886,647	(6,254,606)
GBP	+5%	9,199,234	(8,984,141)	215,093
	-5%	(9,199,234)	8,984,141	(215,093)
USD	+5%	37,222,836	(18,363,103)	18,859,733
	-5%	(37,222,836)	18,363,103	(18,859,733)

(f) 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 Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is 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.

35. CAPITAL

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of 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 Bank. During the past year, the Bank had complied in full with all its externally imposed capital requirements.

Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes 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 Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

35. Capital (Cont'd)

ELIGIBLE RISK-WEIGHTED CAPITAL

(a) THE GROUP AND THE BANK

	Basel II 2009 Rs.	Basel I 2008 Rs.
Tier 1 capital	**420,341,216**	191,246,896
Tier 2 capital	**19,318,439**	-
Total capital	**439,659,655**	191,246,896
Risk-weighted assets	**3,428,556,650**	1,385,509,221
	%	%
Capital adequacy ratio	**12.82**	13.73

Regulatory capital consists of Tier 1 capital, which comprises share capital, revenue deficit, 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 - preference shares and revaluation reserves.

36. COMPARATIVE FIGURES

The current year's consolidated financial statements cover the full 12 months from 1 July 2008 to 30 June 2009 as compared with last year's 18 months period from 12 January 2007, date of incorporation, to 30 June 2008. As a result, the comparative amounts in the income statements, consolidated cash flow statements and consolidated statements of changes in equity are not comparable.

37. 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 2009			18 months ended 30 June 2008		
		Segment A	**Segment B**	**Total**	Segment A	Segment B	Total
	Notes	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
Interest income	I	**231,410,914**	**32,350,931**	**263,761,845**	72,014,562	9,410,675	81,425,237
Interest expense	II	**(180,561,566)**	**(22,290,243)**	**(202,851,809)**	(61,944,936)	(5,741,377)	(67,686,313)
Net interest income		**50,849,348**	**10,060,688**	**60,910,036**	10,069,626	3,669,298	13,738,924
Fees and commission income	III	**14,393,736**	**5,050,187**	**19,443,923**	10,394,592	2,996,067	13,390,659
Fees and commission expense	III	**(3,874,945)**	**(1,234,917)**	**(5,109,862)**	(584,840)	(351,831)	(936,671)
Net fees and commission income	III	**10,518,791**	**3,815,270**	**14,334,061**	9,809,752	2,644,236	12,453,988
Net trading income	IV	**63,393,527**	**17,328,439**	**80,721,966**	4,998,894	23,141,666	28,140,560
Other operating income		**3,839,112**	**-**	**3,839,112**	103,178	-	103,178
Total operating income		**128,600,778**	**31,204,397**	**159,805,175**	24,981,450	29,455,200	54,436,650
Allowance for credit impairment	V	**(8,047,439)**	**(3,114,316)**	**(11,161,755)**	(8,282,454)	(374,230)	(8,656,684)
Net operating income		**120,553,339**	**28,090,081**	**148,643,420**	16,698,996	29,080,970	45,779,966
Personnel expenses		**(58,747,400)**	**(13,969,373)**	**(72,716,773)**	(37,630,549)	(15,286,109)	(52,916,658)
Depreciation of equipment		**(1,844,782)**	**(438,665)**	**(2,283,447)**	(1,196,263)	(485,941)	(1,682,204)
Amortisation of intangible assets		**(2,602,727)**	**(618,895)**	**(3,221,622)**	(1,828,691)	(742,843)	(2,571,534)
Other operating expenses		**(37,299,631)**	**(8,869,371)**	**(46,169,002)**	(25,644,696)	(10,417,270)	(36,061,966)
Total operating expenses		**(100,494,540)**	**(23,896,304)**	**(124,390,844)**	(66,300,199)	(26,932,163)	(93,232,362)
Profit/(loss) before tax		**20,058,799**	**4,193,777**	**24,252,576**	(49,601,203)	2,148,807	(47,452,396)
Income tax (expense)/release		**(3,695,343)**	**(67,525)**	**(3,762,868)**	7,035,360	-	7,035,360
Profit/(loss) after tax		**16,363,456**	**4,126,252**	**20,489,708**	(42,565,843)	2,148,807	(40,417,036)

37. Segmental Reporting (Cont'd)

		2009			2008		
	Notes	Segment A Rs.	Segment B Rs.	Total Rs.	Segment A Rs.	Segment B Rs.	Total Rs.
ASSETS							
Cash and balances with Central Bank	VI	202,828,084	5,136,800	207,964,884	336,759,156	-	336,759,156
Due from banks	VII	1,471,010,218	1,244,046,411	2,715,056,629	72,606,748	1,134,414,179	1,207,020,927
Derivative financial instruments	VIII	2,782,082	48,872,420	51,654,502	14,544,718	50,819,912	65,364,630
Other financial assets held-for-trading	IX	103,171,720	-	103,171,720	-	-	-
Loans and advances to customers	X	1,662,832,241	443,812,238	2,106,644,479	879,784,369	66,977,072	946,761,441
Investment in subsidiary	XII	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Financial investments - held-to-maturity	XI	638,610,782	-	638,610,782	372,117,115	-	372,117,115
Equipment	XIII	11,285,287	-	11,285,287	12,798,017	-	12,798,017
Intangible assets	XIV	13,580,739	-	13,580,739	18,336,068	-	18,336,068
Deferred tax assets		3,272,492	-	3,272,492	7,035,360	-	7,035,360
Other assets	XV	215,063,602	7,704	215,071,306	10,411,025	324,513	10,735,538
TOTAL ASSETS		4,325,437,247	1,741,875,573	6,067,312,820	1,725,392,576	1,252,535,676	2,977,928,252
LIABILITIES AND EQUITY							
Due to banks	XVI	137,453,595	5,216,676	142,670,271	143,028,710	-	143,028,710
Derivative financial instruments	VIII	1,806,788	48,477,203	50,283,991	15,371,430	50,819,912	66,191,342
Deposits from customers	XVIII	3,458,454,284	1,601,087,534	5,059,541,818	2,028,276,429	406,319,892	2,434,596,321
Amount due to subsidiary	XVII	151,235,327	-	151,235,327	101,475,191	-	101,475,191
Other liabilities	XIX	23,859,730	38,658	23,898,388	23,049,565	4,159	23,053,724
TOTAL LIABILITIES		3,772,809,724	1,654,820,071	5,427,629,795	2,311,201,325	457,143,963	2,768,345,288
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT							
Issued capital				653,977,578			250,000,000
Revenue deficit				(19,927,328)			(40,417,036)
Other reserves				5,632,775			-
TOTAL EQUITY				639,683,025			209,582,964
TOTAL LIABILITIES AND EQUITY				6,067,312,820			2,977,928,252

37. Segmental Reporting (Cont'd)

	2009			2008		
	Segment A	**Segment B**	**Total**	Segment A	Segment B	Total
	Rs.	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
I INTEREST INCOME						
Due from banks	**20,432,169**	**10,682,785**	**31,114,954**	11,677,912	8,892,943	20,570,855
Loans and advances to customers	**182,725,602**	**21,668,146**	**204,393,748**	54,240,568	517,732	54,758,300
Financial investments						
- held-to-maturity	**28,253,143**	**-**	**28,253,143**	6,096,082	-	6,096,082
	231,410,914	**32,350,931**	**263,761,845**	72,014,562	9,410,675	81,425,237
II INTEREST EXPENSE	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
Due to banks	**2,139,754**	**66,664**	**2,206,418**	1,653,711	107,633	1,761,344
Deposits from customers	**167,635,465**	**22,223,579**	**189,859,044**	58,137,541	5,633,744	63,771,285
Due to subsidiary	**10,786,347**	**-**	**10,786,347**	2,153,684	-	2,153,684
	180,561,566	**22,290,243**	**202,851,809**	61,944,936	5,741,377	67,686,313
III NET FEES AND COMMISSION INCOME	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
Fees and commissions income						
Credit related fees and commissions	**13,499,226**	**3,414,424**	**16,913,650**	120,416	1,985,103	2,105,519
Structuring fees received	**-**	**-**	**-**	5,710,258	-	5,710,258
Other fees received	**894,510**	**1,635,763**	**2,530,273**	4,563,918	1,010,964	5,574,882
Total fees and commission income	**14,393,736**	**5,050,187**	**19,443,923**	10,394,592	2,996,067	13,390,659
Fees and commissions expense						
Amortisation of intangible assets	**(361,303)**	**-**	**(361,303)**	(145,136)	-	(145,136)
Other fees	**(3,513,642)**	**(1,234,917)**	**(4,748,559)**	(439,704)	(351,831)	(791,535)
Total fees and commission expense	**(3,874,945)**	**(1,234,917)**	**(5,109,862)**	(584,840)	(351,831)	(936,671)
Net fees and commission income	**10,518,791**	**3,815,270**	**14,334,061**	9,809,752	2,644,236	12,453,988
IV NET TRADING INCOME	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
Derivative financial instruments	**8,280,418**	**-**	**8,280,418**	4,462,196	-	4,462,196
Financial investments held-for-trading	**3,375,221**	**-**	**3,375,221**	-	-	-
Foreign exchange	**51,737,888**	**17,328,439**	**69,066,327**	536,698	23,141,666	23,678,364
	63,393,527	**17,328,439**	**80,721,966**	4,998,894	23,141,666	28,140,560

37. Segmental Reporting (Cont'd)

	2009			2008		
	Segment A Rs.	**Segment B Rs.**	**Total Rs.**	Segment A Rs.	Segment B Rs.	Total Rs.
V ALLOWANCE FOR CREDIT IMPAIRMENT						
Allowance for credit impairment - Loans and advances	**8,047,439**	**3,114,316**	**11,161,755**	8,282,454	374,230	8,656,684
VI CASH AND BALANCES WITH CENTRAL BANK	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Cash in hand	**8,925,369**	**5,136,800**	**14,062,169**	6,852,388	-	6,852,388
Current account with the Central Bank	**193,902,715**	**-**	**193,902,715**	329,906,768	-	329,906,768
	202,828,084	**5,136,800**	**207,964,884**	336,759,156	-	336,759,156
VII DUE FROM BANKS	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Placements with other banks	**1,465,383,092**	**947,249,640**	**2,412,632,732**	70,000,000	1,095,367,891	1,165,367,891
Current accounts with other banks	**5,619,941**	**295,669,304**	**301,289,245**	-	39,046,288	39,046,288
Other amounts due	**7,185**	**1,127,467**	**1,134,652**	2,606,748	-	2,606,748
	1,471,010,218	**1,244,046,411**	**2,715,056,629**	72,606,748	1,134,414,179	1,207,020,927

VIII DERIVATIVE FINANCIAL INSTRUMENTS

	2009				2008			
	Segment A Rs.	**Segment B Rs.**	**Total Rs.**	**Nominal Amount Rs.**	Segment A Rs.	Segment B Rs.	Total Rs.	Nominal Amount Rs.
ASSETS								
Derivatives designated at fair value through profit or loss								
Commodity Index Options	-	**1,900,179**	**1,900,179**	**49,820,250**	-	5,061,737	5,061,737	49,820,250
Fund Options Transactions	-	**946,854**	**946,854**	**103,170,000**	-	17,930,946	17,930,946	103,170,000
Equity Linked Notes	-	**26,481,140**	**26,481,140**	**31,165,000**	-	27,827,229	27,827,229	31,165,000
Index Linked Options	-	**19,149,030**	**19,149,030**	**48,540,000**				
	-	**48,477,203**	**48,477,203**	**232,695,250**	-	50,819,912	50,819,912	184,155,250

37. Segmental Reporting (Cont'd)
VIII Derivative Financial Instruments (Cont'd)

	2009				2008			
	Segment A	**Segment B**	**Total**	**Nominal Amount**	Segment A	Segment B	Total	Nominal Amount
ASSETS	**Rs.**	**Rs.**	**Rs.**	**Rs.**	Rs.	Rs.	Rs.	Rs.
Derivatives held for trading								
Forward Foreign Exchange Contracts	**2,782,082**	**395,217**	**3,177,299**	**675,915,988**	14,544,718	-	14,544,718	662,970,297
	2,782,082	**395,217**	**3,177,299**	**675,915,988**	14,544,718	-	14,544,718	662,970,297
	2,782,082	**48,872,420**	**51,654,502**	**908,611,238**	14,544,718	50,819,912	65,364,630	847,125,547
LIABILITIES								
Derivatives designated at fair value through profit or loss								
Commodity Index Options	**-**	**(1,900,179)**	**(1,900,179)**	**49,820,250**	-	(5,061,737)	(5,061,737)	49,820,250
Fund Options Transactions	**-**	**(946,854)**	**(946,854)**	**103,170,000**	-	(17,930,946)	(17,930,946)	103,170,000
Equity Linked Notes	**-**	**(26,481,140)**	**(26,481,140)**	**31,165,000**	-	(27,827,229)	(27,827,229)	31,165,000
Index Linked Options	**-**	**(19,149,030)**	**(19,149,030)**	**48,540,000**	-	-	-	-
	-	**(48,477,203)**	**(48,477,203)**	**232,695,250**	-	(50,819,912)	(50,819,912)	184,155,250
Derivatives held for trading								
Forward Foreign Exchange Contracts	**(1,806,788)**	**-**	**(1,806,788)**	**675,915,988**	(3,500,783)	-	(3,500,783)	662,970,297
Currency Call Option	**-**	**-**	**-**	**-**	(11,870,647)	-	(11,870,647)	207,251,462
Currency Put Option	**-**	**-**	**-**	**-**	-	-	-	102,144,250
	(1,806,788)	**-**	**(1,806,788)**	**675,915,988**	(15,371,430)	-	(15,371,430)	972,366,009
	(1,806,788)	**(48,477,203)**	**(50,283,991)**	**908,611,238**	(15,371,430)	(50,819,912)	(66,191,342)	1,156,521,259

37. Segmental Reporting (Cont'd)

	2009			2008		
	Segment A Rs.	Segment B Rs.	Total Rs.	Segment A Rs.	Segment B Rs.	Total Rs.
IX OTHER FINANCIAL ASSETS HELD-FOR-TRADING						
Government of Mauritius debt securities	103,171,720	-	103,171,720	-	-	-
X LOANS AND ADVANCES TO CUSTOMERS						
Retail and personal	189,085,858	66,854,703	255,940,561	53,749,357	29,410,643	83,160,000
Business	1,471,073,262	-	1,471,073,262	830,491,149	-	830,491,149
Entities outside Mauritius	-	380,435,275	380,435,275	-	37,940,659	37,940,659
Credit cards	19,013,820	-	19,013,820	3,826,317	-	3,826,317
Gross loans and advances	1,679,172,940	447,289,978	2,126,462,918	888,066,823	67,351,302	955,418,125
Less: Allowance for credit impairment	(16,340,699)	(3,477,740)	(19,818,439)	8,282,454	374,230	(8,656,684)
	1,662,832,241	443,812,238	2,106,644,479	896,349,277	67,725,532	946,761,441
Allowance for credit impairment						
Retail and Personal	(1,827,191)	(394,150)	(2,221,341)	(508,546)	-	(508,546)
Business	(14,304,811)	-	(14,304,811)	(7,735,645)	-	(7,735,645)
Entities outside Mauritius	-	(3,083,590)	(3,083,590)	-	(374,230)	(374,230)
Credit cards	(208,697)	-	(208,697)	(38,263)	-	(38,263)
	(16,340,699)	(3,477,740)	(19,818,439)	(8,282,454)	(374,230)	(8,656,684)
XI FINANCIAL INVESTMENTS						
- HELD-TO-MATURITY	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Unquoted investments						
Government of Mauritius debt securities	638,610,782	-	638,610,782	322,574,365	-	322,574,365
Bank of Mauritius Debt Securities	-	-	-	49,542,750	-	49,542,750
	638,610,782	-	638,610,782	372,117,115	-	372,117,115
XII INVESTMENT IN SUBSIDIARY	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
At 30 June	1,000,000	-	1,000,000	1,000,000	-	1,000,000

37. Segmental Reporting (Cont'd)

XIII EQUIPMENT

Segment A	Improvement to building	Furniture and fittings	Office equipment	Motor vehicle	Computer equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
At 12 January 2007	-	-	-	-	-	-
Additions	3,764,665	3,506,320	3,978,325	-	3,278,105	14,527,415
Disposal	-	-	(54,068)	-	-	(54,068)
At 30 June 2008	3,764,665	3,506,320	3,924,257	-	3,278,105	14,473,347
At 1 July 2008	3,764,665	3,506,320	3,924,257	-	3,278,105	14,473,347
Additions	21,952	165,320	327,222	671,292	659,958	1,845,744
Assets written off	(890,366)	(148,261)	(8,675)	-	(57,937)	(1,105,239)
Disposal	-	-	-	-	(45,275)	(45,275)
At 30 June 2009	**2,896,251**	**3,523,379**	**4,242,804**	**671,292**	**3,834,851**	**15,168,577**
Depreciation						
At 12 January 2007	-	-	-	-	-	-
Charge for the period	279,280	255,012	311,590	-	836,322	1,682,204
Disposal	-	-	(6,874)	-	-	(6,874)
At 30 June 2008	279,280	255,012	304,716	-	836,322	1,675,330
At 1 July 2008	279,280	255,012	304,716	-	836,322	1,675,330
Charge for the year	223,812	356,633	448,248	26,361	1,228,393	2,283,447
Assets written off	(341)	(20,989)	(1,982)	-	(31,338)	(54,650)
Disposal	-	-	-	-	(20,837)	(20,837)
At 30 June 2009	**502,751**	**590,656**	**750,982**	**26,361**	**2,012,540**	**3,883,290**
Net book values						
At 30 June 2009	**2,393,500**	**2,932,723**	**3,491,822**	**644,931**	**1,822,311**	**11,285,287**
At 30 June 2008	3,485,385	3,251,308	3,619,541	-	2,441,783	12,798,017

37. Segmental Reporting (Cont'd)

XIV INTANGIBLE ASSETS	**Computer software**	**Banking software**	**Other**	**Total**
Segment A	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Cost				
At 12 January 2007	-	-	-	-
Additions	482,964	15,642,978	4,926,796	21,052,738
At 30 June 2008	482,964	15,642,978	4,926,796	21,052,738
At 1 July 2008	482,964	15,642,978	4,926,796	21,052,738
Additions	246,918	240,300	61,918	549,136
Disposals	-	(1,284,540)	(437,000)	(1,721,540)
At 30 June 2009	**729,882**	**14,598,738**	**4,551,714**	**19,880,334**
Amortisation				
At 12 January 2007	-	-	-	-
Charge for the period	115,507	1,531,573	1,069,590	2,716,670
At 30 June 2008	115,507	1,531,573	1,069,590	2,716,670
At 1 July 2008	115,507	1,531,573	1,069,590	2,716,670
Charge for the year	218,963	1,949,387	1,414,575	3,582,925
At 30 June 2009	**334,470**	**3,480,960**	**2,484,165**	**6,299,595**
Net book values				
At 30 June 2009	**395,412**	**11,117,778**	**2,067,549**	**13,580,739**
At 30 June 2008	367,457	14,111,405	3,857,206	18,336,068

XV OTHER ASSETS

	2009			2008		
	Segment A	**Segment B**	**Total**	Segment A	Segment B	Total
	Rs.	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
Accrued income	**397,471**	**-**	**397,471**	6,853,525	324,513	7,178,038
Prepayments	**1,299,249**	**7,704**	**1,306,953**	1,162,514	-	1,162,514
Issued capital not paid	**201,988,789**	**-**	**201,988,789**	-	-	-
Other receivables	**11,378,093**	**-**	**11,378,093**	2,394,986	-	2,394,986
	215,063,602	**7,704**	**215,071,306**	10,411,025	324,513	10,735,538
XVI DUE TO BANKS						
Deposits with other banks	**137,453,595**	**-**	**137,453,595**	143,028,710	-	143,028,710
Bank overdrafts	**-**	**5,216,676**	**5,216,676**	-	-	-
	137,453,595	**5,216,676**	**142,670,271**	143,028,710	-	143,028,710
XVII DUE TO SUBSIDIARY						
Funds due to subsidiary in respect of capital guaranteed contracts	**151,235,327**	**-**	**151,235,327**	101,475,191	-	101,475,191

37. Segmental Reporting (Cont'd)

XVIII DUE TO CUSTOMERS

	2009			2008		
	Segment A Rs.	**Segment B Rs.**	**Total Rs.**	Segment A Rs.	Segment B Rs.	Total Rs.
Personal						
- Current and savings accounts	**605,624,175**	**348,567,775**	**954,191,950**	398,761,275	115,989,540	514,750,815
- Term deposits	**537,856,165**	**84,436,984**	**622,293,149**	175,962,074	74,569,266	250,531,340
Business						
- Current and savings accounts	**216,579,811**	**603,304,642**	**819,884,453**	569,654,994	153,068,797	722,723,791
- Term deposits	**1,092,434,996**	**564,778,133**	**1,657,213,129**	765,942,839	62,692,289	828,635,128
Government institutions						
- Current and savings accounts	**358,070,837**	**-**	**358,070,837**	72,146,383	-	72,146,383
- Term deposits	**647,888,300**	**-**	**647,888,300**	45,808,864	-	45,808,864
	3,458,454,284	**1,601,087,534**	**5,059,541,818**	2,028,276,429	406,319,892	2,434,596,321

XIX OTHER LIABILITIES

	2009			2008		
	Segment A Rs.	**Segment B Rs.**	**Total Rs.**	Segment A Rs.	Segment B Rs.	Total Rs.
Interest payable	**-**	**-**	**-**	57,823	-	57,823
Accounts payable and sundry creditors	**23,859,730**	**38,658**	**23,898,388**	22,991,742	4,159	22,995,901
	23,859,730	**38,658**	**23,898,388**	23,049,565	4,159	23,053,724

12.0 Administrative Information

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