35

years of growth together

annual report 2008

SBM

mission

Value creation for stakeholders by achieving consistent improved returns and continued enhancement.

vision

To be the leading provider of premier integrated financial services in Mauritius and the region through a dedicated and competent professional team and to create value for stakeholders.

goal

To continuously add value to the Group's lines of business and to achieve consistent improved returns for its shareholders. SBM aims to achieve its goals by continuously improving operating efficiencies; maintaining a balanced, acceptable and quality risk profile; effectively managing its balance sheet, customer services and delivery channels as well as motivating its people.

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united for growth

State Bank of Mauritius Ltd, (SBM / Group), started operations in 1973 and was listed on the Stock Exchange of Mauritius in 1995. SBM is currently an integrated financial services group offering a wide range of services including retail and corporate banking, currency and securities trading, eBusiness, leasing, security broking, fiduciary services and asset management.

corporate profile

The net profit for the year ended June 30, 2008 reached Rs 2.1Bn, representing a return of 21.4% on average equity and 30.9% on average Tier 1 Capital. Total assets of the Group reached Rs67.5Bn at the year end and shareholders' equity stood at Rs11.0 Bn. SBM's market capitalisation exceeded Rs29Bn at June 30, 2008. It remains one of the most widely held and traded shares on the Stock Exchange of Mauritius with over 16,500 foreign and local investors at that date.

SBM enjoys an enviable cost to income ratio of 37.1% by international standards. It has a diversified income stream and continuously strives to improve its operating efficiency through business process reengineering, adaptive business models and investment in top-breed technology. It has proactively adopted international best practices in risk management, value based performance measurement and corporate governance, and remains recognised as a sound, dynamic and innovative group. SBM employs over 1,000 dedicated people and services over 340,000 customers, promoting a strong sense of staff empowerment and customer mindset, whilst at the same time seeking to make a positive difference in the communities it operates.

Moody's Investors Service continues to rate SBM the highest amongst its peers in Mauritius: A2 for long term global local currency deposits, Baa2/P-2 for foreign currency deposits, Baa1 for foreign currency issuer rating and C- for the bank financial strength.

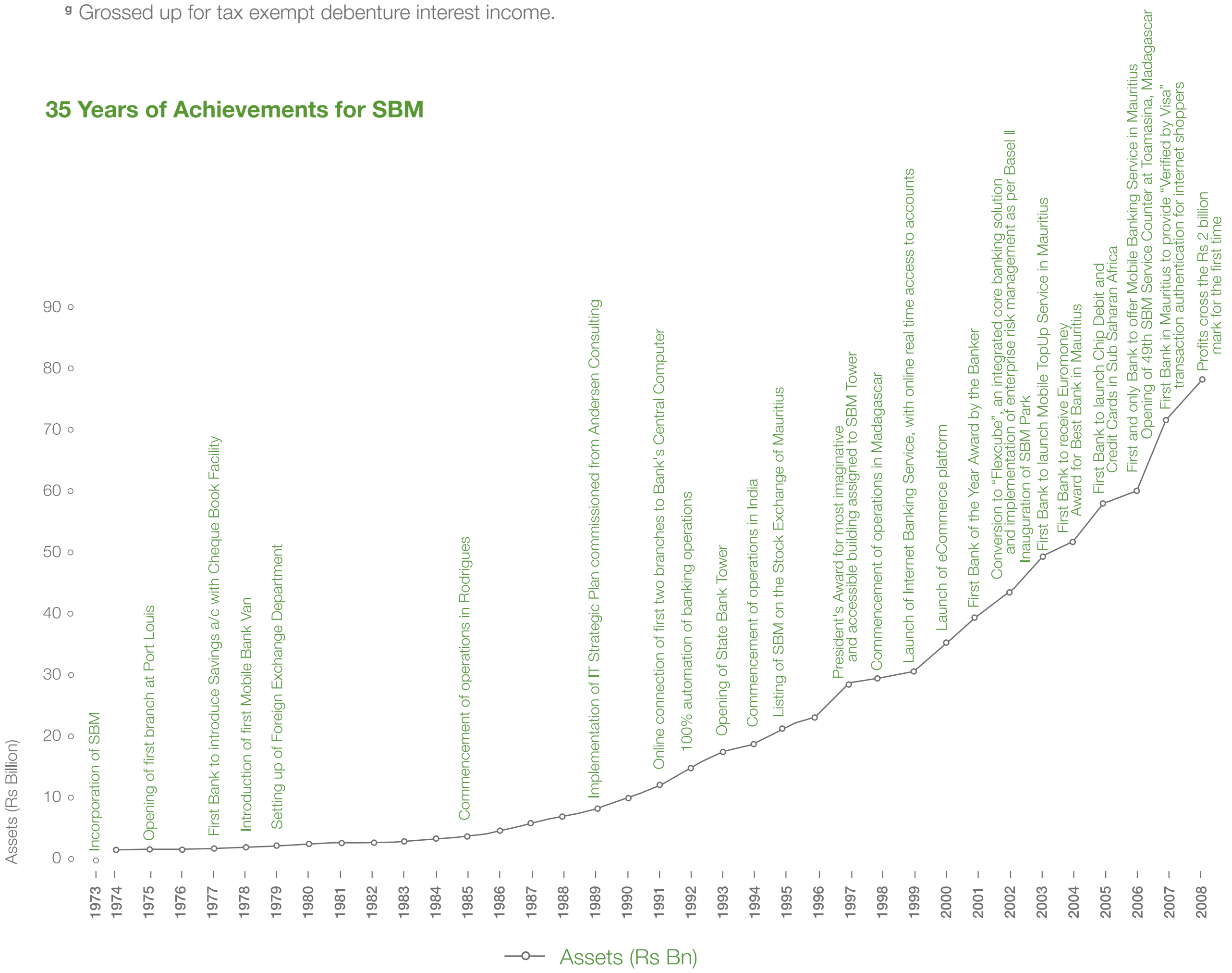
SBM is currently present in Mauritius, India and Madagascar and offers cross border financing in non-presence countries to meet its customers' needs. In addition to its traditional network of 49 service units and counters, the Group services its client base through modern and secure electronic delivery channels including internet and mobile phone banking as well as an ecommerce platform. Over 82% of the Group transactions are carried out electronically.

key financial highlights

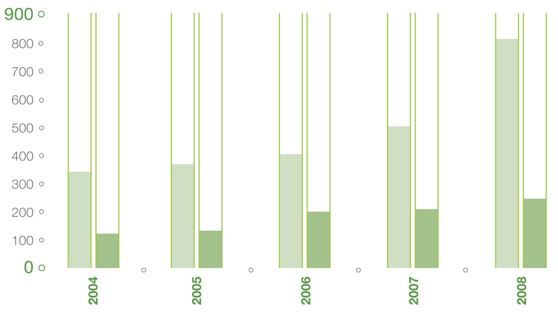
	2008	2007	Restated[a] 2006	2005	2004
Risk Adjusted Return on Capital (RAROC) (%)[b]	47.56	45.36	43.13	39.37	39.87
Earnings per Share (Rs)	8.19[c]	5.03	4.06	3.66	3.46
Net Income before Tax (Rs m)	2,397	1,740	1,524	1,489	1,360
Net Income attributable to Shareholders (Rs m)	2,114	1,506	1,319	1,191	1,127
Economic Value Added (Rs m)	432	478	392	304	338
Capital to Risk Weighted Assets (%)[d]	21.61	20.58	20.77	21.78	17.79
Return on Average Risk Weighted Assets (%)[e]	5.12	4.25	4.22	4.01	4.11
Return on Average Assets (%)[f]	3.47	2.74	2.61	2.64	2.90
Return on Average Shareholders' Equity (%)[f]	21.43	17.73	15.62	15.45	19.29
Return on Average Tier 1 Capital (%)[f]	30.85	27.81	22.36	22.41	24.13
Cost to Income (%)[g]	37.08	40.06	41.11	38.91	40.15
Cost to Income excluding depreciation (%)[g]	29.05	29.89	30.94	28.55	31.55
Electronic to Total Transactions (%)	82.00	85.00	83.00	82.00	80.00

[a] Restated wherever applicable for comparative purposes
[b] Indicative and restated for comparative purposes arising from refinements in methodology as per Basel II Accord and Bank of Mauritius guidelines.
[c] EPS, excluding the increase in dividend receipt in 2008, would have been Rs6.05.
[d] Capital adequacy is computed as per regulatory requirement and since 2005, is based on credit as well as operational risks of the Group in line with Basel II Accord guidelines.
[e] Average Risk Weighted Assets are calculated using year end balances.
[f] Averages are based on daily balances for Mauritius Operations.
[g] Grossed up for tax exempt debenture interest income.

35 Years of Achievements for SBM

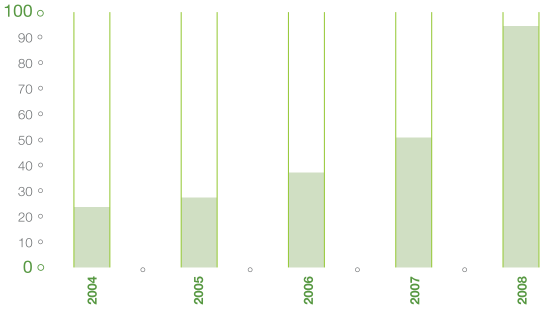


key financial charts

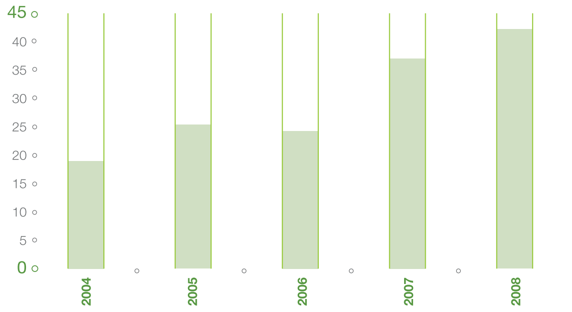


Earnings per Share (cents) Dividend per Share (cents)

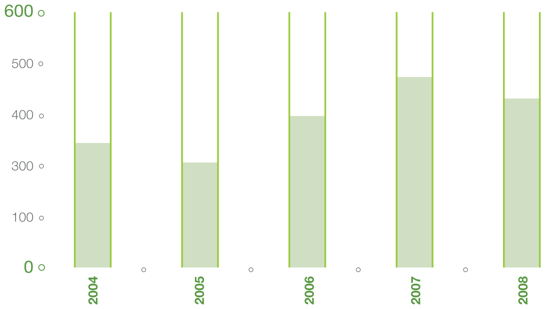
Price Earnings Ratio (times)



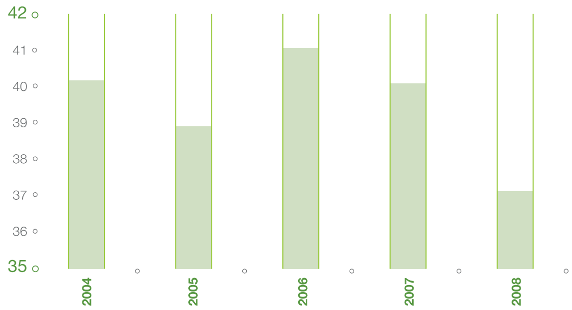
Market Share Price (Rs)



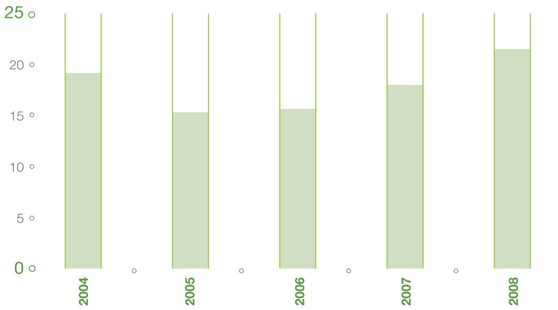
Net Asset Value per Share (Rs)



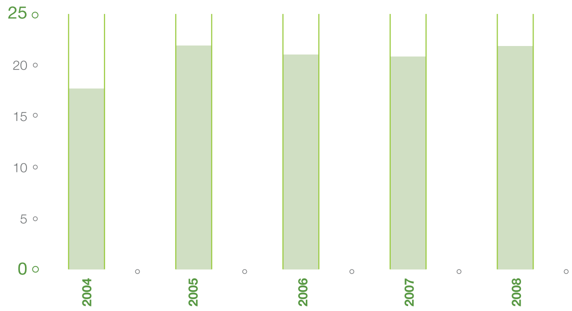
Economic Value Added (Rs million)



Cost to Income Ratio (%)



Return on Average Shareholders' Equity (%)



Capital to Risk Weighted Assets (%)

Caution regarding forward-looking statements

SBM has made various forward-looking statements with respect to its financial position, business strategy, plans and objectives of management. Such forward-looking statements are identified by use of the forward-looking words or phrases such as ‘expects’, ‘estimates’, ‘anticipates’, ‘believes’, ‘intends’, ‘plans’ or words or phrases of similar import.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on our forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to interest rate and currency value fluctuations, industry and worldwide economic and political conditions, regulatory and statutory developments, the effects of competition in the geographic and business areas in which we operate, management actions and technological changes. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to SBM, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. SBM does not undertake to update any forward-looking statement that may be made, from time to time, by the organisation or on its behalf.

the passion
to reach new heights

passion

fast growth

Shoots of bamboo have been clocked growing up to 4 feet per day in their shooting season, making it the fastest growing plant on the planet.

directors' report to the shareholders

The Board of Directors of State Bank of Mauritius Ltd (SBM / Group) is pleased to present its thirty-sixth Annual Report for the Group and the Bank for the year ended June 30, 2008.

Introduction

As your Bank celebrates its thirty five years of existence this year, it is an appropriate time to reflect on our achievements over this period and to consider the challenges ahead. From our humble beginnings in 1973, we have grown into a major financial institution in Mauritius, belonging to around 16,500 shareholders, including major domestic and international institutions. We employ over 1,000 staff and service over 340,000 customers through our network of 49 service units and counters, not only in Mauritius but also in India and Madagascar. In this year, our net profit increased to a record high of Rs2.1Bn, our total assets grew to Rs67.5Bn and our market capitalisation rose to Rs29.2Bn, the second highest on the Stock Exchange of Mauritius. Moody's Investor Services confirmed our rating the highest amongst our domestic peers.

Our clients, our shareholders, our staff and all those who have contributed to our current standing can be justifiably proud of these achievements. Your Bank has demonstrated that it is capable of delivering consistent performance even in challenging market conditions. Our business model, the way we conduct our business, the soundness and diversity of our portfolios, the commitment of our staff, our state-of-the-art technology platform, our large client base and our strategic investments give us every reason to be confident for the future.

The financial sector worldwide is in the throes of a major upheaval, the outcome of which cannot be safely ascertained at this stage. The US sub-prime mortgage crisis which erupted in August 2007 hit financial institutions worldwide. We have in this context reviewed our exposures and are confident that they do not pose any strain on our strong balance sheet and adequate capital positions. We remain vigilant as the current upheavals will result in a slowdown of global economy and is bound to impact our markets.

We are also conscious that we are in an industry, the services industry, that constantly challenges itself. We will strive to improve the breadth and quality of our products and services to clients, both existing and new. Our dedication to service excellence must be relentless.

Banking is ultimately a people-driven business. We have made headway in recognising our Human Capital and will do more in terms of depth and breadth of talent at the Bank. Without compromising on business discipline, we are putting in place a culture of collaboration that identifies the needs of our customers with everyone at the Bank working as one team to deliver. A culture that will translate into a stronger sense of staff empowerment and customer mindset, centering all our efforts on our customers and at the same time, making a positive difference in the communities we operate.

We recognise the challenges facing an organisation like ourselves and the constraints to growth. Your Board, cognizant of these challenges, will endeavour to further diversify the Bank's offerings by seeking to add new services and broadening its sphere of operations. We will look to seize opportunities in Mauritius and on the international front.

directors' report
to the shareholders

Operating Results

Your Group reached yet another milestone in 2008 with net profit growing by 41% to reach Rs2.1Bn and Earnings per share growing by 63% to reach Rs8.19, demonstrating our continuing commitment to create value for shareholders. Revenues were bolstered by growth across all lines of business and by a substantial increase in dividend income from strategic investments.

The above results were achieved amidst increasingly challenging and competitive conditions. As new and existing players attempt to establish and enlarge their footprint in the domestic sector, competition has intensified to an unprecedented level. At the same time, the international credit turmoil has resulted in the tightening of liquidity worldwide. There has thus been increasing pressure on margins which through careful management, has been outweighed by the growth in business volumes and resulted in net interest income increasing by 9% year on year. Your Group also pursued its strategy to diversify its risks and income streams by capturing opportunities in new geographical markets with acceptable risk-return trade-offs. For the year ended 30 June 2008, advances to non-residents grew by 57% whilst growth in total income generated from non-domestic sources was 25%.

Our cost to income ratio, which was already at a commendable level of 41%, further improved to 37% in 2008. The significant increase in staff costs, arising from changing market conditions and in line with our policy of recognising and rewarding talent within the organisation, was more than offset by growth in income, boosted by exceptional dividend receipts and foreign exchange income.

Your Group's assets grew by 12% to Rs67.5Bn as at June 30, 2008. Non-bank deposits grew by 13% to Rs48.6Bn, while gross advances grew by 19% to Rs36.2Bn. The above was achieved as your Group leveraged its franchise to garner deposits, both rupee and non-rupee, to deploy productively across the organisation, growing its credit portfolios in both retail and corporate as well as judiciously investing excess funding requirements in gilt-edged securities and other short to medium term opportunities.

A detailed review of this year's achievements is set out in the Management Discussion and Analysis section of the Annual Report.

Dividends And Capital Resources

Your Board has declared a dividend of Rs2.55 per share for the financial year 2008, representing a growth of 21% from last year and a dividend cover of 3.2 times. For the year under review, taking into account year-on-year market capital appreciation and dividend declared, the total return to shareholders was over 95% or Rs48.50 per share, in line with your Group's objective to consistently return value to its shareholders.

Shareholders' funds increased to Rs11.0Bn as at June 30, 2008 (2007: Rs9.5Bn). The Group's capital adequacy ratio remains sound at over 21%, both under the Basel I and Basel II approaches, well in excess of the regulatory requirement of 10%. We are actively identifying opportunities to deploy our capital to support sustainable growth in line with our diversification strategy.

Commitment To Our Customers

Over the years, although the business landscape has undergone continuous changes, your Group has remained constant in its passion and commitment to provide excellent service to its customers.

Customer-focus remains at the forefront of the Sales and Service initiatives undertaken during the year, to further build on the Group's strong retail network. The team of mobile sales officers and personal bankers, organised into regions, has been enhanced to bring banking at the customer's doorstep. A dedicated desk, supported by a team of professionals, has been set up to meet the specific requirements of the Small and Medium Enterprises, in light of recent budgetary measures conducive to increased business opportunities for that growing segment. The roll-out of the model service unit and the renovation of the Group's service units continue as planned, with a view to improving the customer's experience, identifying and seeking to exceed his expectations. In addition, banking hours are also being extended to better service our customers.

Business Banking is currently being reorganised to further improve the service to our domestic and international customers. A cluster is being set up to focus on overseas activities and to accompany our clients as they expand their business beyond the domestic shores.

Your Group continues to bring innovation to the market, leveraging on its acknowledged superior technology. We remain the only bank in Mauritius to provide mobile phone banking service to our clients. Your Bank also continuously improves its card product offering with the worldwide acceptance of its EMV chip-enabled debit and credit cards and with its unique loyalty reward programme. It brings additional peace of mind to its clients with enhanced security features for on-line card transactions in close collaboration with Visa and Mastercard.

Ever-conscious of the changing requirements of our clients in an evolving society, the Strategic Marketing and Product Development teams continuously gather market intelligence and ensure that our product range is up-to-date so as to meet the needs of our clients. Focus groups and market research, both in-house and outsourced, continue to give good indicators of market trends which are quickly adapted to optimise on business opportunities.

Corporate Citizenship & Governance, Risk Management And Basel II

Your Group has adopted a Code of Banking Practice and a Code of Ethics and Business Conduct, which set out the way our business is conducted. Your Group aims to achieve its business objectives in a socially responsible manner, giving foremost consideration to the needs and requirements of its customers, promoting teamwork and meritocracy amongst the employees and fair practices amongst its suppliers. Your Group, conscious of its corporate role in the society, continues to support the causes of the needy and other worthy causes of national, social and economic interest, such as culture, sports, education and environment.

SBM's business sustainability is also ensured by its rigorous risk management practices, well-entrenched across the organisation and in line with Basel II recommendations. The latter have been adopted since 2002 and are being continuously reviewed in light of the recent guidelines issued by the Bank of Mauritius. Your Bank is fully compliant with the requirements set out by the regulators in respect of Basel II, as set out in the section on Capital Structure.

Rating

Your Board is pleased to report that Moody's Investors Service continues to rate SBM the highest amongst its domestic peers, with the foreign currency deposits rating of Baa2/P-2 at the sovereign ceiling, global local currency deposit rating at A2 and C- for bank financial strength.

Prospects

Your Group is confident that the strong franchise it has built over the last thirty five years, and its portfolio of clients and strategic investments will not only stand us in good stead in the current international financial and challenging domestic environment, but may also offer substantial opportunities for growth.

While we draw comfort from our strong balance sheet, sound capital positions and rigorous risk management practices, we remain vigilant in the face of the current unprecedented international financial crisis and we are constantly monitoring its potential impact on us.

We remain confident that despite concerns at international level, consistent policy reforms are likely to benefit the economy. Your Group will continue to participate fully in the economic development in the years to come. Whilst consolidating our existing loan and deposit books, we are putting added emphasis on diversifying your Group's income streams and offering new services in the domestic market. We are also actively focusing on similar diversification on the international arena as part of a careful strategy of geographical and income diversification.

As a service orientated business, we are actively trying to augment our breadth and depth of talent at the Bank. Recent initiatives including a successful recruitment campaign, better recognition of our Human Capital and changes in the organisational structure will enable us improve the breadth and quality of our services to clients, both existing and new. We are confident that a broader-based and better level of service will help us deliver superior value to our clients and shareholders.

Acknowledgements

The Board wishes to express its appreciation for the dedicated contribution of Mr Muni Krishna T Reddy, GOSK who served as Chief Executive and Chairman of the Group for 20 consecutive years before retiring from the Board in December 2007. The Board also extends its appreciation for the valuable contribution of Mr Richard Laubscher, Ms Mary Ng Thow Hing, Mr Daniel Ng Tseung and Mr Rocco Rossouw who retired during the year. The Board welcomes Mr Anurag Bhargava, Mr Dheerendra Kumar Dabee, Mr George Dumbell and Mr Jairaj Sonoo, who apart from the Chairman, were appointed during the year.

Our solid financial results this year and our consistent performance over the last thirty-five years would not have been possible without the support of all our stakeholders. In this unprecedented crisis in the global financial markets and challenging market conditions, your Board thanks and counts on the continued support of our staff, customers, partners and regulators throughout the year, and our shareholders for their loyalty and continued trust.

Chaitlall Gunness
Chief Executive

Geerja Shankar Ramdaursingh
Chairman

Certificate from the Company Secretary

I certify that, to the best of my knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Chandradev Appadoo
Company Secretary

35

years

of growth

together

the innovation that is driving progress

innovation

inspiring others

Having healing properties, various parts of many bamboo species have been used in ancient medicines for many centuries and are now inspiring modern medicine.

management discussion & analysis

Macroeconomic Environment

The financial sector worldwide is in the throes of a major upheaval. The US sub-prime mortage crisis, which erupted in 2007, has led to worldwide financial turmoil and the outcome cannot be safely acertained. Whilst the Mauritian economy has to date remained fairly resilient to those turbulences, this resilience will be tested by the slowdown in the global economy and the drastic changes in the financial sector worldwide.

The economy continued its upward trend in the calendar year 2007, with GDP growing at 5.4%. All major sectors experienced positive growth, with the exception of the sugar sector which was impacted by both adverse climatic conditions and declining sugar prices with the phasing-out of the preferential trade agreement with the EU. The slowdown in growth of tourist arrivals, brought about by the isolated spell of the Chikungunya disease in 2006, was reversed in 2007. Investors' confidence experienced a boost, as characterised by a surge in construction and renovation of hotels, numerous projects under the Integrated Resort Scheme and a booming equity market. Financial services sector continued to flourish within a well regulated framework. According to the Central Statistical Office, GDP growth in Mauritius is expected to reach 5.6% for the calendar year 2008, on the back of consistent policy reforms to ease business facilitation and bolster economic activity. Domestic and foreign private-sector investments are likely to increase leading to higher services receipts for Business Process Outsourcing and for the tourism sector.

The unemployment rate, which was at its peak in 2005 at 9.6%, has been gradually coming down and reached around 8.5% in 2007. Subsequent to the reforms which doubled employment creation, unemployment could have been further reduced, had the mismatch in skills not resulted in some of the positions being filled by foreign workers. With the end of preferential trade agreements currently affecting both the sugar and textiles sectors, the labour force needs continuous re-skilling to meet the growing demands in the services sector. Although some structural issues continue to persist in 2008, the unemployment rate is nonetheless expected to continue on a downtrend and may also benefit from a focused effort of Government to target the unemployed for re-skilling.

Amidst increased consumer spending and increase in the price of commodities, fuel and freight, the main challenge is to contain inflationary pressures. The benefits of a reduced fiscal stimulus and wage moderation through the newly set up National Pay Council have been more than offset by imported inflation. Dependency on imports of fuel and food products, which experienced a surge in prices in the first half of 2008, impacted domestic prices. Inflation at the end of the financial year was estimated at around 8.8%, although the pass through may take a while longer and inflation is likely to linger in double digit territory before falling towards historical levels.

In 2007, buoyed by sustained inflows of foreign investment, record tourism earnings and the depreciation of the US dollar on currency markets, the Mauritian rupee appreciated by 22% against the US currency. The appreciation came to an end in April 2008, and the rupee is expected to depreciate slowly during the rest of 2008 and in 2009.

Looking at government finances, there has been a laudable attempt to contain the budget deficit to 3.8% for the fiscal year, on account of enhanced tax collection, lower interest charges in response to falling debt and better control of expenditure. The fiscal consolidation has occurred with an improved spending mix: spending on capital projects and human capital investment have risen whilst current spending has fallen. For the next fiscal year, the target has been set at 3.3% to meet international commitments, to be achieved on the back of more accountable government spending, increased grants and enhanced tax revenues in light of buoyant economic activity. The challenge that will however remain is the control of inflation and generation of new exports and continued FDI to deal with the widening trade deficit and pursuit of continued reduction in the national debt over the next few years.

Mauritius continues to build on its strong ties with the African continent through active involvement in the COMESA and SADC, with a view to promote trade and benefit from privileged access to the EU market. The cultural ties with India remain strong and with the Double Taxation Avoidance Agreement in place, Mauritius continues to act as an important conduit for foreign direct investments into India. In addition, as the relationship with China continues to be nurtured, the latter may become an increasingly important source of capital flows into the country. There are current plans to set up a trading hub in Mauritius for Chinese commercial activity into Africa, with significant investments expected over the next five years. This will offer opportunities to develop new relationships and business lines, both locally and internationally.

According to “Doing Business”, a report published by IFC and the World Bank in September 2008, Mauritius has joined the top 25 countries on the ease of doing business and continues to provide inspiration for reform and good practices to other economies across Africa. With increased globalisation, the immediate concern however remains the international financial crisis, whose impact on world economies cannot still be fully ascertained. The country remains alert to the unfolding of these global events and the potential repercussions on the local economy.

Banking Environment

Currently the Banking sector in Mauritius is well capitalised, generally profitable and liquid with little dependency on wholesale funding with relatively sound business strategies and risk management. During the year under review, the market has been very dynamic as both long-established and newly-opened banks used aggressive pricing and branding strategies to build market share in deposits, advances and assets. The competition was further heightened by the presence of other non-banking deposit-taking financial institutions offering alternative solutions to the customers to manage their assets and fund their requirements.

During the financial year, the Banking sector nonetheless remained buoyant with total assets growing from Rs624Bn in 2007 to Rs729Bn in 2008. Segment A assets, which represented 35% of total assets at the financial year end, increased from Rs212Bn to Rs255Bn while Segment B grew from Rs412Bn to Rs474Bn. The loan portfolio of the banking sector registered a notable growth of 21% to Rs372Bn for the financial year, mostly fuelled by tourism, commercial and residential property developments, financial services, consumer lending and the re-structuring of the sugar sector. On the deposits side, the sector recorded an increase of about 23% to reach Rs537Bn at the end of the financial year. Segment B increased by nearly 28% and represented about 61% of total deposits as at June 2008, thus confirming the increasing importance of the Global Business sector in the economy.

The Finance Act 2008 and recent amendments to the Banking Act 2004 are expected to have a positive impact on the banking and financial sector in Mauritius. To foster greater integration of the banking sector with the Mauritian economy and the international financial system, the Bank of Mauritius is reviewing its regulations, guidelines and technological infrastructure to give an impetus to the sector. In consultation with banks, new guidelines are being issued to give greater operational autonomy to banks without losing sight of prudence. For instance, with the appropriate approval from the regulators, banks may engage in new lines of business, such as financial leasing and agency services, without having to set up subsidiaries. Regulations have been revised to permit banks in Mauritius to provide Islamic Banking which is one of the fastest growing financial segments in the world. In addition, with a view to foster transparency and good governance and to promote Mauritius as a reputable and clean financial centre, the Central Bank is guiding banks in implementing the recommendations of Basel II for better risk management and has reviewed its Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism. On the infrastructure side, considerable progress is being made on the cheque truncation project, which permits clearing and settlement through imaging instead of physical presentation of cheques. On the cross-border front, an initiative is also under way to facilitate payment and settlement within the COMESA countries.

Business Review

Value Management

The Group continues to adopt a value-based performance management approach to run its businesses and maximise value for its shareholders. We are pleased to report that the Group's profit attributable to shareholders reached Rs2.1Bn for the financial year 2008 and the economic value added to shareholders, gauged by the excess return on invested capital over the expected shareholder return, was over Rs432m for the year under review.

The value-based approach adopted within SBM unites strategic goal setting, operational management, risk management, performance measurement and remuneration. Hence, well before the start of the financial year, the Group sets the strategic objectives, identifies the key value drivers, formulates the operating budgets, aligns people and processes as well as technology to maximise returns from the business. Due consideration is also given to market opportunities, acceptable risk-return trade offs and available capital. Finally, key performance indicators are established to measure and monitor performance on an on-going basis and to determine incentive-based payments.

Performance for each line of business, segment, product and customer is measured after applying Funds Transfer Pricing, Activity Based Costing and Economic Capital Allocation, to obtain a comparable return across the organisation based on risks taken. The key performance measurement, Risk Adjusted Return on Capital (RAROC), is net income divided by required allocated economic capital. The Net Income is also adjusted for timing distortions and one time transactions so as to enable meaningful comparison of sustainable returns over time. The Economic Capital Allocation methodology is driven by the Basel II recommendations on credit, market and operational risk management and using the internal ratings based approach for credit risk, which is one step ahead of the regulatory requirements set out in the Capital Structure Section. This whole process is supported by our multi-dimensional and multi-currency Enterprise Data Warehouse and Oracle Applications which enable data mining and provide timely and effective reporting for proactive decision making. The RAROC by main lines of business is presented below:

Table 1 RAROC (%) JUN 2008 - SBM GROUP

Rs'000	Personal Banking	SME Banking	Corporate Banking	Treasury & Funding Centre	Leasing	Subs & Others	Jun-08 Group	Jun-07 Group	Jun-06 Group Restated
Net Income before Tax	535,502	138,877	534,368	82,788	47,133	1,018,447	2,397,483	1,739,606	1,524,422
Net Income after Tax	472,295	122,485	471,295	73,016	40,686	894,357	2,114,503	1,505,888	1,320,242
Net Income after Tax after Comparative Adjustment	393,337	103,282	490,611	68,393	38,938	208,863	1,336,772	1,250,358	1,236,844
Allocated Capital	474,784	167,213	1,573,880	296,826	77,453	226,733	2,810,612	2,756,311	2,867,837
RAROC (%)	83	62	31	23	50		48	45	43

Group RAROC stood at around 47.6% for the year 2008 (2007: 45.4% on a comparable basis). Looking at the lines of business, there was an improvement across all lines of business, except for the treasury and funding centre. The return from Personal Banking has improved from last year mostly on account of the growth in low cost deposits which has been efficiently deployed across the Group, as well as an increase in volume of electronic-transactions which are less resource intensive. For Small & Medium Enterprise Business, the increased return is partly due to the re-allocation of some accounts and costs from Corporate Banking further to the review and assessment of client accounts. The profitability of Corporate Banking has also been positively impacted by a slightly improved spread on funds transfer pricing and increased foreign exchange income generated from dealings with its customers. Treasury and Funding Centre registered a slight set back as the local market was fairly liquid. Most of the growth in foreign exchange income generated was not retained in Treasury but was reapportioned to the Personal, SME and Corporate where the relationships are maintained.

Committed to deliver increased economic value to shareholders, the Group targets to increase RAROC for 2009 by at least 2%. The objective for the next financial year will be further diversification of Group's earning base through improved asset and liability management, broadening of the Group's range of products and services, focus on international business opportunities and recruitment and retention of talented people to drive the business forward.

Lines of Business

Retail Banking

Retail Banking, comprising both Personal and SME banking, pursued its objective to serve its diverse customer base, by implementing new initiatives and nurturing those developed in the previous years.

Under the impulse of our dedicated personal banking team, Retail Banking continued to thrive in a highly competitive arena. Loans and advances grew by 15% to reach Rs10.8Bn at the year end, with a corresponding deposit growth of 13% to reach Rs34.6Bn, leveraging on the Group's wide network of sales and service officers and service units. The Group sustained its brand image as a bank that preaches and practices proximity to customers, with profound understanding of customer needs and constant innovation. With the assistance of the Strategic Product Development and Marketing teams, the Group has been very active in promoting its existing and new products and services. Some of the highlights were:

- Organisation of SBM Days in the Northern and Southern regions of the island, enabling our staff and clients to get closer
- AMIGOS Days at service units to promote savings and loyalty in the children's segment
- Competitive foreign currency deposit products to offer an alternative to clients wishing to diversify their currency deposits
- Special campaign to garner the deposits of the beneficiaries of Voluntary Retirement Schemes in the sugar sector
- Appointment of Direct Sales Agents to disseminate the services and products offerings to a wider range of potential customers
- Intensive customer service excellence training to all staff further to our Sales and Service Culture initiative undertaken in the previous year

The Group continued to participate in the expansion of the SME sector. Further to our continuing involvement in SME Partnership Fund, set up at the national level in the previous year to boost development of this sector, a dedicated SBM cell has also been established to service the burgeoning business segment in light of recently announced policy measures. The Bank is positioning itself to bring in new clients with acceptable risk profile, and to guide and support them to grow their business successfully.

A very challenging future awaits the Retail Banking segment, driven by intensifying competition in the industry and increased sophistication of customers. However, margins and growth potential remain attractive and with the current infrastructure and network in place, Retail Banking has geared itself to meet that challenge. It has re-organised its sales and service focus into three main areas: Urban, Rural and SME. Service level will be enhanced by the addition of skilled resources, the streamlining of processes and procedures to improve turnaround time, upgrading of product offerings, introduction of innovative services, continued training and recognition through performance based incentives.

Corporate Banking

As the new and existing banks seek to further establish their footprint in the domestic sector, competition has heightened in the industry, putting increasing pressure on margins and providing increased mobility to clients and employees alike. The Corporate Banking segment felt those pressures but maintained the quality of its credit portfolios and continued to build on its advances and deposits book. Loans and advances grew by over 20% to reach Rs25.3Bn whilst deposits grew by 13% to reach Rs19.6Bn for the financial year. Overseas operations in India and Madagascar, which comprise predominantly of corporate banking customers, contributed 6.8% to Group's advances and 6.5% to Group's deposits.

Corporate Banking continued to remain close to its clients through its dedicated team of relationship and service officers providing a one-stop shop to meet clients' needs, such as flexible credit solutions, foreign exchange products, on-line real-time internet banking facilities and multi-currency wireless POS amongst others. SBM also continued to support its clients in their expansion into the region, by servicing them through its Madagascar and Indian Operations as well as in other cases, offering cross-border financing in countries where SBM does not have a presence.

New relationships continued to be forged, based on the Group's excellent risk management practices and rating, inspiring trust and confidence amongst clients, both locally and internationally. On the domestic sector, the Group remains alert to new opportunities and remains aggressive in pursuing good quality business, especially in the Hotel, Services, Infrastructure and Manufacturing sectors. Looking to the future, given the constraints of a small domestic economy, the focus will be on growing Segment B business activities and cross border financing. The Group seeks to leverage on the unique positioning of Mauritius as a sound financial hub for investment into Asia and Africa, to grow its international business and further diversify its sources of income. To that end, Business Banking is being expanded into International and Corporate Banking with high calibre staff and appropriate specialist skills. At the same time, alliances are being pursued to grow the international line of business and put SBM on a higher growth path.

Treasury

Group Treasury has gradually expanded its product range over the years to provide value added services to its customers and to diversify its income streams. It currently trades in various asset classes including foreign exchange, money market, bonds, commodities and equities through its operations in Mauritius, India and Madagascar. Furthermore, it has maintained its position as the leading primary dealer in the local securities market.

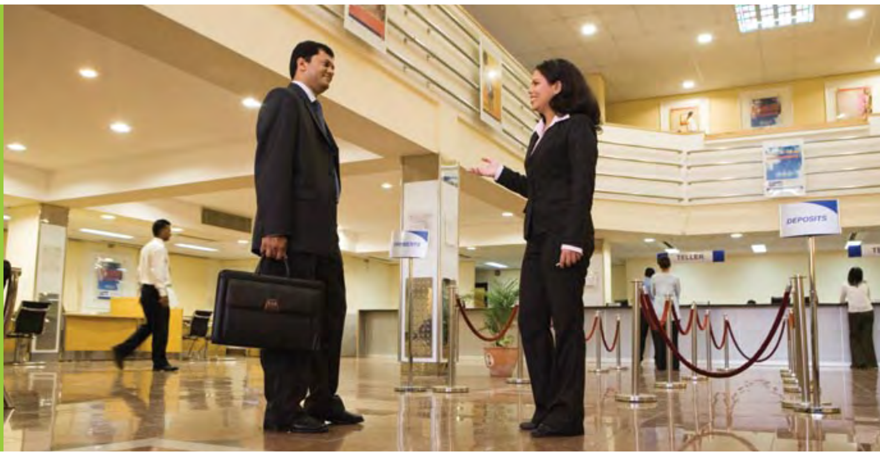
During the year under review, all the treasury operations across the Group have performed well, achieving a combined increase of 28% in overall income over the previous year, mostly on account of currency volatility in the market and increased business volumes.

89% of the Group Treasury income has been contributed by Mauritius operations, which reported an increase of 25% in its overall income as

extended operating hours at SBM Park makes it more convenient for both staff and customers to engage in sports & leisure activities

compared to the previous year. Overseas operations performed well amid a buoyant Indian stock market in the second half of 2007 and increasing foreign exchange flows in Madagascar as a result of the development of its mining sector.

Following the recent launch of an equity trading desk, it is intended to develop tailor-made commodity hedging solutions to cater for the evolving needs of customers in addition to the existing portfolio of products. A clear segregation of duty remains



the personnel at SBM is always passionate to go the extra mile to build and maintain strong ties with customers

between the front, middle and back office functions to ensure that activities are conducted within the strict prudential limits set, with regular reports to the Management Forums and the Board.

eBusiness

The eBusiness team manages the Group's electronic service delivery channels, encompassing the eCommerce platform, Point of Sales (POS) terminals, card management, ATMs, Mobile Phone and Internet Banking services. For the year under review, the net income generated from e-business activities grew by 10%.

The Bank continues to strengthen its position as leader in the electronic payment industry in the local market and given its superior eCommerce platform, it has been able to capitalise on the growth in volume of financial transactions over the internet worldwide. Ever-conscious of the need to provide a safe environment for its individual customers and merchants alike to transact, whilst at the same time limiting potential losses arising from charge-backs, the Bank's electronic platform has been enhanced to support the industry security standards, 3D Secure protocol, whereby a cardholder has to enter a unique password to authenticate a transaction. SBM was the first bank in Mauritius to provide customers with this security feature "SBM eSecure" and consequently, it has been able to grow its business volumes both on the payments processing and settlement side.

During the year, with a view to increase convenience to customers, wireless POS terminals have been rolled out, which also support the latest Visa and MasterCard security mandates. The Bank has completed the conversion of all its debit and credit cards to EMV chip-enabled cards. As at date, SBM is the only bank in the local market with capabilities to issue such innovative and safe cards, which are accepted worldwide and in compliance with best practices in the industry. SBM's leadership in technology makes it a natural choice for partnership to provide the industry with innovative products and as such in August 2007, together with the national airline, SBM has contributed to make e-ticketing a reality in Mauritius.

Although there are increasing growth opportunities worldwide on the acquiring side in eCommerce, margins are gradually being eroded as international banks continue to improve efficiency and compete for business volumes. Whilst significant investments have been made in risk management tools to provide a secure eCommerce platform, the Group's continuing success in this field will depend on its ability to leverage its robust platform to provide customers with other value-added products such as pre-paid and travel cards, in existing and new geographical markets.

The Internet Banking platform, providing customers with on-line real-time access to account details, is also being completed, revamped to support additional features for further customer convenience. The Mobile Phone Banking service, unique in Mauritius and well accepted by customers, will be enhanced to provide other services such as mobile payment and other fee-generating services.

Service and Support Business Units

The Group continues to operate a customer-centric business model whereby business origination is decentralised and all other operations are centralised to benefit from standardisation, specialisation and operating efficiency. The different units that support the lines of business are Human Resources, Product Development and Marketing, Risk Management, Operations, Credit Underwriting and Administration, Finance, IT and Business Solutions Team and Facilities Management. They continue to serve the interests of the internal and external customers first and their performance is closely monitored through key performance indicators, with a view to create value across the organisation. To this end, business processes, with a clear segregation between front, middle and back office functions, are constantly being streamlined to provide a quicker and better service without compromising on the risk aspects.

The Strategic Marketing and Product Development team has been working closely with the Sales and Business Solutions Teams to meet customer expectations and bring innovative products to market. The Human Resources team also plays an increasingly important role in today's environment and is responsible to effectively nurture and build the Group's human capital, ensuring skilled resources are channelled to appropriate units, and aligning the reward system with performance and the aspirations of the Group.

Group Subsidiaries

SBM Lease Limited

SBM Lease Limited is a deposit-taking entity, regulated by the Financial Services Commission and the Bank of Mauritius. It offers both finance and operating lease facilities, tailor-made and designed solutions to meet the requirements of different businesses and individuals. The company has in the past mostly leveraged on the Group and its corporate client network to grow its business. During the year, it grew its client base and extended facilities to SMEs and individuals, within acceptable risk parameters. The launching of operating leases in 2007 has helped diversify the income streams whilst meeting the demand of a niche market. In June 2008, the company increased its stated capital from Rs25m to Rs200m in line with regulatory capital requirements.

The Finance Act 2008 and recent amendments to the Banking Act 2004 will have a significant repercussion on the leasing industry. Commercial banks are now permitted to offer finance lease facilities as a product and all leasing companies will be subject to cash ratio, capital adequacy and concentration of risk limits, which will put leasing companies on a level playing field with banks.

At the end of the financial year 2008, net investment in finance leases amounted to Rs958m (2007:

new markets have been explored and today, SBM is also present in Madagascar and India

Rs977m) and deposits amounted to Rs960m (2007: Rs1.0Bn), mostly on account of run-offs from Group companies given the phasing out of fiscal incentives from leasing products. Consequently, the company achieved a profit after tax of Rs37m (2007: Rs69m), resulting from a non-recurring charge-off and pressure on margins. Looking ahead, given the regulatory and market environment, SBM Group will have the option to merge the activities of SBM Lease Limited with that of the Bank for more effective use of its capital and resources.

a typical brainstorming session in our continuous quest for new innovative products & services to meet evolving customer needs

SBM Mauritius Asset Managers Ltd

SBM Mauritius Asset Managers Ltd ("SBM MAM"), licensed and regulated by the Financial Services Commission, provides corporate investors, pension funds, mutual funds and high net worth individuals with the opportunity to explore diverse investment avenues through its investment expertise encompassing asset management, investment analysis and financial advisory and distribution.

In line with its commitment to bring forward simple investment solutions for the public at large, SBM MAM has established a family of SBM local unit trusts, each with a particular focus on local equity, fixed income instruments or overseas investments, thus catering for the diverse risk appetite of its clients. SBM MAM has also partnered with international investment houses and international banks to provide access to multiple foreign investment solutions. The company's suite of foreign investment products includes Equity, Money Market, Bond, Asset Allocation, Hedge and Capital Secured Funds as well as tailor-made structured investment solutions for the more sophisticated clients.

On the operational side, SBM MAM has implemented Microgen, a leading fund management and administration solution, to monitor the performance of its funds and to improve overall business efficiency through enhanced portfolio reporting capabilities, timely management information and streamlined processes, in-built into the system flows.

In 2008, most of the funds under management performed well, supported by the strong performance of local listed stocks. SBM Universal Fund posted a risk-adjusted return of 19.8% and was the star performer amongst the local diversified unit trusts.

With assets under management of Rs3Bn, SBM MAM recorded a profit after tax of Rs17.3m for the financial year (2007: Rs15.0m). In the short term, with the slowdown of the global economies and the imminent dissolution of the First Republic Fund Ltd, assets under management is expected to be under pressure. However, existing and new relationships continue to be nurtured with medium to long term growth potential.

SBM Securities Limited

SBM Securities Limited is the security broking arm of SBM Group. Its activities complement those of the Group by providing a gateway through which clients can invest on the local stock market, locally managed funds and Government issued products. SBM Securities Limited assists customers in their investment decisions through its personalised service and its regular stock market report giving up-to-date information on local equity market as well as international trends.

In the financial year 2008, the Stock Exchange of Mauritius has experienced significant increase in activity, with the SEMDEX reaching an all time high, on account of buoyant local economy and increased foreign investor confidence with the appreciation of the rupee, strong company fundamentals and relatively attractive yields in the emerging markets in the aftermath of the sub-prime crisis. Consequently, the company's profits for the year ended June 30, 2008 increased by 136% to reach Rs 4.9m.

SBM Global Investments Limited

SBM Global Investments Limited is the Group's vehicle for non-domestic equity investments, including the strategic investment in Banque SBM Madagascar. During the year, the company set up three Global Business Licensed companies, namely SBM Capital Management Limited, SBM International Investments Limited and SBM Asset Management Limited, to further develop the Group's international businesses. The new companies were not active during the year. The net profit for the year amounted to Rs77m (2007: Rs1.5Bn) arising mostly from interest income and regular investment income.

SBM Investments Limited

SBM Investments Limited is the domestic investment arm of SBM focusing on equity investments for strategic purpose and long-term capital gains. The net profit after tax for the year amounted to Rs20.6m (2007: Rs26.6m)

SBM Financials Ltd

SBM Financials Ltd, a wholly owned subsidiary of SBM Investments Limited, provides share registry, debenture holder's representative and other fiduciary services. The company achieved profits of Rs1.5m for the year (2007: Rs2.4m)

SBM IT Ltd

SBM IT Ltd acts as a mere service support provider to the Group. The income generated in the year was negligible.

focused on helping customers realise their ambition

Financial Review

Key Financial Indicators	2008	2007	2006 (Restated[a])	2005 (Restated[a])	2004 (Restated[a])
Consolidated Statement of Income for the year ended June 30 (Rs Million)					
Net Interest Income	2,044	1,806	1,743	1,625	1,481
Non Interest Income	2,056	1,319	961	789	888
Non Interest Expense	1,378	1,134	1,031	922	905
Depreciation and Amortisation	298	288	255	245	194
Net Income before Tax and Provisions for Credit Impairment	2,784	2,042	1,748	1,567	1,525
Net Income before Tax	2,397	1,740	1,524	1,489	1,360
Net Income before Tax Grossed Up [b]	2,399	1,747	1,551	1,523	1,410
Profit for the Year	2,114	1,506	1,320	1,196	1,130
Consolidated Balance Sheet as at June 30 (Rs Million)					
Total Assets (Including Contra Items)	77,089	71,756	59,302	58,044	51,546
Total Assets (Excluding Contra Items)	67,557	60,230	50,902	48,607	42,258
Deposits from Non-Banks	54,835	48,475	40,067	34,901	32,796
Gross Loans and Advances	36,206	30,477	27,175	25,128	23,538
Gilt-edged Securities	11,582	8,121	9,286	9,397	11,089
Total Shareholders' Equity	10,974	9,515	7,816 [f]	8,183	6,135
Total Tier 1 Capital	7,672	6,073	4,821 [f]	5,536	4,740 [g]
Market Capitalisation	29,159	15,339 [i]	14,149	10,440	8,910
Risk Weighted Assets [d]	43,293	39,211	31,608	30,999	28,694
Consolidated Balance Sheet (Average[c] Rs Million)					
Average Assets	60,845	54,927	50,557	45,357	38,928
Average Shareholders' Equity	9,862	8,492	8,450	7,744	5,859
Average Working Funds	60,643	54,584	50,365	44,945	40,630
Average Tier 1 Capital	6,853	5,416	5,906	5,338	4,683
Average Loans and Advances to Customers	32,848	29,106	26,717	24,170	22,241
Average Deposits from Non-Banks	48,518	42,731	38,111	32,885	29,555
Average Gilt-edged Securities	8,963	7,866	8,158	9,395	9,424
Average Interest Earning Assets	52,282	46,630	42,615	37,921	33,613
Average Interest Bearing Liabilities	49,145	44,293	40,529	36,182	32,059
Per Ordinary Share					
Earnings per Share (Rs)	8.19 [k]	5.03	4.06	3.66	3.46
Dividend (Rs)	2.55 [j]	2.10 [j]	2.00	1.30	1.20
Net Asset Value (Rs)	42.50	36.86	24.04 [h]	25.17	18.87
Market Price (Rs)	96.00	50.50	37.00	27.30	23.30
Dividend Yield (%)	2.66 [j]	4.16 [j]	5.41	4.76	5.15
Earnings Yield (%)	8.53	9.95	10.97	13.42	14.86
Price Earnings Ratio (times)	11.72	10.05	9.12	7.45	6.73
Dividend Cover (times)	3.21 [j]	2.78 [j]	2.03	2.82	2.89
Performance Ratios (%)					
Risk Adjusted Return on Capital (RAROC)	47.56	45.36	43.13	39.37	39.87
Capital to Risk Weighted Assets [d]	21.61	20.58	20.77	21.78	17.79
Net Income before Tax [b]/ Average Risk Weighted Assets [e]	5.82	4.93	4.95	5.10	5.13
Net Income before Tax [b]/ Average Assets	3.94	3.18	3.07	3.36	3.62
Net Income before Tax [b]/ Average Working Funds	3.96	3.20	3.08	3.39	3.47
Net Income before Tax [b]/ Average Shareholders' Equity	24.32	20.57	18.35	19.67	24.06
Net Income before Tax [b]/ Average Tier 1 capital	35.01	32.25	26.26	28.53	30.10
Recurring Earning Power	3.18	3.18	3.20	3.30	3.73
Return on Average Risk Weighted Assets [e]	5.12	4.25	4.22	4.01	4.11
Return on Average Assets	3.47	2.74	2.61	2.64	2.90
Return on Average Working Funds	3.49	2.76	2.62	2.66	2.78
Return on Average Shareholders' Equity	21.43	17.73	15.62	15.45	19.29
Return on Average Tier 1 Capital	30.85	27.81	22.36	22.41	24.13
Efficiency Ratios (%)					
Cost to Income [b]	37.08	40.06	41.11	38.91	40.15
Cost to Income (before depreciation)	29.05	29.89	30.94	28.55	31.55
Other Key Data as at June 30					
Number of Employees	1,069	973	916	901	887
Number of Employees - (Mauritius)	1,004	900	848	842	833
Number of Employees - (Overseas)	65	73	68	59	54
Number of Service Units	49	49	49	47	47
Exchange Rate (US $: Rs)	27.15	31.60	30.93	29.47	28.15

[a] Restated wherever applicable for comparative purposes
[b] Grossed up for tax exempt debenture interest income
[c] Averages are based on daily average balances for Mauritius operations
[d] Risk weighted assets are computed as per regulatory requirement based on credit as well as operational risks of the Group
[e] Average risk weighted assets are calculated using year end balances
[f] Taking into account the acquisition of Alliance Investments Ltd which impacted Tier 1 Capital and Shareholders' Equity by Rs1.5Bn on consolidation
[g] Including the effects of first time implementation of IAS 39
[h] Excluding the consolidation adjustment to Shareholders' Equity on the acquisition of Alliance Investments Ltd, the Net Asset Value per share was Rs 28.79 at June 30, 2006, an increase of 14.4% from 2005
[i] 78.7 million shares were cancelled during that year
[j] Including dividend proposed in July 2008 and 2007
[k] EPS, excluding the increase in dividend in 2008, would have been Rs6.05

Financial Analysis

An analysis of the Group's financial information and performance against key objectives is set out below. They should be read in conjunction with the Audited Financial Statements for the Group and the Bank for the year ended June 30, 2008 presented on pages 80 to 150. The financial information given below is based on the current year under review and may not necessarily reflect the financial results and conditions of operations of the Group going forward.

Results

During the financial year 2008, despite international credit turmoil and enhanced competitive pressure in the banking sector, SBM Group continued to build on its impressive 35-year track record and reached a new milestone with profit for the year crossing the Rs2Bn threshold for the first time, with total assets reaching Rs67.5Bn as at June 30, 2008. Profit for the year leaped by 40.4% to reach Rs2.1Bn (2007:Rs1.5Bn), representing a return on average shareholders' equity

Table 2: Performance against objectives by key areas

		Objectives for 2008	Performance in 2008	Objective for 2009
1.	RAROC(%)	To improve by around 3%	Improved by 2.2%	To maintain / improve marginally
2.	Profit for the year	To grow by around 20%	Grew by 40% as a result of increased revenues across all lines of business and a significant increase in investment income	To grow Profit from operations by around 15% year on year In light of high non-recurring investment income in FY 2008, net profit is not expected to increase significantly year on year
3.	Return on Average Assets (ROA) (%)	To improve by around 10bp	Improved by 73bp	To maintain at similar levels excluding non-recurring items
4.	Return on Average Tier 1 Capital (%)	To improve marginally	Improved by 3%	To improve marginally excluding non-recurring items
5.	Non Interest Income to Average Assets (%)	To improve marginally	Improved by around 1%	To improve marginally
6.	Cost to Income Ratio (%)	To improve by around 0.75%	Improved by around 3% but increased by 0.67% if investment income and provision for credit impairment are excluded	Not to exceed 40%
7.	Growth in Average Deposits and Advances (%)	- Target growth of around 15% -To grow Segment A market share by 1% and to improve Segment B market share marginally for both deposits and advances	- Average advances grew by 13% while average deposits grew by 14% amidst a highly competitive environment - Average market share in Segment A deposits was maintained whereas for advances, it dropped by 0.9%,in line with the Group's intent to maintain asset quality - Average market share for Segment B deposits dropped by 0.2% whereas for advances, it improved by 0.3%	Target growth of around 15% with focus on growing Segment B assets
8.	Assets Quality: Net Impaired Assets to Net Advances (%)	To improve to around 0.5%	Improved from 1.3% in 2007 to 0.5% in 2008	To maintain at around 0.5%

of 21.4% (2007: 17.7%). Earnings per Share shot up by 62.9% to Rs8.19 for the year (2007: Rs5.03), on account of improved revenues across all lines of business, an appreciable growth in investment income due to substantial one-off dividend receipt and lower average number of shares in issue subsequent to the share buy back in 2006-07. The total return on the SBM share, taking into account the share price appreciation and dividend for the year, exceeded 95 per cent for the financial year, thus reflecting the commitment of the Group to consistently create value for its shareholders.

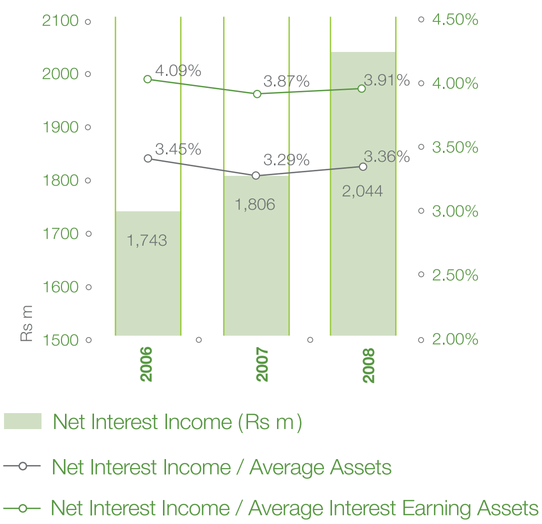
Net Interest Income Analysis

Net Interest Income posted a satisfactory growth of 13.2% (2007: 3.6%) to reach Rs2.0Bn for the financial year 2008. Despite the growth in Interest Expense of 19.1%, net interest margin improved marginally to 3.91% for 2008 (2007: 3.87%), resulting from Interest Income growth of 16.7% on account of (i) hikes in repo rates in the first quarter of the financial year, (ii) increased demand for credit, albeit within an increasingly price-sensitive environment and (iii) excess funds being channelled to gilt-edged securities, yielding attractive medium-term returns. Going foward, the Group will focus on growth opportunities in both retail and Segment B (non-domestic), in line with its strategy to diversify its geographical and portfolio concentration of risks within acceptable risk-return trade offs. The challenge will also be to improve net interest margins as the balance sheet mix shifts increasingly towards non-rupee denominated assets. This objective will be achieved by proactive balance sheet management and continued focus on customer-centricity in terms of sales and service.

Table 3: Net Interest Income Analysis

	2006	2007	2008	Variance 2007-08	
	Rs m	Rs m	Rs m	%Growth	Rs m
Interest Income					
Loans and Advances	2,785	3,354	3,851	14.8%	498
Securities	576	721	972	34.9%	252
Placements and Loans to Banks	306	491	505	3.0%	15
	3,667	4,565	5,329	16.7%	764
Interest Expense					
Deposits	1,814	2,682	3,263	21.7%	581
Deposits and Borrowings from Banks	102	66	20	-69.6%	(46)
Other	7	10	1	-88.4%	(9)
	1,923	2,758	3,285	19.1%	526
Net Interest Income	1,743	1,806	2,044	13.2%	238
Average Interest Earning Assets	42,615	46,630	52,282	12.1%	5,652
Average Interest Bearing Liabilities	40,529	44,293	49,145	11.0%	4,852
Interest Income / Average Interest Earning Assets (%)	8.6%	9.8%	10.2%		
Interest Expense / Average Interest Bearing Liabilities (%)	4.7%	6.2%	6.7%		

Chart 1: Net Interest Margin



Non Interest Income

Non Interest Income recorded a substantial growth of 55.8% in the financial year 2008 reaching Rs2.1Bn (2007: Rs1.3Bn), with a notable increase of Rs552m in dividend income. Excluding dividend income, non interest income registered a reasonable growth of 18.1% on account of increased revenue from all lines of business. Group Treasury positioned itself to

Chart 2: Non Interest Income by category

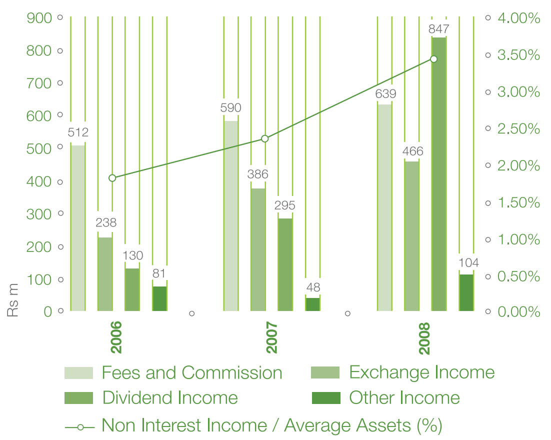


Chart 3: Non Interest Expense by category

take advantage of the volatility that prevailed in the foreign exchange market throughout the financial year and also captured increased business volumes from the Group's growing network of clients, resulting in a boost to exchange income of 20.8%. Income from eBusiness channels and other non-banking subsidiaries also contributed to the growth of 8.3% in net fees and commission from a relatively high income base. Consequently, non interest income to average assets improved by around 1.0% to 3.4% for 2008 (2007:2.4%). Going forward, the eCommerce sphere will become increasingly challenging as risks continue to evolve and international banks gradually put pressure on price with improved operating efficiency in a growing market. Leveraging its lead in technology and robust risk management system, the Group will however continue to enhance its other product and service offerings both locally and overseas to grow non-interest revenue.

Non Interest Expense

Non Interest Expense, comprising four main categories of costs: staff, property, system and other, increased by 21.4% year on year to reach Rs1,377m in 2008 (2007: Rs1,134m)

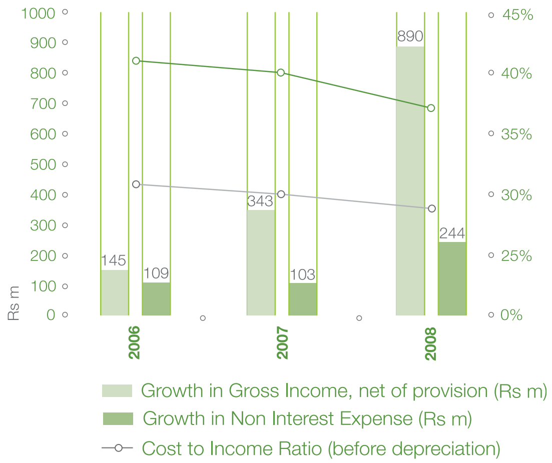
The main component of Non Interest Expense, staff costs, increased by 29.7%, excluding a one-off reversal of pension provision of Rs25m in the previous year. The main reasons for the increase were (i) additional headcount to cater for increased business volumes and reinforce service and support teams across group operations, (ii) a significant increase in remuneration package for permanent staff (reviewed once every four years) and for staff on term tenure basis (annual review), in line with our strategy to attract and retain talent in a market that is more demand-led and increasingly in short supply of skilled resources and (iii) increased provision for performance-based compensation linked to the nearly two-fold increase in the market price of the SBM share.

Property costs and System costs have been contained at reasonable levels during the financial year. Excluding non-recurring professional fees and project costs, Other costs increased by around 11.7% on account of increased marketing spend in an evolving market environment. Costs for the next financial year, with the exception of staff costs which will continue to be market- driven, will be contained so as to keep cost to income ratios at reasonable levels.

Cost to Income ratio

As a result of the significant increase in dividend income, the cost to income ratio of the Group decreased by 3% to 37.1% for the financial year 2008. Excluding investment income, provision and one-time items, the cost to income ratio increased to 42.2% for 2008 (2007: 41.5%), but still remained at an enviable level compared to other domestic and foreign banks. The overall cost to income ratio is not expected to exceed 40% in the next financial year.

Chart 4: Cost to Income Ratio



Provision for Credit Impairment

The net charge for credit impairment increased by Rs84.7m to reach Rs386.9m for the financial year 2008. Portfolio provision increased by Rs88.1m, as a result of the growth in advances portfolio, in line with the Bank of Mauritius guideline requiring banks to maintain at least 1% portfolio provision. As for specific provision, it was lower by Rs14.4m, resulting from a lower charge made by Mauritius operations by Rs125.6m, partly set off by increased provisions made by the overseas operations. Madagascar Operations reviewed the present value of its recoverable collaterals taking into account the protracted time taken for realisation. Provision for credit impairment is expected to be lower in the next financial year given the quality of existing assets.

Income Tax Expense

Group Income Tax Expense increased from Rs233.7m to Rs 283.0m for 2008, including full year levy on banks for the first time and a one-off provision of Rs32.8m made in Indian operations relating to prior years, in view of recent rulings delivered by the Indian Income Tax Appellate Tribunal on applicable tax rates for foreign entities.

Excluding the one-time item, the effective tax rate fell from 13.4% in 2007 to 10.4% in 2008. This was mainly attributable to (i) decrease in income tax rate in Mauritius by 7.5% while conversely applicable tax rate at Indian operations increased by 8.2% and (ii) higher proportion of exempt income on account of dividend, mitigated by higher levy applicable to banks.

Assets

Total assets grew by 12.2% to reach Rs67.5Bn at June 30, 2008 (2007: Rs60.2Bn), driven mainly by increase in loans and advances by Rs5.7Bn and investment in gilt-edged securities by Rs3.5Bn offset by a decrease in cash and balances with banks by Rs1.7Bn, as funds were deployed into more productive assets. Overseas operations contributed to 7.4% of group assets at June 30, 2008 (2007: 8.7%).

Chart 5: Average Asset Mix

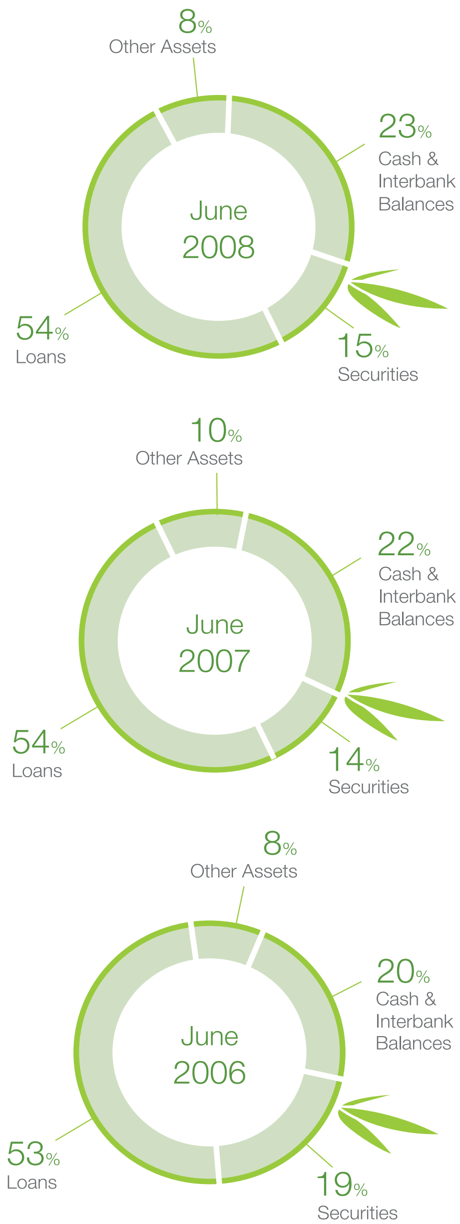


Chart 5 shows average assets mix for the Group. Average assets grew by 10.8% to reach Rs60.8M for the financial year 2008 (2007: Rs54.9Bn), with more than 60% of the increase attributable to average advances. The return on average assets stood at 3.5% in 2008 (2007: 2.7%). Excluding investment income, provision for credit impairment, taxes and one-time items, the ratio improved marginally by 4bp year on year.

Loans and Advances

Group gross advances increased by 18.8% to Rs36.2Bn for 2008 (2007: Rs30.5Bn). Advances from the overseas operations represented 6.8% of the Group's loan book, with a growth of 7.9% over last year. Credit exposure by portfolio is detailed in Note 34B(iv) to the Financial Statements. The main portfolios that experienced significant growth during the year were manufacturing, tourism, services and retail, as the Group continues to participate in the growth of the economy. Advances to Segment B grew by 57.4% to Rs6.6Bn during the year, in line with the strategy of the Group to diversify its credit portfolio across geographical boundaries. Advances to Segment A increased by 12.6% or Rs3.3Bn over the same period, despite pressure from competitors pursuing an aggressive market acquisition strategy. The market share of Mauritius operations in terminal advances hence dropped slightly to 19.3% for Segment A (2007:20.7%) but on the other hand increased to 1.8% for Segment B (2007: 0.9%). The strategy of the Group is to consistently pursue growth in Segment B business, ensuring diversification of income streams and taking acceptable risks.

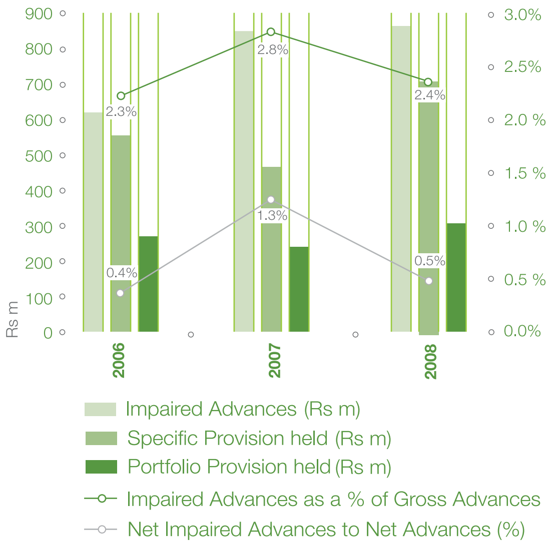
Allowance for Credit Impairment

Table 4: Impaired Advances and Allowance for Credit Impairment

	2008 Rs m	2007 Rs m	2006 Rs m
Gross Advances	36,206	30,477	27,175
Impaired Advances	878	850	636
Net Impaired Advances	169	385	94
Specific Provision held	709	465	542
Portfolio Provision held	313	249	270
Total Allowance for Credit Impairment	1,022	714	812

Impaired advances increased marginally by 3.3% to Rs878m during the year, compared to gross advances which grew by 18.8% to Rs36.2Bn over the same period. Total allowance for credit impairment, comprising both portfolio and specific allowance, increased significantly on account of growth in advances and a review of the recoverable collateral amounts in Madagascar. Consequently, for the financial year 2008, the ratio of net impaired advances to net advances improved to 0.5% (2007: 1.3%), with a corresponding improvement in the ratio of impaired advances to gross advances to 2.4% (2007: 2.8%). Note 9D to the Financial Statements shows the movements in the allowances for credit impairment during the year.

Chart 6: Impaired Advances and Allowance for Credit Impairment.

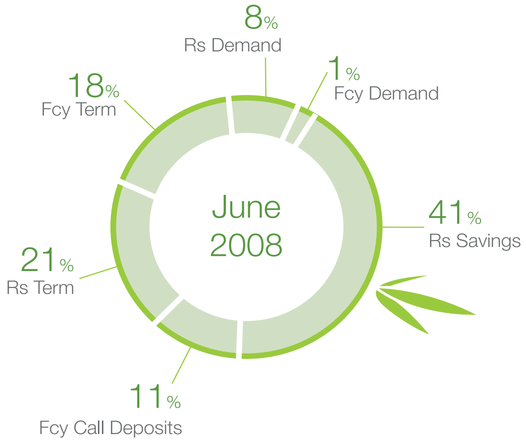


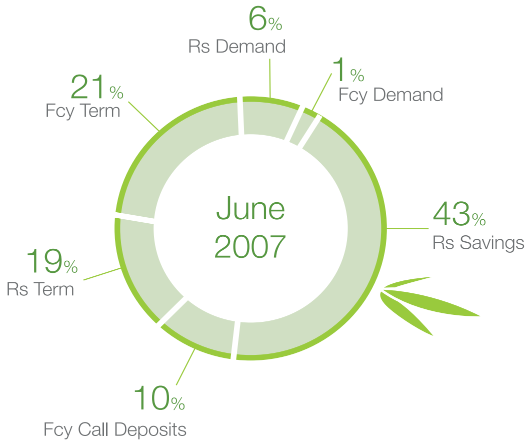
Deposits

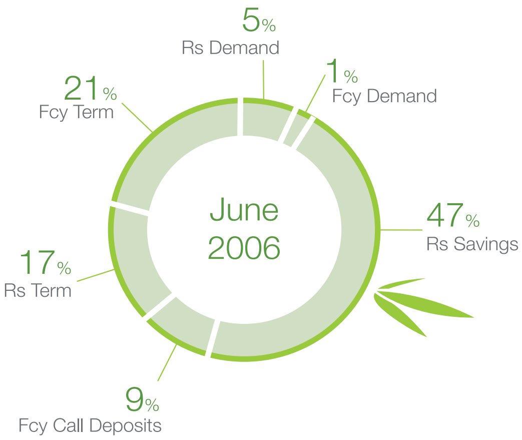
Group deposits registered an increase of 13.0% and reached Rs54.9Bn at the end of June 2008. Mauritius banking operations contributed to 91.7% of Group deposits, with growth registered in both retail and business segments. In spite of competitive pressures, market share in rupee deposits remained constant at around 21.8% compared to June last year while market share in non-rupee deposits decreased from 4.1% to 3.2% over the same period. Market share of Segment A and B at June 30, 2008 stood at 21.2% (2007: 21.3%) and 1.6% (2007: 1.9%) respectively.

The chart below illustrates the analysis of average non bank deposits for the Group:

Chart 7: Average Non-Bank Deposit Mix







Average non-bank deposits grew by 13.5% to reach Rs48.5Bn for 2008, with 84.7% of the growth coming from Mauritian Rupee deposits. Consequently, the proportion of average rupee deposits to total average deposits increased from 67.9% in 2007 to 69.9% in 2008. The Group continued to leverage on its wide network of service units, personal bankers and mobile sales team to mobilise deposits, to deploy into advances and high yielding gilt-edged securities. The Group will continue to focus on widening its customer base to garner low cost deposits and to take advantage of market opportunities through active liability management.

Share Buy back

The share buy back programme, approved by the shareholders in December 2006, provided for the Bank to buy back up to 125 million of its own shares over a maximum period of 24 months. The Bank bought back 66.8m shares at a cost of Rs3.4Bn in 2007, of which 45.6 million shares are held as treasury shares, representing 15% of issued capital. No further shares were purchased in 2008.

Shareholders' Equity

Shareholders' Equity grew by 15.3% to Rs11.0Bn in June 2008 (2007: Rs9.5Bn), mainly due to profit for the year of Rs2.1Bn and an upward revaluation of investments of Rs0.3Bn, offset by dividend paid of Rs0.5Bn and Rs0.5Bn translation loss on consolidation of foreign entities, resulting from the appreciation of the rupee. Dividend proposed for 2008 amounting to Rs0.7Bn did not impact Shareholders' Equity for the year as it was declared after the year end. The return on average Tier 1 capital improved significantly to 30.9% in 2008 (2007: 27.8%).

The Group's capital adequacy ratio, which includes capital charge for operational risk, stood at 21.6% for 2008 (2007: 20.6%) and remains well above the regulatory requirement of 10%.

Capital Structure

The Group's capital is being managed effectively and efficiently to maximise return to shareholders, support business growth, comply with regulators' requirements as well as keep a cushion for uncertainties. The capital management process ensures that individual group entities maintain sufficient capital based on their risk profile, to meet regulatory requirements and to support depositors' confidence. It also promotes sound governance and risk management practices.

(i) Regulatory capital

The Group's capital is subject to regulation and supervision by the Bank of Mauritius while its overseas operations in India and Madagascar must also adhere to rules and regulations of their respective host country regulators, namely Reserve Bank of India and Banque Centrale de Madagascar. The Group complied with all externally imposed capital requirements. Banking regulations pertinent to capital requirement are based on the guidelines developed by the Basel Committee under the auspices of the Bank for International Settlements and are adapted by host country regulators to meet the specificities of their respective local environment.

Capital adequacy ratio measures the percentage of a bank's capital to its risk weighted assets. Capital is split into two tiers when computing the capital adequacy of banks - Tier 1 refers to core capital, the sum of paid up share capital, share premium, statutory reserves and revenue reserves;Tier 2 refers to lesser quality capital components to absorb losses and includes undisclosed reserves, revaluation reserves, general banking reserves, portfolio provisions and subordinated long-term debt. Risk-weighted assets are determined by applying prescribed risk weightings to on and off-balance sheet exposures according to the relative credit risk of the counterparty.

While the Basel Committee has set the minimum capital adequacy ratio at 8%, Bank of Mauritius has set the minimum capital adequacy requirements at 10% as compared to 9% for India and 8% for Madagascar. As from June 2006, Bank of Mauritius has requested banks to adopt a hybrid of Basel I and Basel II approaches ("Hybrid Approach"), whereby banks have been requested to provide for capital as per Basel I norms together with an additional capital component to cater for operational risk, a Basel II requirement.

Details of the Group's capital structure over the last three years are set out below:

Table 5: Group Capital Adequacy Ratio under the Hybrid Approach

	30 June 2008 Rs m	30 June 2007 Rs m	30 June 2006 Rs m
I. Capital Base			
Paid Up Capital	304	304	382
Share Premium	-	-	570
Statutory Reserve	489	427	488
Revenue Reserve	9,212	7,676	5,837
Treasury Shares	(2,333)	(2,333)	(913)
Adjustment on acquisition of Alliance Investment Ltd			(1,543)
Total Tier 1 Capital (A)	7,672	6,073	4,821
Reserves arising from revaluation of properties	778	805	725
Reserves arising from fair valuation of equity investments	1,193	1,018	921
Translation & Other Reserves	(121)	333	185
Portfolio provision for credit losses	313	249	269
Total Tier 2 Capital (B)	2,163	2,404	2,102
Less Investments in Associates (C)	(477)	(407)	(357)
Total Capital Base (A + B - C)	9,357	8,071	6,565
II. Risk Weighted Assets			
Risk Weighted on Balance Sheet Assets	37,302	33,491	26,660
Risk Weighted off Balance Sheet Exposure	1,954	2,039	1,716
Aggregated net open Foreign Exchange position	344	276	210
III. Risk Weighted Assets for Operational Risk	3,692	3,405	3,022
Total Risk Weighted Assets	43,293	39,211	31,608
IV. Capital Adequacy Ratio (%)	21.61	20.58	20.77
V. Tier 1 Ratio (%)	17.72	15.49	15.25

Table 6 : Group Risk Weighted On-Balance Sheet Assets under the Hybrid Approach

		Jun-08			Jun-07			Jun-06	
Figures in Rs m	Amount	Risk Weight %	Risk Weighted Amount	Amount	Risk Weight %	Risk Weighted Amount	Amount	Risk Weight %	Risk Weighted Amount
Cash in Hand & with Central Bank	6,085	0	0	3,662	0	0	3,084	0	0
Balances & Placement with Banks	8,019	20	1,604	12,141	20	2,428	6,206	20	1,241
Gilt-edged Securities & Investment in Bonds	11,582	0-100	317	8,121	0-100	245	9,286	0-100	296
Equity Investments	2,880	100	2,880	2,578	100	2,578	2,064	100	2,064
Fixed / Other Assets	3,108	100	3,108	3,099	100	3,099	3,273	100	3,273
Balance in process of collection	221	20	44	460	20	92	268	20	54
Advances	35,497	0-100	29,349	30,011	0-100	25,049	26,633	0-100	19,733
TOTAL	67,392		37,302	60,072		33,491	50,814		26,661

The Group's net qualifying capital increased by 16.1% to Rs9.4Bn in June 2008, whereas the total risk-weighted assets increased by 10.4% to Rs43.3Bn. The Group's capital adequacy ratio, which measures the soundness of the bank, stood at 21.6% (2007: 20.6%) under the Hybrid Approach, well above the regulatory minimum of 10%.

(ii) Basel II Approach

In June 2006, the Basel Committee on Banking Supervision (BCBS), under the aegis of the Bank for International Settlements issued a revised framework, namely "International Convergence of Capital Measurement and Capital Standards", known as the Basel II Accord, which is designed to facilitate a more comprehensive, sophisticated and risk-sensitive approach for banks to calculate regulatory capital. The revised guidelines enable banks to align regulatory requirements with their internal risk measurement and to reward sound processes. Another objective of Basel II is to create an improved international benchmark for regulators whereby risks have been aligned to capital requirements and the higher the risks taken, the more capital is required.

BASEL II ACCORD – based on a Three-Pillar Concept

Pillar 1 Minimum Capital Requirements	Spells out the capital requirement of a bank in relation to the credit risk in its portfolio, which is a significant change from the "one size fits all" approach of Basel I. It also sets out the allocation of capital for operational risk and market risk in the trading books of banks. Banks have the flexibility to choose among different methods for each of the three categories of risk.
Pillar 2 Supervisory Review Process	Enlarges the role of banking supervisors and gives them power to review banks' risk management systems. Pillar 2 allows discretion to supervisors to (a) link capital to the risk profile of a bank; (b) take appropriate remedial measures if required; and (c) request banks to maintain capital at a level higher than the regulatory minimum if required.
Pillar 3 Market Discipline	Defines the standards and requirements for higher disclosure by banks on capital adequacy, asset quality and other risk management processes.

In 2005, the Bank of Mauritius set up a Committee for the full implementation of Basel II, involving members of commercial banks, in order to assess the readiness of banks, plan and implement comprehensive methodology for Basel II Capital Allocation. During the year under review, the Bank of Mauritius has introduced the guidelines and proposals set out below, which banks in Mauritius have been requested to adopt as from March 2008, running in parallel to the existing Basel I requirements.

Guideline / Proposal	Description
Guideline on Scope of Application of Basel II	Outlines how the Basel II framework applies to banking groups and to different types of entities with such groups
Guideline on Eligible Capital	Defines instruments that are eligible for inclusion in regulatory capital
Guideline on Standardised Approach to Credit Risk	Provides a framework for banks to apply a uniform approach to the measurement of risks relating to their on and off balance sheet credit exposures for capital adequacy purposes Outlines the treatment of credit risk mitigation techniques that a bank may use to mitigate the credit risk to which they are exposed
Guideline on The Recognition and Use of External Credit Assessment Institutions ("ECAIs")	Outlines the Bank of Mauritius approach to the recognition process of ECAIs and the principles for consistent use of external credit assessment by banks A list of ECAIs such as Standard & Poor's Rating Services, Moody's Investors Service, Fitch Ratings have already been approved by the Central Bank
Guideline on Operational Risk Management & Capital Adequacy Determination	Provides the techniques that banks may use to identify and assess operational risk Outlines methodology for the computation of capital charge for operational risk using the three main methods proposed in the Basel II Accord i.e. Basic Indicator Approach, Standardised Approach or Advanced Measurement Approach
Proposal paper on Measurement & Management of Market Risk	Provides a framework for each of the market risk components (interest rate risk, foreign exchange risk and commodities risk) arising either in the trading book and/or in the banking book Requires banks to establish a written policy on market risk management Does not require banks to allocate capital for interest rate risk

The Basel II framework has been primarily focused on improving the quantification and management of credit, market and operational risks, enhancing disclosure requirements by banks and improving the supervisory review process.

SBM is already in compliance with the Basel II requirements as per Bank of Mauritius guidelines and the impact of the Basel II implementation on the Group's capital structure as at June 30, 2008 is set out below:

Table 7: Group Capital Structure as at June 30, 2008 under Basel I and Basel II

(Figures in Rs m)	Basel I	Basel II
Core capital (Tier 1 capital)		
Share Capital and Reserves	5,072	5,072
Unappropriated profits	4,933	4,933
Treasury (own) shares	(2,333)	(2,333)
Less Deductions		
Intangible Assets	-	(196)
50% of Investment in Associates	-	(239)
TOTAL TIER I CAPITAL	7,672	7,237
Supplementary capital (Tier 2 capital)		
Other Reserves	1,850	1,420
Provision for performing loans	313	313
Less 50% of Investment in Associates		(239)
TOTAL TIER II CAPITAL	2,163	1,494
Less Investment in Associates	(477)	
TOTAL CAPITAL BASE	9,357	8,730
Risk Weighted Assets for:		
Credit Risk	36,376	34,568
Equity Risk	2,880	2,880
Market Risk	344	344
Operational Risk	3,692	3,692
Total Risk Weighted Assets	43,293	41,485
CAPITAL ADEQUACY RATIO	21.61%	21.04%

Capital qualifying as Tier 1 and Tier 2 for the Group has been reduced on implementation of the Basel II requirements mostly on account of the following:

- Deduction of investments in associates – Under Basel I these were deducted from Gross Capital while under Basel II, these are evenly deducted from Tier 1 and Tier 2.
- Reserves arising on revaluation of fixed assets – The Bank of Mauritius has used its discretionary power to limit the inclusion of revaluation reserves in Tier 2 to 45%, which is more stringent than the norm advocated by the Basel II Accord and also much lower than what is being applied under Basel I.

The quantum of risk-weighted assets is lower under Basel II owing to lower risk weightings that have been assigned to residential mortgages (35%) and retail exposures (75%). Therefore, the capital requirement to support credit risk under Basel II is lower than under Basel I. However, overall the Group's capital adequacy ratio at 30 June 2008 is marginally lower at 21.04% under the new Basel II regulations, compared to 21.61% under the Hybrid Approach. The Group nonetheless maintains adequate cushion to support future unexpected losses and has in place contingency plans to meet further capital requirements, should any such need arise.

Table 8: Components of Capital Adequacy under Basel II

(Figures in Rs m)	Exposures	RW	Risk Weighted Assets
CREDIT RISK			
On-Balance Sheet			
Cash Items & Claims on Central Banks	6,306	0-20	44
Claims on Sovereigns	11,528	0-20	11
Claims on banks	8,073	20-100	2,175
Advances	35,497		27,385
Corporates incl.Bank & Sovereign	25,613	0-150	22,390
Residential Mortgage	5,169	35-100	1,902
Retail Exposures	4,716	75-150	3,094
Other Assets/Fixed Assets	2,912	100	2,912
Total On-Balance Sheet Exposures	64,316		32,528
Off-Balance Sheet Exposures	12,413	20-100	2,040
TOTAL CREDIT RISK	76,729		34,568
EQUITY RISK	2,880	100	2,880
MARKET RISK			344
OPERATIONAL RISK			3,692
TOTAL RISK WEIGHTED ASSETS			41,485

(iii) Adoption of Economic Capital Concept
Economic capital provides banks with a common basis for measuring, monitoring and controlling different types of risk as well as the risks of different business units. The risk types that are typically covered by banks' economic capital models are credit risk, market risk, operational risk, concentration risk and counterparty credit risk amongst others. As such, economic capital is the minimum capital that a bank should hold based on its risk profile. Currently, SBM's economic capital assessment incorporates the following three broad categories of risks:

Credit Risk – SBM is taking advantage of its sophisticated datawarehousing system combined with Moody's and Experian risk rating tools, to allocate economic capital based on the Foundation Internal Rating Based Approach, which is one step ahead of the Standardized approach. A database for Group's loss experience and probability of default is being compiled and in the absence of meaningful industry data, the default rates based on US norms are being applied on a prudent basis.

Market Risk – SBM is using the Value at Risk (VaR) methodology to compute capital charges for Interest Rate Risk and Foreign Currency Risk. However, no capital is being allocated to cover for liquidity risk, as SBM maintains sufficient liquid assets and reserves with the Bank of Mauritius.

Operational Risk – SBM has adopted the Alternative Standardised Approach for the determination of capital. The Group's actual losses from operational risk are currently negligible as a percentage of the Group's profit and Tier I capital. A historical loss database, based on actual losses, potential losses and default events, is being built for future use.

SBM primarily uses its internal economic capital assessment for managing the business as a better indication and measure of risks being taken.

35

years
of growth
together

the strong partner
you can rely on

strong

Research has shown that during structural engineering tests, bamboo has a higher tensile strength than many alloys of steel and a higher compressive strength than many mixtures of concrete.

risk report

Risk Management

The Group has an enterprise-wide risk management framework as recommended by Basel II, which is a coordinated and focused approach to identify and manage the credit, market and operational risks of the Group. It enables the Group to align strategy, processes, people, technology, policies and guidelines with a view to better manage risks in the process of value creation. The Risk Management Unit independently from the Group's business units identifies, measures, controls, monitors and reports the risks faced by the Group. The framework provides for not only the management of each individual risk type but also the management of risks on an integrated basis.

The Group has a comprehensive risk governance structure as outlined below which promotes making sound business decisions by balancing risk and reward. The Board of Directors is ultimately responsible for the risk management process across the Group and sets risk appetite limits to guide risk-taking within the Group. The risk management policies are approved by the Board of Directors and are delegated to Management for implementation. The policies are reviewed on a regular basis to ensure they provide effective guidance for the governance of our risk taking activities. The Risk Management Unit which ensures adherence to regulatory norms and the risk appetite limits, recommends changes to the set risk parameters and limits and reports on a regular basis to Risk Management Forums and to Board/Board Committees on specific risk areas including credit, market and operational risk.

The strong risk management capabilities supported by good management information systems, solid internal rating system and robust credit policies have been recognised by Moody's Investor Services in their August 2008 report on SBM.

Credit Risk

Credit Risk Management

Credit risk is defined as the risk of loss arising from the failure of a borrower or counterparty to fulfill its financial or contractual obligations to the Bank as and when they fall due. Credit risk is the most significant risk type accounting for approximately 85% of the Group's economic capital requirement.

Chart 8: Risk Management Framework

The credit risk exposure is managed at the Bank through a portfolio management approach that guides the Group in diversifying its risks across geographical borders, sectors, client segments and products to maximize shareholders' value. The standards for accumulation of assets throughout the Group are set out in the Credit Risk Policy which is reviewed at least once a year by the Board Risk Committee. A risk report is submitted to the Portfolio Management Forum on a monthly basis and to the Board Risk Committee on a quarterly basis to assess the credit risk profile of the Group.

Credit Approval Process

To maintain independence and integrity of credit decision-making, credit approval function is segregated from loan origination. Credit approval authority is delegated within a structure that is tiered according to the borrower rating, exposure, credit risk type and facility type. Key parameters are periodically reviewed to improve turnaround time between origination and disbursement, without compromising on the quality of credit being granted.

Credit Risk Measurement

Risk rating is an important element in credit risk management as it provides a framework for establishing limits that reflect the bank's tolerance for risk. External Credit Assessment Institutions such as Moody's is used for the purpose of assigning risk ratings to Sovereigns, countries and banks.

In order to standardise the credit rating and assessment process across all credit exposures, the Moody's international rating scales are used. SBM rates all its credit exposures individually. Individual corporate borrowers are assigned a Customer Risk Rating using Moody's Risk Advisor tool which is based on the borrower's financial condition and outlook, industry and economic conditions, access to capital and management strength. For the small and medium business customers, the rating is derived from the Small Business Underwriting Matrix which is primarily based on the borrower's financial position and strength of collateral. Consumer credit risk is assessed on an individual basis using Experian-Transact scoring tool. These risk rating tools also enable the Bank to quantify its expected losses (EL) and ensure that they are within the Group's risk tolerance. EL is a function of three key components:

- Probability of default (PD) – the degree of likelihood that the borrower will not be able to meet its scheduled repayments

- Exposure at Default (EAD) - the total amount that are exposed at the time of default

- Loss Given Default (LGD) – the amount of loss when a borrower defaults on a loan, expressed as a percentage of EAD

In the absence of historical data in Mauritius, Moody's USA norms/guidelines have been used to estimate EL. The Bank is however building its own default and loss database as part of its ongoing efforts to comply with the Basel II's Internal Ratings Based Approach for capital allocation.

The rating scales are independently calibrated on a probability of default measure based upon a statistical analysis of historical defaults in our portfolios.

Stress testing has an increasing importance in credit risk management and it is done to gauge the potential vulnerability to exceptional but plausible events. The Bank conducts various levels of stress testing for credit risk that covers material market events, industry disruption or economic downturn across credit risk components and portfolio levels.

Credit Risk Mitigation

A wide variety of techniques are used to reduce credit risk. First, the Group ensures that assessment is done on the ability of the borrower to service the loans. Moreover, it ensures that adequate security is taken. The amount and type of collateral required depend on the counterparty credit quality and repayment capacity. Collaterals taken by Bank include fixed/floating charge on assets, pledge of deposits/shares/insurance policy and guarantees from Government/Bank/Corporate. This is documented in policies and procedures, which also cover the valuation and requirement for financial and non-financial collaterals. It also uses netting agreements to minimize the exposure at default. The Group has a set of prudential limits set by the Board to address concentration of risks by counterparty, e.g. countries, sovereign government, banks and corporate customers. These allow higher exposures to highly rated customers and lower exposures to lower rated customers. Excesses are considered individually at the time of credit sanctioning, are reviewed regularly, and are reported monthly to the Portfolio Management Forum and quarterly to the Board Risk Management Committee.

Credit Risk Concentration

A sound risk management process requires the establishment of risk exposures limits to credit risk concentration. Hence, limits have been set for individual borrowers, portfolios, banks, sovereign governments and countries and are monitored by the Portfolio Management Unit and reported to the Board Risk Management Committee. Deterioration in the ratings and the risk profile provide early warning signals and weak assets are actively monitored and managed.

Table 9: Group Portfolio Exposures

PORTFOLIO	June 30 2008	June 30 2007	June 30 2006
Agriculture	2%	2%	3%
Commerce-Retail	4%	6%	7%
Commerce-Wholesale	7%	9%	13%
Financial Institutions	5%	4%	4%
Infrastructure	4%	5%	6%
Job Contractors	3%	4%	3%
Manufacturing-Non Textiles	8%	6%	9%
Manufacturing-Textiles	9%	9%	9%
New economy	2%	2%	2%
Real Estate	3%	3%	1%
Services	8%	7%	6%
Tourism	20%	19%	13%
Credit Card	1%	1%	2%
Consumer	9%	8%	8%
Mortgage	15%	15%	14%
Total	100%	100%	100%

Credit Risk Exposure

The Group focuses on the diversification of its portfolio concentrations, and limits are set with due consideration to market opportunities and with particular attention paid to sectors with potential credit concerns. The majority of the Group's exposure is from the Mauritius Bank Operations representing 91% of the overall group exposures and the Group has a well-diversified credit portfolio. Moreover, all the industry exposures were within the internal prudential limits set by the Board.

Concentration Limits

(i) Country Risk Exposure

Country risk is defined as the risk that a counterparty is unable to honour its credit obligations due to political, social, economic or other events in that country even though the credit worthiness of counterparty might not be impaired. The Group manages the exposure to country risk through a framework of limits which are based on the country ratings and the Group's risk appetite. The Group continuously monitors the exposures to both rated and unrated countries. At June 30, 2008, 46% of the bank's exposures were concentrated in triple-A rated countries, 48% were to countries with ratings Baa1 – Ba2 and 6% of the exposures were to unrated countries (Madagascar 1.5%, Maldives 4.7%). The exposures to unrated countries consist mainly of investment in Madagascar and cross border financing in the Maldives tourism sector.

(ii) Sovereign Risk Exposure

The Bank has a high exposure in Government Securities on its books, which carries a zero risk weight for capital allocation purposes under both Basel I and Basel II as per the Bank of Mauritius guidelines. At June 30, 2008, the Mauritius Sovereign risk exposure amounted to Rs 11Bn representing 144% of the Group's Tier 1 Capital (2007: Rs 7.5Bn representing 123% of Group's Tier 1 Capital). Out of the 144% of Group's Tier 1 Capital at 30 June 2008, 122% represented investment in Mauritius Government Securities. At June 30, 2008, the Group also had exposures in India and Madagascar Government Securities (India: Rs790m, Madagascar: Rs875m) representing 10% and 11% of Group's Tier 1 Capital respectively.

(iii) Credit Concentration for large credit exposures

A large credit exposure is defined by the Bank of Mauritius as the aggregate of credit exposure to one customer or group of closely-related customers for amounts exceeding 15% of its capital base. A regulatory limit has been set by Bank of Mauritius for (i) the aggregate of such exposures not to exceed 600% of capital base. The Bank has set a more stringent internal limit for large credit exposures not to exceed 300% of capital base, with a view to encourage diversification of risks. (ii) exposure to any one customer or group of closely-related customers not to exceed 25% of capital base.

As at June 30, 2008, SBM had three customers with exposures greater than 15% of the capital base and which aggregated to 79% of capital base (2007: 6 customers aggregating 145% of capital base). Those exposure were to customers with excellent credit risk rating ranging between 1 and 3 and were secured against deposits and immoveable assets. The Bank was operating well within both regulatory and internal prudential limits throughout the year except for the one customer in Manufacturing which exceeded the single exposure limit, but for which prior approval of the Bank of Mauritius was obtained.

In stress scenario, if the bank's capital base was reduced by 25% at 30 June 2008, the Bank would have 8 groups of closely related customers with exposures above 15% of capital base, aggregating to 190% of capital base. This would still be within the regulatory limit of 600% and prudential limit of 300% of capital base.

The top 20 credit risk weighted exposures accounted for 49% of our total credit exposures as at 30 June 2008 (2007: 33%) and represented 255% of the Bank's tier 1 capital (2007: 292%). The exposures continued to be widely diversified and had a good average weighted internal risk rating of 3.23 as at 30 June 2008 (2007: average risk rating of 3.84), with a noted improvement in the customers' rating in the Tourism sector.

(iv) Related Party Transactions

All exposures to related parties are reported at least every quarter to the Corporate Governance and Conduct Review Committee. As per Bank of Mauritius Guideline on Related Party Transactions, a "related party" means:

(a) a person who has significant interest in the financial institution or the financial institution has significant interest in the person

(b) a director or senior officer of the financial institution

(c) close family members of the above

(d) an entity that is controlled by a person described above

(e) a person or class of persons who has been designated by the Bank of Mauritius as a related party.

The Bank adheres to the Bank of Mauritius Guideline on Related Party Transactions and the guideline issued in 2002 is considered to be more stringent than IAS 24 in its definition for significant interest.

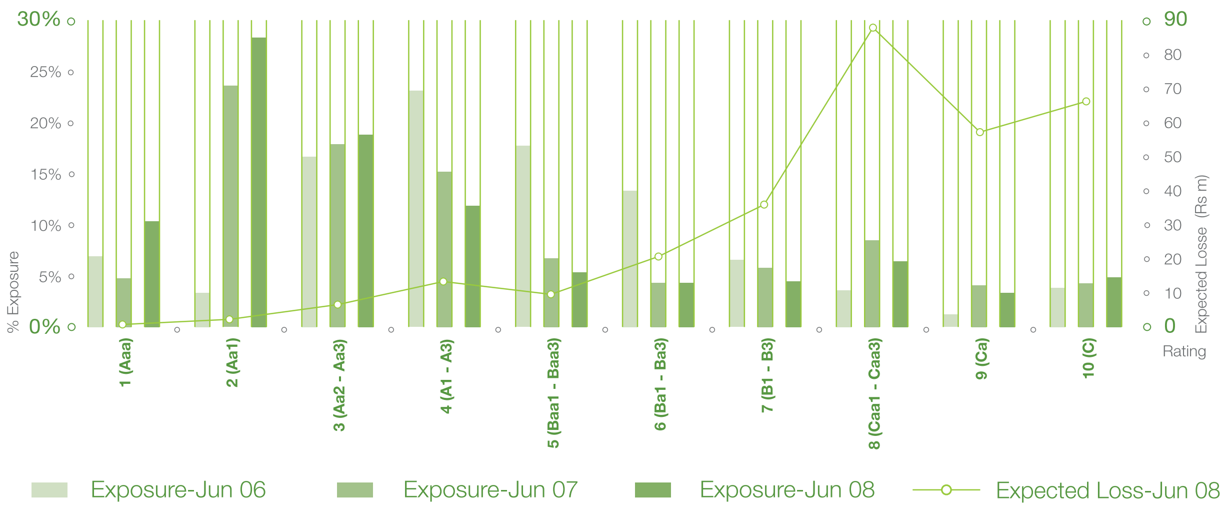
The Bank's top 6 exposures to related parties net of deposits were 42%, 13%, 9%, 6%, 3%, 0.08% of the Bank's tier 1 capital respectively as at June 30, 2008 and approval was obtained from Bank of Mauritius for all the exposures exceeding 2% of Tier 1 capital. At June 30, 2008, none of the facilities granted to related parties was non-performing. Further details on the related transactions can be found in Note 32 to the Financial Statements.

Overall credit asset quality improved during the year under review. As at 30 June 2008, the Group's weighted average rating stood at 4.09 compared to 4.18 as at 30 June 2007. Exposure to investment grade (Ba3 and above) counterparties increased from 71% as at 30 June 2007 to 78% as at 30 June 2008. The expected loss was estimated at Rs290m based on the Group's total portfolio exposure of Rs36.2Bn, which was well within the buffer for capital allocated for credit risk.

In a stress scenario, a one notch downward credit rating migration across all portfolios would result in an increase in expected loss to Rs436m for the Bank and to Rs 473m for the Group whilst for a two notch downgrade, the expected loss is estimated at Rs 678m for the Bank and Rs 739m for the Group. The Group has sufficient capital to absorb those shocks.

Further analysis on Group's overall exposure and the exposures based on the quality of credit by sectors are provided in Note 34B to the Financial Statements.

Credit Risk Quality
Chart 9: Group Risk Profile



Market Risk

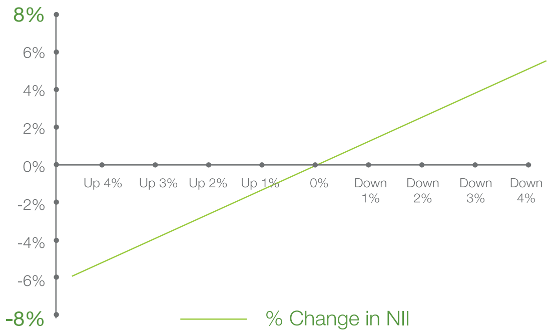
Market risk is the risk to the Bank's condition resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates, credit spreads, commodity and equity prices. The Group's Market Risk Framework comprises of market risk policies, market risk limit and risk methodologies. This framework also encompasses new products processes to ensure that market risk issues identified are adequately addressed prior to the launch of new product or service. The market risk policies are reviewed at least once a year by the Risk Management Committee to align with regulatory guidelines and best international practices.

Interest rate risk

SBM is exposed to interest rate movements arising from repricing and/or maturity mismatches, underlying rates and other characteristics of assets and liabilities in the course of normal business. In managing interest rate risk, the Bank strives to achieve a desired profile given the strategic considerations and market conditions. To assess and manage the impact of market interest rates on the Bank's assets, liabilities and off balance sheet items, the Bank uses a combination of gap analysis, sensitivity analysis, simulated modeling of earnings at risk and hedging activities.

Earnings at risk measures the potential change in the net interest income over the next 12 months, and highlights exposures to various rate sensitive factors such as change in the prime lending rate, and change in pricing strategies on deposits. At June 30, 2008, a 200bp decrease in interest rate will lead to an increase of 2.96% in net interest income (an impact equal to 0.82% of Bank's Tier 1 Capital) while an increase will have a negative impact. This is illustrated in the chart below.

Chart 10: % Change in Net Interest Income for a shock in rates



Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates may adversely affect the value of an institution's holdings and, thus, its financial condition.

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. To manage their foreign currency exposures, dealers at SBM operate within prudential limits approved by the Board Risk Management Committee including intraday/overnight open exposures, stop loss and authorised currencies. These Treasury trading limits for Mauritius, Madagascar and Indian Operations are reviewed annually. The Middle office closely monitors the Front office and any deviations from approved limits are immediately reported to the Chief Executive, and on periodical basis to the Market Risk Forum and the Board Risk Management Committee.

The Bank uses a daily Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, SBM uses the historical method and which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. SBM calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, SBM would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendations.

SBM also simulates for a one-day time horizon at 99% confidence level that best reflects the market environment.

For better understanding of the risk profile, SBM utilises stress testing along with VAR. Stress testing captures the Group's exposure to unlikely but plausible events in abnormal markets, while VAR reflects the potential losses in normal markets. Further details can be found in Note 34D to the Financial Statements.

Table 10: Value at Risk Estimates

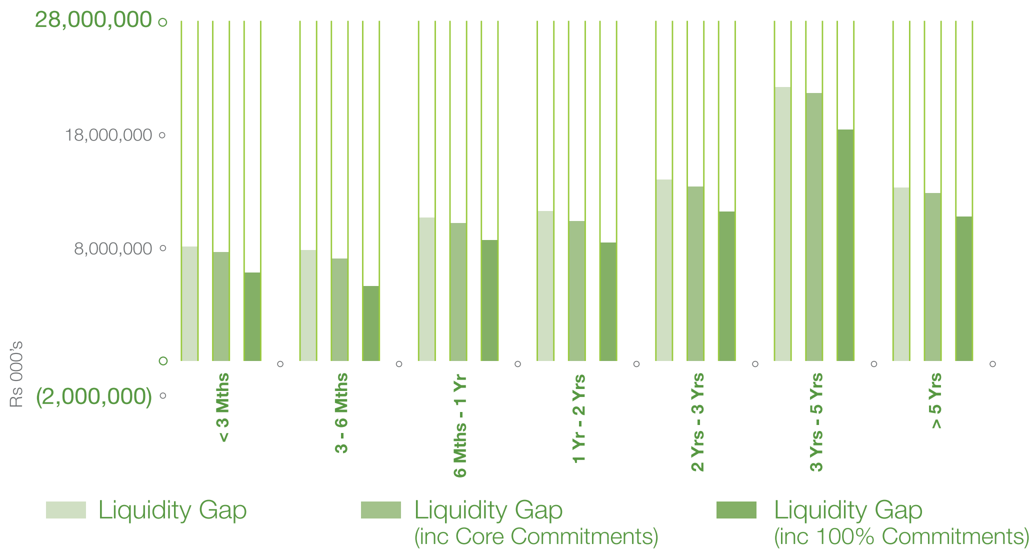
Rs '000	Min	2006 Max	30-Jun-06	Min	2007 Max	30-Jun-07	Min	2008 Max	30-Jun-08
Bank	151	2,148	430	146	2,565	763	115	3,202	575
Group	157	2,154	432	148	2,579	775	120	3,215	588

Liquidity risk

Liquidity risk arises when funds required to meet repayments, withdrawals and other commitments cannot be obtained on time due to lack of market liquidity which prevents quick or effective liquidation of positions or portfolios. To manage unplanned decreases or changes in funding sources, the Bank operates within a framework of policies, controls and limits approved by the Board Risk Management Committee. These include minimising excessive funding concentrations by diversifying sources and term of funding as well as maintaining a portfolio of high quality and marketable debt securities. The Treasurer is responsible for managing the liquidity in the Bank and the Middle Office actively monitors the management of cash flows in accordance with the Group's approved liquidity risk management policies. Overseas banking branches and subsidiaries are required to comply with their local regulatory liquidity requirements and to be self-sufficient in their local currency funding requirements. A contingency liquidity plan has been established. SBM scored high on its liquidity position and funding profile in the Moody's Bank Financial Strength Rating. The average liquid assets ratio for the Mauritius Operations stood at 14.35% of the Bank's total liabilities for the year ended June 30, 2008, which was within the prudential limit set by the Board.

More detailed maturity analysis of the financial liabilities can be found in Note 34C to the Financial Statements.

Chart 11: Consolidated Liquidity Gap as at June 30, 2008 - Mauritius Banking Operations



Price risk

To further diversify its earnings streams and meet customers' demands and preferences for products with different structures, the Bank is trading on international bonds and commodities futures market and has recently started dealing in equity, trading shares quoted on the Stock Exchange of Mauritius. All positions are marked-to-market on a daily basis and stress tested. The Middle Office closely monitors the dealers within a framework of trading limits set in accordance with the risk appetite of the Bank, dealers' experience and market volatilities. At 30 June 2008, the Bank had no major open positions that would give grounds for concern.

Operational Risk

Operational risk is inherent in all business activities. The Basel Committee defines Operational Risk as the "risk of loss arising out of inadequate or failed processes, people, systems and external events". The primary aim of the Bank is the early identification, prevention and mitigation of operational risks. The Bank has an operational risk framework to ensure that operational risks within the Bank are properly identified, monitored, managed and reported in a structured, systematic and consistent manner.

A comprehensive loss events and incidents database has been established to monitor changes in operational risk profile. The loss events database is in line with the Central Bank requirements and is as part of our Basel II preparation for the Advanced Measurement Approach. All major operational risk issues are reported and discussed at the monthly operational risk forum and quarterly to the Board Risk Management Committee.

In order to manage operational risk, the Bank promotes an organisational structure that puts emphasis on high levels of ethical behaviour and integrity across all levels of the Bank whereby each and every employee is responsible for the management of operational risk, with additional encumbrance on managers and specialist units to ensure that there is adherence to operation controls.

Processes and procedures are continuously updated with the introduction of new products, services and activities. Segregation of duties is in place between origination, authorisation and execution of transactions to promote better controls and appropriate levels of delegated authority are given to staff based on capability and experience.

Training is an integral part of the SBM culture so that staff are kept abreast of developments in their areas of operation. Quarterly appraisals are carried out to ensure that performance standards are met and corrective action taken where necessary. In addition, the Bank has established a Code of Ethics and Business Conduct and a Policy on Fit and Proper Person Criteria to ensure that staff with the appropriate skills and qualifications are selected for appropriate positions, avoiding situations where potential conflicts of interest may arise.

The Bank recognises the internet and eBusiness as a tremendous enabler for improved service and for new business opportunities. It is also aware of the threats and has taken measures to mitigate risks. The implementation of the EMV chip cards and the implementation of "Proactive Risk Manager" tool which alerts the Bank on a 24 hour basis on transaction patterns displaying unusual behaviour have greatly reduced the card losses.

The Group has a Business Continuity Plan as an integral part of the bank's strategy to mitigate risks and to manage the impact of unforeseen events. In addition, the effective use of insurance to mitigate the risk of high impact loss events also forms part of the operational risk management framework.

In line with the Central Bank requirements and local legislation, a Money Laundering Reporting Officer ensures all identified suspicious transactions are reported to the appropriate authorities. There is in addition an independent team of Compliance Officers who ensures that regulatory requirements are met and internal procedures are being adhered to. Areas of non-compliance are reported to the Appropriate Board Committees.

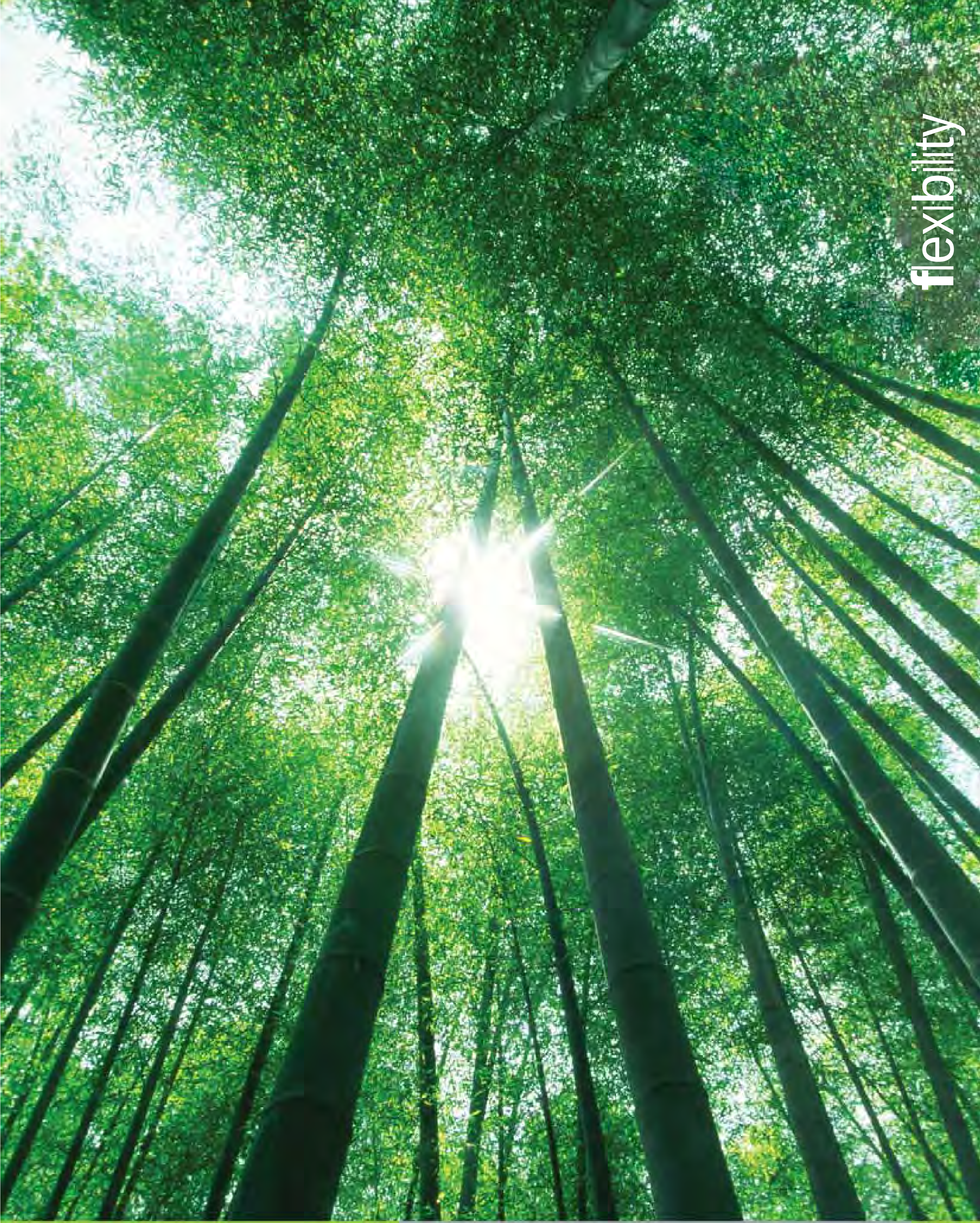
Internal Audit

The role of Internal Audit is to ensure that the Group's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice.

An evolving regulatory environment, market pressure to improve operations, and rapidly changing business conditions are creating the need for more timely and ongoing assurance that controls are working effectively and risk is being mitigated. Computer Assisted Audit Tools has been deployed for the analysis of data of key business systems for anomalies up to the transaction level in near real time. A continuous audit approach is being adopted changing the audit paradigm from periodic reviews of sample transactions to ongoing automated testing of transactions.

During the year, the Group Internal Audit Function, including the IT Audit Function has carried out its reviews of internal control systems, information systems and governance processes in accordance with its pre-approved risk-based audit plan. Material or significant control weaknesses and proposed management corrective actions are reported to the Audit Committee on a quarterly basis. The Group Internal Auditor reports to the Group Chief Executive and has a functional reporting line to the Chairman, Audit Committee.

the flexibility to shape the future



its uniqueness

A viable natural resource, bamboo has more characteristics than any other plant which makes it unique. It also has a rich cultural heritage that symbolises beauty, flexibility, strength and endurance.

corporate governance report

Statement on Corporate Governance

SBM Group considers good governance practices to be essential in developing and sustaining any successful business and is committed to promoting good governance practices throughout its operations. SBM was the first listed company in Mauritius to adopt international best practices in corporate governance in 1997, well ahead of the Bank of Mauritius Guideline on Corporate Governance issued in April 2001, and the Code of Corporate Governance for Mauritius issued in October 2003.

SBM Group has adopted a Code of Banking Practice and a Code of Ethics and Business Conduct, which set out the way business is conducted with our customers, suppliers and employees. The Group aims to achieve its business objectives in a responsible manner, giving foremost consideration to the needs and requirements of its customers, promoting teamwork and meritocracy amongst the employees and fair practices amongst its suppliers. SBM endeavours to align the interests and aspirations of its stakeholders including its shareholders, employees, customers and the community at large.

Corporate Social Responsibility

In 2004 the Bank established three trusts, namely (i)The SBM Education Fund, (ii)The SBM Sports Fund and (iii)The SBM Staff Children Education Fund. To this end, the Bank has set aside a sum of Rs100M and the interests earned thereon is donated to these trusts to promote their objectives including:

- The promotion of education and training of Mauritians.
- The provision of financial assistance to projects beneficial to the propagation of knowledge.
- The provision of financial support for the training and formation of young Mauritian sportsmen and women.

During the financial year 2007/2008, the Bank donated to the three trusts an amount of Rs8M to finance their projects. On top of this, the Bank has sponsored national, social and cultural events, which brings the total amount to about Rs15M over this financial year.

Corporate Governance Framework

SBM's corporate governance framework consists of the Board of Directors, Board Committees, Management Forums, Management, Internal and External auditors, industry best practices as well as established policies and procedures across all its operations. This framework ensures that the business and affairs of the Bank and the Group are managed in a transparent and ethical manner in the best interest of all its stakeholders, in general, and its shareholders, in particular.

Board of Directors

The Board of Directors of SBM is fully committed to maintaining the highest standards of corporate governance. It requires all the employees of the Group to embrace the highest standards of integrity, professionalism and ethical behaviour and to comply with all relevant laws, rules, regulations, policies and standards in the discharge of their responsibilities.

SBM's Board has a unitary structure currently comprising of eleven directors of which 5 are independent non-executive directors, 4 non-executive directors and 2 executive directors. The members of the Board provide the Bank with a wealth of expertise and experience in banking, finance, commerce and industry at both local and international levels.

The SBM's Board Charter sets out the roles and responsibilities of the Board which is reviewed on an annual basis.

The main responsibilities of the Board of Directors are to:

- Formulate strategic objectives and plans of the Group, and set its corporate objectives and budget.
- Delegate authority to Management to implement strategies, plans and policies approved by the Board.
- Monitor and evaluate Management's performance in carrying out board plans and strategies.
- Ensure that policies, procedures and practices are in place to protect the group's assets and reputation.
- Identify key risk areas and key performance indicators of the business in order for the Group to generate economic profit, so as to enhance shareholder value.
- Ensure that the Bank and its subsidiaries comply with all relevant laws, rules, regulations, policies and codes of best business practice and establish mechanism by which breaches of policies, laws, controls and good corporate governance practices are reported and acted upon.
- Ensure succession planning for senior management.
- Ensure effective communication with shareholders and relevant stakeholders.

Important matters including changes to the Bank's constitution, acquisition and disposal of major assets/ investments and raising capital require the approval of the shareholders.

The Board regularly reviews and approves systems of internal controls/processes and policies to ensure that the risks inherent in the Group's businesses are identified and effectively managed and that the Bank complies with the laws and regulations.

The Board is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of the Group.

Board Committees

The Board Committee structure has been set up to assist the Board in the discharge of its duties and responsibilities.

The current Board Committees are as follows:

- Audit Committee
- Corporate Governance & Conduct Review Committee
- Credit Committee
- Remuneration & Nomination Committee
- Risk Management Committee
- Strategic Planning Committee

Each Board Committee has a formal written terms of reference in line with the Code of Corporate Governance for Mauritius and international best practices. The Board reviews the terms of references of the Board Committees on an annual basis.

The SBM's Board Charter, the terms of reference for the Board Committees, the Code of Banking Practice, and the Code of Ethics and Business Conduct are all available on the Bank's website www.sbmonline.com.

Chairman and Chief Executive

In line with the requirements of the Bank of Mauritius Guideline on Corporate Governance and the Code of Corporate Governance for Mauritius, the roles of the Chairman and of the Chief Executive are separate. The Board is led by the Chairman, Mr Geerja Shankar Ramdaursingh and the executive management of the Group is under the responsibility of the Chief Executive, Mr Chaitlall Gunness.

Directors' Orientation and Evaluation

New directors are informed of their duties and responsibilities by way of an induction course.

An assessment of the effectiveness of the Board and Board Committees is undertaken annually through a self evaluation questionnaire completed by each director. The scores marked by each director for the different parameters set are consolidated and presented to the Remuneration & Nomination committee together with the scores for the previous years. This feedback from the board members is taken into account in the ongoing process for the refinement of the governance structure and responsibilities and presented to the Board.

BOARD AND COMMITTEE ATTENDANCE

Table 1 - gives the record of attendance at the SBM Board and Board Committees Meetings for period July 01, 2007 to June 30, 2008.

As from July 2008, the Board has reorganised its committees with a standalone Risk Management and Strategic Planning Committee and a Corporate Governance Committee also covering the Conduct Review Committee function.

Table 1

		Board	Audit	Credit	Remuneration & Nomination	Risk Management & Conduct Review	Corporate Governance & Strategic Planning
No of meetings held		9	5	11	8	5	5
Directors	**Note:**						
Ramdaursingh G S[1]	a	8	-	7	6	3	3
Reddy M K T[2]	a	7	-	6	4	3	3
Bhanji K	c	8	-	-	7	-	2
Bhargava A[3]	a	2	-	-	-	2	2
Dabee D K[4]	c	-	-	1	-	-	-
Dumbell G[5]	a	2	1	-	-	1	-
Gunness C	b	9	-	11	4	2	5
Lai Fat Fur L	c	7	5	-	7	-	-
Laubscher R[6]	a	4	-	3	2	2	2
Mansoor A	c	2	-	-	-	1	2
Ng Thow Hing M[7]	a	6	3	6	3	3	3
Ng Tseung D[8]	b	1	-	2	-	-	1
Poncini A	a	9	4	-	7	-	5
Ramnawaz R	a	6	4	4	4	5	-
Rossouw R[7]	a	5	2	6	-	3	3
Sonoo J[3]	b	3	-	5	-	-	2
In attendance							
Dumbell G	a	-	-	-	-	1	-
Gunness C	b	-	5	-	4	3	-

a. Non Executive Independent Director
b. Executive Director
c. Non Executive Director

[1]Appointed on 27.09.07 [2]Resigned on 31.12.07 [3]Appointed on 31.12.07 [4]Appointed on 14.05.08
[5]Appointed on 14.02.08 [6]Resigned on 28.12.07 [7]Retired on 31.12.07 [8]Resigned on 20.08.07

Senior Management

The day to day running of the business and affairs of the Group are delegated to the Executive Management. Issues are debated and decisions in Management Forums are taken unanimously. In the event of differences, the issues are escalated to next higher level for decision making. The main Forums are:

- Executive Forum
  It meets once a week to review and take decision on the day to day business and affairs of the Group with the exception of credit approvals.

- Management Credit Forum
  It meets twice a week to evaluate and sanction credit proposals.

- Performance Review Forum
  It meets monthly to review and monitor performance and achievement against budgets/ targets of the various lines of business.

- Portfolio Management Forum
  It meets monthly to review portfolio risk profiles and makes suitable recommendations to the Risk Management Committee.

- Market Risk Forum
  It meets monthly or as often as required to oversee the management of the Group's liquidity risk, interest rate risk and foreign exchange risk. The role of the Market Risk Forum is primarily to manage the Group's balance sheet based on a detailed analysis of risk return trade off and to develop and recommend guidelines and limits for operating units and treasury to the Risk Management Committee/Board for approval. It manages potential risks to earnings and capital from changes in market trends.

- Operational Risk Forum
  It meets monthly to review, inter-alia, the reports of the internal auditors and external auditors, flaws in credit documentation, operational policies, standards and practices, IT related issues and makes suitable recommendations to improve the system of internal controls and business conduct/ practices to the Risk Management Committee. The external auditors are in attendance.

Statement of Remuneration Philosophy

SBM's philosophy is to encourage sustainable long-term performance and, at all times, align performance with the strategic direction and specific value drivers of the business as well as with the creation of shareholder's wealth.

The Remuneration & Nomination Committee is responsible for the remuneration strategy of the Bank/Group. Remuneration is reviewed after taking into cognisance market rates and practices as well as the responsibilities assumed by the non-executive directors, executive management and employees. During the year ended June 30, 2008, the remuneration of the employees were revised. The remuneration of the executive management and the fees of the non-executive directors were also revised in August 2008.

The remuneration package of executive management consists of base and performance related salary consistent with our policy to promote a reward system linked to Group results. Performance related salary is dependent on the overall performance of the executive in terms of Key Performance Indicators (KPI's) approved at the start of the financial year and the performance of the Group for the financial year. It consists of cash bonuses and phantom share options and/or deferred cash to reconcile management's commitment to achieve both operating targets and longer term objectives. Note 33 of the Financial Statements gives details on the number of options granted and exercised during the year and the number of outstanding options as at June 30, 2008. The Group also pays productivity-linked bonuses to all its employees based on achievement of objectives for the Group, Company, Line of Business, Teams and Personal KPI's.

Directors' Interest and dealings in SBM Shares

The interests of the directors of the company in the share capital of the Bank as at June 30, 2008 were as follows:

	Ordinary Shares		
Directors	Direct	Indirect	Phantom shares options outstanding
Gunness Chaitlall	600	600	39,000
Sonoo Jairaj	Nil	1000	285,750

Phantom Share options have been granted to Mr. Gunness from 1998 to 2003, at which date he ceased to be eligible, and to Mr Sonoo since 2001 to date based on their performance and the performance of the Group (see note 33 of the Financial Statements for more details).

The non-executive directors are not eligible to phantom share options.

Except for the holders of phantom shares, no other director has any equity share in the company either directly or indirectly. Nor do any of the directors have any direct or indirect interest in the equity or debt securities of the subsidiaries of the Bank.

The directors confirm that they have followed the absolute prohibition principles and notification requirements of the model code on securities transactions by directors as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

other than gross misconduct, he shall be paid the fees and benefits for the unexpired contract period.

impressive SBM presence in the community during SBM Day event held at Goodlands

During the period July 01, 2007 to June 30, 2008, Mr M.K.T Reddy, G.O.S.K, sold 80,000 shares of SBM. None of the other directors bought or sold SBM's shares during the same period.

Directors' Emoluments

For the financial year 2007/08, the executive directors and the non-executive directors received emoluments amounting to Rs14,623,208 (2006/07 : Rs14,211,325) and Rs67,383,278 (2006/07: Rs 37,936,494) respectively.

None of the executive directors and non-executive directors serving on the board of the subsidiary/ associated/related companies received any emoluments from the subsidiary/associated/related companies.

It is the Group's Policy that fees received by executives of the Group serving on the board of a company in which the Group has an equity interest are credited to the income account of the Bank.

Service Contracts

Mr Geerja Shankar Ramdaursingh has a service contract with the Bank. In terms of the service contract Mr Ramdaursingh provides, amongst others, advice and guidance on strategic direction, good corporate governance, risk management practices and succession planning. The contract expires on December 31, 2010 and in the event of premature termination by the Bank for any reason

The current contract of employment of Mr Chaitlall Gunness expires on October 27, 2008. Mr Gunness has agreed to remain in office until March 2009 by when a new Chief Executive is expected to be in place.

Mr Jairaj Sonoo's contract of employment with the Bank is expiring in September 2008 and has been renewed for a further period of 5 years expiring on July 31, 2013.

Significant Contracts

No contract of significance other than loans and credit facilities granted in the ordinary course of business subsisted during the period under review between the Bank or any of its subsidiaries and any director of the Bank.

Occupational Health and Safety

SBM is committed to providing a healthy, safe and secure working environment. The Group has put in place policies and practices that in all material aspects comply with existing and regulatory guidelines or requirements.

Related Party Transactions

The Risk Management & Conduct Review Committee (The Corporate Governance & Conduct Review Committee as from July 2008) reviews every quarter, all related party transactions conducted during the period under review, their terms and conditions and compliance with Bank of Mauritius Guidelines. After each meeting, the matters reviewed by the Corporate Governance & Conduct Review Committee are reported to the Board of Directors.

Auditors' fees
The table below shows the fees paid to the statutory auditors for the financial years 2005/2006 to 2007/2008.

	2006		2007		2008	
Rs000	Audit	Other	Audit	Other	Audit	Other
Kemp Chatteris Deloitte						
State Bank of Mauritius Ltd	3648	40	3643	-	4001	-
Other Local Subsidiaries	229	173	296	-	391	-
Other auditors						
G D Apte & Co						
State Bank of Mauritius Ltd (Indian Operations)	153	-	216	-	307	-
Delta Audit Deloitte Banque						
SBM Madagascar SA	251	-	242	-	329	-

Note 32 of the Financial Statement gives details of the on and off balance sheet credit facilities and other related party transactions for the past three years. As at June 30, 2008, there was only one major related party and the exposure net of deposits maintained by this party with the Group was Rs1,689.1M. The net exposure to the above related party as at June 30, 2007 amounted to Rs972M.

None of the advances to related parties were impaired as at June 30, 2008.

Risk Management
The Board of Directors is ultimately responsible for the process of risk management across the SBM Group and sets risk appetite limits to guide risk-taking within the Group entities. The formulation and implementation of risk management policies are delegated to Management and the Risk Management Team. Please refer to the Risk Report on page 54 for more details.

Shareholder Information and Communication

Material clauses of the Constitution

Limitation as to the number of shares that a Shareholder may possess
No shareholder shall hold directly or indirectly more than Three Per Cent (3%) of the issued share capital less any treasury shares of the Company without previous authorisation of the Board of Directors of the Company. No authorisation shall be given to that effect unless a Special Notice has been sent to the Directors specifying that such a question is included in the Agenda of the Meeting of the said Board.

The above provision shall not apply to International Financial Bodies, International Banks, International Institutions and such International Organisations as the Board of Directors of the Company may expressly authorise to hold a higher percentage.

Shareholder's Agreement
There is no shareholder's agreement which affects the governance of member companies of the Group.

Top 10 Shareholders
The table below shows the top 10 shareholders of SBM as at June 30, 2008

SHAREHOLDER	No of SHARES
NATIONAL PENSIONS FUND(NPF)	48,732,927
STATE BANK OF MAURITIUS LTD -TREASURY SHARES	45,561,033
STATE INSURANCE COMPANY OF MAURITIUS LTD - Pension and Life Funds	44,108,421
GOVERNMENT OF MAURITIUS	14,952,615
STATE STREET BANK AND TRUST CO A/C THE AFRICA EMERGING MARKETS FUND	11,973,985
SSLN C/O SSB BOSTON OLD MUTUAL LIFE ASSURANCE CO	10,002,858
PICTET ET CIE A/C BLAKENEY LP	7,663,136
DEVELOPMENT BANK OF MAURITIUS LTD	5,779,500
PICTET ET CIE A/C BLAKENEY INVESTORS	5,354,029
THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED	5,209,788

Shareholders' Analysis

Register Date:	June 30, 2008
Authorised Share Capital:	1,000,000,000 shares
Issued Share Capital:	303,740,223 shares

Shareholders spread

	No of shareholders	% of shareholders	No of shares	% of shares
1-1,000	11,327	68.24	6,088,119	2.00
1,001-5,000	3,836	23.11	9,510,851	3.13
5,001-100,000	1,322	7.96	21,713,186	7.15
100,001-500,000	70	0.42	15,271,863	5.03
500,001-1,000,000	11	0.07	7,762,376	2.56
1,000,001-5,000,000	21	0.13	44,055,536	14.50
5,000,001-10,000,000	5	0.03	29,271,840	9.64
>10,000,000*	6	0.04	170,066,452	55.99
TOTAL	16,598	100.00	303,740,223	100.00

*including Treasury Shares

Local and Foreign Shareholders as at June 30, 2008

CATEGORY	SHAREHOLDERS NUMBER	SHARES NUMBER	SHARES %
Domestic	16,357	187,895,932	61.86
Overseas	240	70,283,258	23.14
Treasury Shares	1	45,561,033	15.00
Total	16,598	303,740,223	100.00

SBM's Share Performance

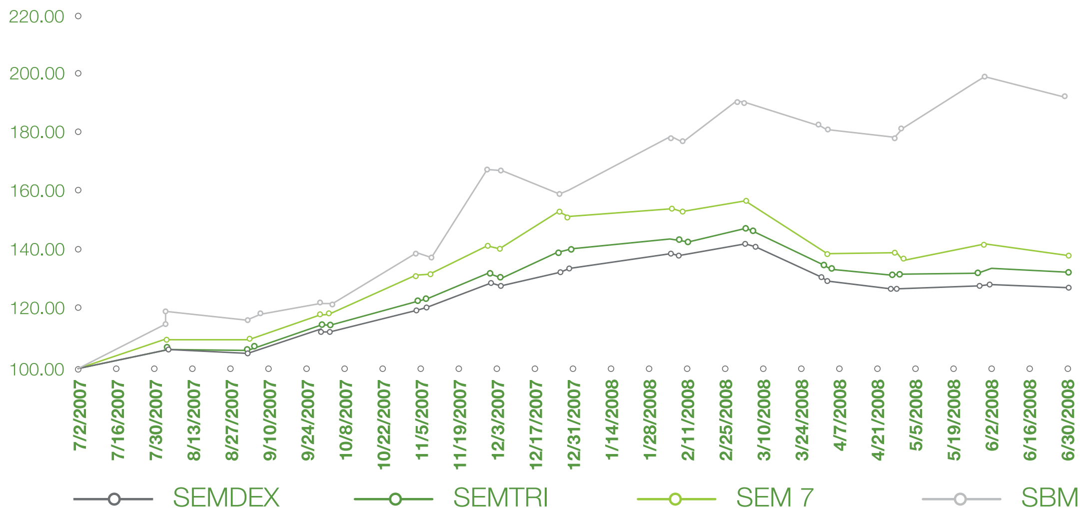
	2004	2005	2006	2007	2008
Financial Year ended (Rs)	23.30	27.30	37.00	50.50	96.00
Highest price (Rs)	24.00	29.70	37.50	52.50	105.00
Lowest price (Rs)	14.80	23.00	26.20	36.90	50.00
Average price (Rs)	19.98	26.02	31.31	44.70	77.50
Value of shares traded (RsM)	663.72	401.43	298.60	3852.10*	1,768.85
Value of share traded as a percentage of Market (%)	21.13	12.85	6.54	35.83	14.98
Price to Book (times)	1.23	1.09	1.54	1.37	2.26

*the figure includes the amount of shares bought back

SBM's Share Price Information

	2004	2005	2006	2007	2008
Earnings per Share (Rs)	3.46	3.66	4.06	5.03	8.19
Market Price - 30 June (Rs)	23.30	27.30	37.00	50.50	96.00
Dividend (Rs)	1.20	1.30	2.00	2.10	2.55
Dividend Yield(%)	5.15	4.76	5.41	4.16	2.66
Total Yield (Rs)	7.80	5.30	11.70	15.60	48.05
Total Yield / Average Price (%)	39	20.95	36.40	35.66	65.60
Dividend Cover	2.89	2.82	2.03	2.78	3.21
Cumulative Yield (Rs)	22.80	28.10	39.80	55.40	103.45
Cumulative Yield (%) since listing in 1995	285	351.30	497.50	692.00	1,293.16
Price Earning Ratio (times)	6.73	7.45	9.11	10.05	11.72

SEMDEX, SEM 7, SEMTRI and SBM Share Index



Dividend

The Board authorised an interim and final dividend of Rs2.55 per ordinary share for the financial year 2007/08, an increase of 45 cents or 21.4 % from the previous year. The dividend will be paid on October 01, 2008

Dividend Policy

SBM's dividend policy is to distribute a minimum of 25% of its net income available to shareholders for the year subject to approval from Bank of Mauritius and the solvency test under the S61(2) of the Companies Act 2001 is satisfied. The value of the investment in SBM's share increased from Rs 50.50 as at June 30, 2007 to Rs 96 as at June 30, 2008, representing an appreciation of Rs 45.50 or 90% over the period of one year.

There are no taxes on dividend income and capital gains in Mauritius.

SBM Credit Rating

Category	Moody's rating: (August 2008)
Outlook	Stable
Bank deposits - Foreign Currency	Baa2/P-2
Bank deposits - Domestic Currency	A2/P-1
Bank Financial Strength	C-*
Issuer Rating	Baa1

*The highest rating assigned by Moody's to a domestic bank in Mauritius.

Contact Details for Shareholder Relationship

Company Secretary
State Bank Tower,
1, Queen Elizabeth II Avenue,
Port Louis,
Mauritius.
Phone: (230) 202-1544
Fax: (230) 202-1234
Email: company.secretary@sbm.intnet.mu

Shareholder Diary

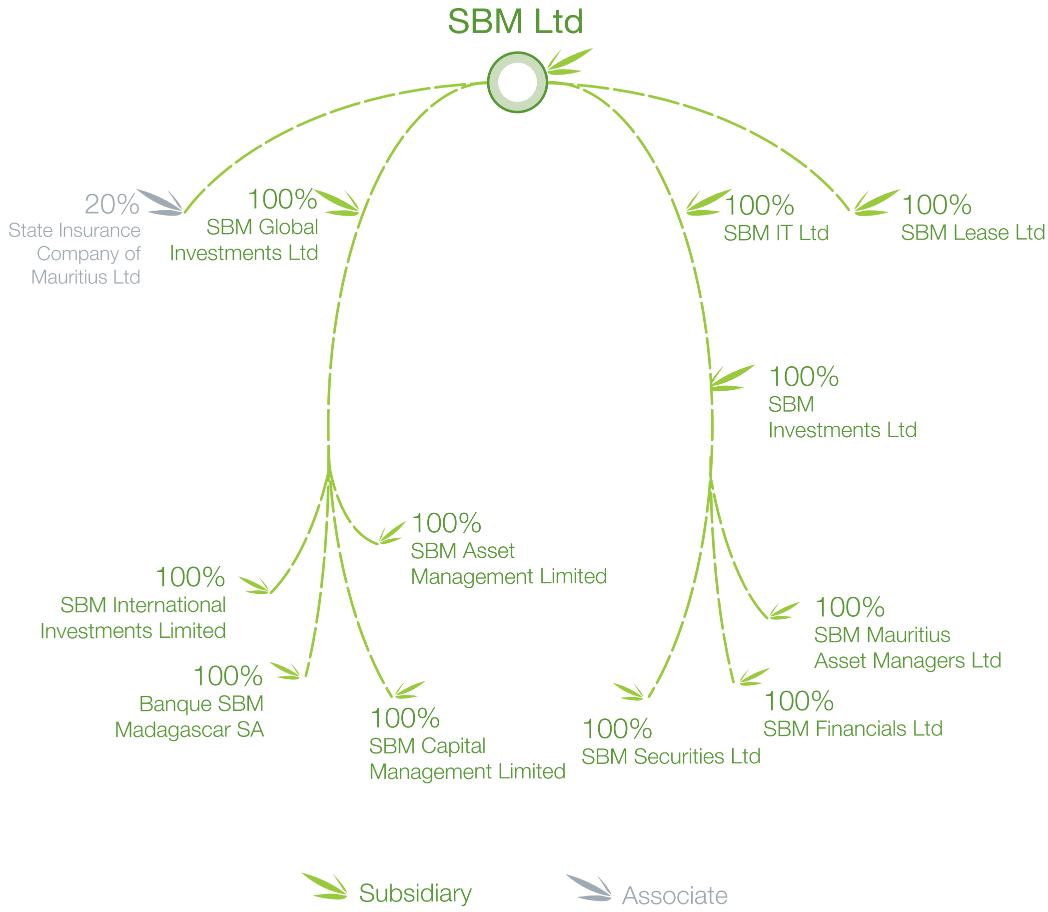
Financial year 2007/08

Financial year end	June 30, 2008
Final Dividend Payment	October 01, 2008
Annual Meeting	December 19, 2008

Financial year 2008/09

- Unaudited quarterly earnings report to be released within 45 days from the quarter ending September, December and March.
- Audited Financial Statements for the year ending June 30, 2009 within three months from end of June.
- Final Dividend Payment – during October 2009.
- Annual Meeting – during December 2009.

SBM Group Holdings Structure



35 years of growth together

accessibility that makes a difference

accessibility

in harmony with others

Growing in harmony with other plants, bamboo has special anti-erosion properties due to its long roots. It also grows in almost any type of soil which makes it accessible across forests worldwide.

statement of management's responsibility for financial reporting

The financial statements of the Group and of the Bank have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004 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 organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Audit Committee, Conduct Review Committee and Risk Committee, which are comprised mostly of independent directors who are not officers and 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 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.

statement of management's
responsibility for financial reporting

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

G.S. Ramdaursingh
Chairman

A.J. Poncini, G.O.S.K.
Director

C. Gunness
Chief Executive

September 25, 2008

independent auditor's report to the shareholders of State Bank of Mauritius Ltd

This report is made solely to the shareholders of State Bank of Mauritius Ltd (the "Bank"), as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the Financial Statements of the Group and of the Bank set out on pages 64 to 132 which comprise the balance sheets as at 30 June 2008 and the statements of income, statements of changes in equity and 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 Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004. 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 64 to 132 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2008 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 applicable to banks and the Financial Reporting Act 2004.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

We have no relationship with, or interests in, the Bank other than in our capacities as auditors and arm's length dealings in the ordinary course of business.

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

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

Banking Act 2004

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the provisions of the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Kemp Chatterris Deloitte
Chartered Accountants
3rd Floor, Cerné House
La Chaussée
Port Louis, Mauritius

Signing Partner
Twaleb Butonkee, ACA

Date: September 25, 2008

Balance Sheets as at 30 June 2008

	Note	GROUP 2008 MRs' 000	GROUP 2007 MRs' 000	GROUP 2006 MRs' 000	BANK 2008 MRs' 000	BANK 2007 MRs' 000	BANK 2006 MRs' 000
ASSETS							
Cash Resources							
Cash and Balances with Central Banks		6,084,542	3,662,372	3,083,739	5,746,740	3,369,911	2,884,125
Balances with Banks and Interbank Loans	5	7,554,330	12,048,473	6,174,670	6,173,271	10,460,064	6,163,330
		13,638,872	15,710,845	9,258,409	11,920,011	13,829,975	9,047,455
Securities, Placements and Other Investments	6						
Investment Securities							
- Available for Sale		4,144,849	3,925,134	2,555,765	3,529,683	3,082,944	2,295,244
- Loans and Receivables		10,476,170	6,739,711	8,938,038	9,625,163	6,114,764	8,703,411
- Held to Maturity		284,840	263,968	-	111,150	213,060	-
Trading Securities		33,375	176,296	213,702	33,375	176,296	213,702
Placements		464,404	92,711	45,208	464,404	92,711	45,208
		15,403,638	11,197,820	11,752,713	13,763,775	9,679,775	11,257,565
Loans and Advances	9						
Personal and Credit Cards		9,147,256	7,847,798	7,004,375	9,098,755	7,833,278	6,993,939
Business		20,608,577	18,605,440	16,466,164	19,937,605	18,057,017	17,384,409
Governments		9,505	54,356	239,930	9,505	54,356	239,930
Entities outside Mauritius		3,970,821	1,678,762	1,049,971	3,970,821	1,678,762	1,049,971
Overseas Operations		2,470,231	2,290,167	2,414,264	1,655,524	1,514,988	1,601,201
		36,206,390	30,476,523	27,174,704	34,672,210	29,138,401	27,269,450
Less: Allowance for Credit Impairment		(1,021,308)	(714,118)	(811,713)	(789,217)	(557,074)	(694,043)
		35,185,082	29,762,405	26,362,991	33,882,993	28,581,327	26,575,407
Other							
Property and Equipment	10	2,364,729	2,446,685	2,451,838	2,309,732	2,427,656	2,431,516
Intangible Assets	11	196,070	305,061	412,149	202,388	314,669	394,628
Other Assets	12	768,503	807,066	663,495	703,309	776,986	642,616
		3,329,302	3,558,812	3,527,482	3,215,429	3,519,311	3,468,760
TOTAL ASSETS		67,556,894	60,229,882	50,901,595	62,782,208	55,610,388	50,349,187
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	14						
Personal		29,117,678	25,984,587	22,601,767	27,594,617	24,438,406	21,251,279
Business		22,583,342	19,022,327	14,510,680	21,949,529	18,114,377	13,964,672
Governments		3,134,478	3,468,266	2,954,185	2,580,373	3,430,519	2,676,996
Banks		46,758	93,650	27,307	155,910	119,892	77,270
		54,882,256	48,568,830	40,093,939	52,280,429	46,103,194	37,970,217
Borrowings							
Central Banks	15	184,196	216,919	452,266	184,196	216,919	452,266
Local Banks	16	177,019	218,129	669,381	177,019	218,129	669,283
Foreign Banks	17	5,592	430,763	220,184	33	430,763	219,401
Other Financial Institutions		-	116,376	-	-	116,376	-
		366,807	982,187	1,341,831	361,248	982,187	1,340,950

Balance Sheets as at 30 June 2008 (cont'd)

		GROUP			BANK		
	Note	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Other							
Current Tax Liability	18A	246,624	298,335	249,757	235,448	280,272	231,873
Deferred Tax Liability	18B	199,227	241,102	286,714	198,982	242,290	288,202
Obligations under Finance Lease	19	-	-	-	144,689	296,282	542,613
Other Liabilities	20	888,471	624,047	1,113,411	806,466	565,528	1,202,768
		1,334,322	1,163,484	1,649,882	1,385,585	1,384,372	2,265,456
TOTAL LIABILITIES		56,583,385	50,714,501	43,085,652	54,027,262	48,469,753	41,576,623
Minority Interest in Subsidiaries		-	-	247	-	-	-
Shareholders' Equity							
Share Capital	22	303,740	303,740	382,414	303,740	303,740	382,414
Reserves		10,669,769	9,211,641	7,433,282	8,451,206	6,836,895	8,390,150
Equity Attributable to Equity holders of the Parent		10,973,509	9,515,381	7,815,696	8,754,946	7,140,635	8,772,564
TOTAL EQUITY AND LIABIILITIES		67,556,894	60,229,882	50,901,595	62,782,208	55,610,388	50,349,187
US$/MRs Mid Exchange Rate as at balance sheet date		27.15	31.60	30.93	27.15	31.60	30.93
MEMORANDUM ITEMS							
Acceptances, Guarantees, Letters of Credit, Endorsements and Other Obligations on Account of Customers and Spot Foreign Exchange Contracts	23A	5,215,439	7,409,385	3,855,751	5,050,897	7,289,933	3,689,860
Credit Commitments	23B	3,802,679	3,545,754	3,704,839	3,555,717	3,198,699	3,477,041
Inward Bills held for Collection		191,463	216,052	270,876	167,202	191,175	212,296
Outward Bills sent for Collection		322,755	354,808	568,996	302,214	341,254	487,971
		9,532,336	11,525,999	8,400,462	9,076,030	11,021,061	7,867,168

Approved by the Board of Directors and authorised for issue on 25 September 2008.

G.S. Ramdaursingh
Chairman

A.J. Poncini, G.O.S.K
Director

C. Gunness
Chief Executive

Statement Of Income for the Year Ended 30 June 2008

	Note	GROUP 2008 MRs' 000	GROUP 2007 MRs' 000	GROUP 2006 MRs' 000	BANK 2008 MRs' 000	BANK 2007 MRs' 000	BANK 2006 MRs' 000
Interest Income	25						
Loans and Advances		3,851,210	3,353,509	2,784,927	3,717,745	3,220,873	2,591,664
Securities		972,437	720,725	575,521	856,772	643,734	537,178
Placements and Loans to Banks		505,055	490,530	306,149	442,460	475,517	306,325
		5,328,702	4,564,764	3,666,597	5,016,977	4,340,124	3,435,167
Interest Expense							
Deposits		(3,263,321)	(2,681,977)	(1,813,723)	(3,098,104)	(2,516,991)	(1,656,957)
Deposits and Borrowings from Banks		(19,998)	(65,874)	(102,346)	(21,353)	(69,075)	(101,817)
Lease Finance Charges		-	-	-	(32,938)	(59,046)	(63,349)
Other		(1,216)	(10,490)	(7,258)	(1,216)	(10,490)	(7,258)
		(3,284,535)	(2,758,341)	(1,923,327)	(3,153,611)	(2,655,602)	(1,829,381)
Net Interest Income		2,044,167	1,806,423	1,743,270	1,863,366	1,684,522	1,605,786
Provision for Credit Impairment	26	(386,900)	(302,173)	(223,583)	(235,126)	(276,728)	(184,092)
Net Interest Income after Provision for Credit Impairment		1,657,267	1,504,250	1,519,687	1,628,240	1,407,794	1,421,694
Non Interest Income and Gains							
Net Fee and Commission income	27	638,736	590,304	512,041	580,081	544,136	467,118
Net Gain from Dealings in Foreign Currencies		466,158	385,781	237,585	437,214	364,210	224,829
Dividend Income		846,841	294,642	129,515	822,458	406,123	203,368
Net Gain/(Loss) from Dealings in Trading Securities		13,607	7,604	(16,232)	18,559	7,574	(16,232)
Net Gain on Investment Securities		93,552	28,431	97,261	92,785	26,377	179,011
Net (Loss)/Gain on Disposal of Tangible Fixed Assets		(2,656)	12,655	635	(2,656)	12,266	542
		2,056,238	1,319,417	960,805	1,948,441	1,360,686	1,058,636
Net Interest and Other Income after Provision for Credit Impairment		3,713,505	2,823,667	2,480,492	3,576,681	2,768,480	2,480,330
Non Interest Expense	28						
Salaries and Human Resource Development		(464,837)	(356,259)	(321,173)	(449,734)	(346,241)	(313,150)
Pension Contributions and Other Staff Benefits		(131,914)	(64,651)	(79,589)	(127,045)	(64,734)	(76,963)
Depreciation of Tangible Assets		(163,979)	(152,188)	(134,800)	(154,202)	(145,955)	(131,205)
Amortisation of Intangible Assets		(134,162)	(135,601)	(120,288)	(132,986)	(128,271)	(115,768)
Other		(482,624)	(425,162)	(374,787)	(450,861)	(374,642)	(351,487)
		(1,377,516)	(1,133,861)	(1,030,637)	(1,314,828)	(1,059,843)	(988,573)
Income from Operations		2,335,989	1,689,806	1,449,855	2,261,853	1,708,637	1,491,757
Share of Profit of Associates		61,019	49,800	74,567	-	-	-
Net Income before Tax		2,397,008	1,739,606	1,524,422	2,261,853	1,708,637	1,491,757
Income Tax Expense	18C	(283,035)	(233,718)	(204,181)	(272,912)	(214,212)	(185,637)
Profit for the Year	29	2,113,973	1,505,888	1,320,241	1,988,941	1,494,425	1,306,120
Attributable to:							
Equity holders of the Parent		2,113,973	1,505,680	1,318,998	1,988,941	1,494,425	1,306,120
Minority Interest		-	208	1,243	-	-	-
		2,113,973	1,505,888	1,320,241	1,988,941	1,494,425	1,306,120
Weighted Average Number of Outstanding Shares (thousands)		258,179	299,597	325,052			
Earnings per Share (MRs)	30	8.19	5.03	4.06			

Statement of Changes In Equity for the Year Ended 30 June 2008

GROUP	Note	Share Capital MRs' 000	Treasury Shares MRs' 000	Reserve arising on Share Buy Back MRs' 000	Shares held by Subsidiary MRs' 000	Share Premium MRs' 000	Statutory Reserve MRs' 000	Revenue Reserve MRs' 000	Investment Fluctuation Reserve MRs' 000	Net Unrealised Investment Fair Value Reserve MRs' 000	Net Property Revaluation Reserve MRs' 000	Net Translation Reserve MRs' 000	Net Other Reserve MRs' 000	Total MRs' 000	Minority Interest MRs' 000	Total Equity MRs'000
		Attributable to equity holders of the parent														
At 1 July 2005		382,414	(912,663)	-	-	570,000	480,249	4,957,519	58,356	1,460,494	962,010	153,632	70,810	8,182,821	21,008	8,203,829
Changes in Equity for the Year																
Realisation of Revaluation Surplus of Property		-	-	-	-	-	-	22,382	-	-	(22,382)	-	-	-	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	-	-	27,604	-	-	27,604	-	27,604
Increase in Value of Available-for-Sale Investments		-	-	-	-	-	-	-	-	382,352	-	-	-	382,352	-	382,352
Net Gain Released on Disposal of Available-for-Sale Investments		-	-	-	-	-	-	-	-	(386)	-	-	-	(386)	-	(386)
Translation Reserve Released on Disposal of Associate		-	-	-	-	-	-	-	-	-	-	(64,120)	-	(64,120)	-	(64,120)
Purchase of Minority Interest Share		-	-	-	-	-		-	-	-	-	-	-	-	(19,166)	(19,166)
Translation Difference		-	-	-	-	-	-	-	-	-	-	31,004	-	31,004	(438)	30,566
Dividend Received by Minority Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	(2,400)	(2,400)
Share of Increase in Reserves of Associates		-	-	-	-	-	-	-	-	-	-	-	178	178	-	178
Net Income Recognised directly in Equity		-	-	-	-	-	-	22,382	-	381,966	5,222	(33,116)	178	376,632	(22,004)	354,628
Profit for the Year		-	-	-	-	-	-	1,318,998	-	-	-	-	-	1,318,998	1,243	1,320,241
Total Recognised Income and Expense for the Year		-	-	-	-	-	-	1,341,380	-	381,966	5,222	(33,116)	178	1,695,630	(20,761)	1,674,869
Impairment of Capital on Acquisition of Subsidiary		-	-	-	(1,543,321)	-	-	-	-	-	-	-	-	(1,543,321)	-	(1,543,321)
Dividend	21	-	-	-	-	-	-	(519,434)	-	-	-	-	-	(519,434)	-	(519,434)
Transfer		-	-	-	-	-	7,261	(10,234)	9,209	-	-	-	(6,236)	-	-	-
At 30 June 2006		382,414	(912,663)	-	(1,543,321)	570,000	487,510	5,769,231	67,565	1,842,460	967,232	120,516	64,752	7,815,696	247	7,815,943

Statement of Changes In Equity for the Year Ended 30 June 2008

GROUP	Note	Share Capital MRs' 000	Treasury Shares MRs' 000	Reserve arising on Share Buy Back MRs' 000	Shares held by Subsidiary MRs' 000	Share Premium MRs' 000	Statutory Reserve MRs' 000	Revenue Reserve MRs' 000	Investment Fluctuation Reserve MRs' 000	Net Unrealised Investment Fair Value Reserve MRs' 000	Net Property Revaluation Reserve MRs' 000	Net Translation Reserve MRs' 000	Net Other Reserve MRs' 000	Total MRs' 000	Minority Interest MRs' 000	Total Equity MRs'000
		Attributable to equity holders of the parent														
At 1 July 2006		382,414	(912,663)	-	(1,543,321)	570,000	487,510	5,769,231	67,565	1,842,460	967,232	120,516	64,752	7,815,696	247	7,815,943
Changes in Equity for the Year																
Realisation of Revaluation Surplus of Property		-	-	-	-	-	-	36,952	-	-	(36,952)	-	-	-	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	-	-	79,499	-	-	79,499	-	79,499
Net Increase in Revaluation Surplus of Property		-	-	-	-	-	-	-	-	-	96,069	-	-	96,069	-	96,069
Deferred Tax on Increase in Revaluation Surplus of Property		-	-	-	-	-	-	-	-	-	(33,118)	-	-	(33,118)	-	(33,118)
Increase in value of Available-for-Sale Investments		-	-	-	-	-	-	-	-	197,706	-	-	-	197,706	-	197,706
Net Gain Released on Disposal of Available-for-Sale Investments		-	-	-	-	-	-	-	-	(3,666)	-	-	-	(3,666)	-	(3,666)
Translation Reserve Released on Disposal of Subsidiary		-	-	(81,405)	-	-	-	-	-	-	-	81,405	-	-	-	-
Purchase of Minority Interest Share		-	-	-	-	-	-	-	-	-	-	-	-	-	(455)	(455)
Translation Difference		-	-	-	-	-	-	-	-	-	-	62,437	-	62,437	-	62,437
Share of Increase in Reserves of Associates		-	-	-	-	-	-	-	-	-	-	-	3,578	3,578	-	3,578
Net Income Recognised directly in Equity		-	-	(81,405)	-	-	-	36,952	-	194,040	105,498	143,842	3,578	402,505	(455)	402,050
Profit for the Year		-	-	-	-	-	-	1,505,680	-	-	-	-	-	1,505,680	208	1,505,888
Total Recognised Income and Expense for the Year		-	-	(81,405)	-	-	-	1,542,632	-	194,040	105,498	143,842	3,578	1,908,185	(247)	1,907,938
Shares Cancelled during the Year		(78,674)	912,663	-	-	(570,000)	-	(1,352,147)	-	-	-	-	-	(1,088,158)	-	(1,088,158)
Treasury Shares Purchased		-	(2,333,286)	-	-	-	-	-	-	-	-	-	-	(2,333,286)	-	(2,333,286)
Disposal of Shares held by Subsidiary		-	-	317,476	1,543,321	-	-	1,352,147	-	-	-	-	-	3,212,944	-	3,212,944
Transfer		-	-	-	-	-	(50,044)	45,470	4,574	-	-	-	-	-	-	-
At 30 June 2007		303,740	(2,333,286)	236,071	-	-	437,466	7,357,333	72,139	2,036,500	1,072,730	264,358	68,330	9,515,381	-	9,515,381

Statement of Changes In Equity for the Year Ended 30 June 2008

GROUP	Note	Share Capital MRs' 000	Treasury Shares MRs' 000	Reserve arising on Share Buy Back MRs' 000	Shares held by Subsidiary MRs' 000	Share Premium MRs' 000	Statutory Reserve MRs' 000	Revenue Reserve MRs' 000	Investment Fluctuation Reserve MRs' 000	Net Unrealised Investment Fair Value Reserve MRs' 000	Net Property Revaluation Reserve MRs' 000	Net Translation Reserve MRs' 000	Net Other Reserve MRs' 000	Total MRs' 000	Minority Interest MRs' 000	Total Equity MRs'000
		Attributable to equity holders of the parent														
At 1 July 2007		303,740	(2,333,286)	236,071	-	-	437,466	7,357,333	72,139	2,036,500	1,072,730	264,358	68,330	9,515,381	-	9,515,381
Changes in Equity for the Year																
Realisation of Revaluation Surplus of Property		-	-	-	-	-	-	26,275	-	-	(26,275)	-	-	-	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	-	-	(9,238)	-	-	(9,238)	-	(9,238)
Increase in Value of Available-for-Sale Investments		-	-	-	-	-	-	-	-	348,944	-	-	-	348,944	-	348,944
Translation Difference		-	-	-	-	-	-	-	-	-	-	(467,861)	-	(467,861)	-	(467,861)
Share of Increase in Reserves of Associates		-	-	-	-	-	-	-	-	-	-	-	14,486	14,486	-	14,486
Net Income Recognised directly in Equity		-	-	-	-	-	-	26,275	-	348,944	(35,513)	(467,861)	14,486	(113,669)	-	(113,669)
Profit for the Year		-	-	-	-	-	-	2,113,973	-	-	-	-	-	2,113,973	-	2,113,973
Total Recognised Income and Expense for the Year		-	-	-	-	-	-	2,140,248	-	348,944	(35,513)	(467,861)	14,486	2,000,304	-	2,000,304
Dividend	21	-	-	-	-	-	-	(542,176)	-	-	-	-	-	(542,176)	-	(542,176)
Transfer		-	-	-	-	-	51,167	(14,150)	(37,017)	-	-	-	-	-	-	-
At 30 June 2008		303,740	(2,333,286)	236,071	-	-	488,633	8,941,255	35,122	2,385,444	1,037,217	(203,503)	82,816	10,973,509	-	10,973,509

Statement of Changes In Equity for the Year Ended 30 June 2008

BANK

	Note	Share Capital MRs'000	Treasury Shares MRs'000	Share Premium MRs'000	Statutory Reserve MRs'000	Revenue Reserve MRs'000	Investment Fluctuation Reserve MRs'000	Net Unrealised Investment Fair Value Reserve MRs'000	Net Property Revaluation Reserve MRs'000	Net Translation Reserve MRs'000	Total Equity MRs'000
At 1 July 2005, as previously restated		382,414	(912,663)	570,000	452,058	4,273,702	58,356	1,736,497	962,010	131,739	7,654,113
Changes in Equity for the Year											
Realisation of Revaluation Surplus of Property		-	-	-	-	22,382	-	-	(22,382)	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	27,604	-	27,604
Increase in Value of Available-for-Sale Investments		-	-	-	-	-	-	462,587	-	-	462,587
Net Gain Released on Disposal of Available-for-Sale Investments		-	-	-	-	-	-	(21,402)	-	-	(21,402)
Translation Difference		-	-	-	-	-	-	-	-	(6,353)	(6,353)
Net Income Recognised directly in Equity		-	-	-	-	22,382	-	441,185	5,222	(6,353)	462,436
Profit for the Year		-	-	-	-	1,306,120	-	-	-	-	1,306,120
Total Recognised Income and Expense for the Year		-	-	-	-	1,328,502	-	441,185	5,222	(6,353)	1,768,556
Dividend	21	-	-	-	-	(650,105)	-	-		-	(650,105)
Transfer		-	-	-	5,108	(14,317)	9,209	-	-	-	-
At 30 June 2006		382,414	(912,663)	570,000	457,166	4,937,782	67,565	2,177,682	967,232	125,386	8,772,564
At 1 July 2006		382,414	(912,663)	570,000	457,166	4,937,782	67,565	2,177,682	967,232	125,386	8,772,564
Changes in Equity for the Year											
Realisation of Revaluation Surplus of Property		-	-	-	-	36,952	-	-	(36,952)	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	79,499	-	79,499
Net Increase in Revaluation Surplus of Property		-	-	-	-	-	-	-	96,069	-	96,069
Deferred Tax on Increase in Revaluation Surplus of Property		-	-	-	-	-	-	-	(33,118)	-	(33,118)
Increase in Value of Available-for-Sale Investments		-	-	-	-	-	-	11,744	-	-	11,744
Net Gain Released on Disposal of Available-for Sale Investments		-	-	-	-	-	-	(3,670)	-	-	(3,670)
Translation Difference		-	-	-	-	-	-	-	-	144,566	144,566
Net Income Recognised directly in Equity		-	-	-	-	36,952	-	8,074	105,498	144,566	295,090
Profit for the Year		-	-	-	-	1,494,425	-	-	-	-	1,494,425
Total Recognised Income and Expense for the Year		-	-	-	-	1,531,377	-	8,074	105,498	144,566	1,789,515
Shares Cancelled during the Year	22	(78,674)	912,663	(570,000)	-	(1,352,147)	-	-	-	-	(1,088,158)
Treasury Shares Purchased		-	(2,333,286)	-	-	-	-	-	-	-	(2,333,286)
Transfer		-	-	-	(63,370)	58,796	4,574	-	-	-	-
At 30 June 2007		303,740	(2,333,286)	-	393,796	5,175,808	72,139	2,185,756	1,072,730	269,952	7,140,635

Statement of Changes In Equity for the Year Ended 30 June 2008

BANK

	Note	Share Capital MRs'000	Treasury Shares MRs'000	Share Premium MRs'000	Statutory Reserve MRs'000	Revenue Reserve MRs'000	Investment Fluctuation Reserve MRs'000	Net Unrealised Investment Fair Value Reserve MRs'000	Net Property Revaluation Reserve MRs'000	Net Translation Reserve MRs'000	Total Equity MRs'000
At 1 July 2007		303,740	(2,333,286)	-	393,796	5,175,808	72,139	2,185,756	1,072,730	269,952	7,140,635
Changes in Equity for the Year											
Deferred Tax on Increase in Revaluation Surplus of Property		-	-	-	-	26,275	-	-	(26,275)	-	-
Effect of Change in deferred tax rate on Revaluation Surplus of Property		-	-	-	-	-	-	-	(9,238)	-	(9,238)
Increase in Value of Available-for-Sale Investments		-	-	-	-	-	-	398,229	-	-	398,229
Translation Difference		-	-	-	-	-	-	-	-	(221,445)	(221,445)
Net Income Recognised directly in Equity		-	-	-	-	26,275	-	398,229	(35,513)	(221,445)	167,546
Profit for the Year		-	-	-	-	1,988,941	-	-	-	-	1,988,941
Total Recognised Income and Expense for the Year		-	-	-	-	2,015,216	-	398,229	(35,513)	(221,445)	2,156,487
Dividend	21	-	-	-	-	(542,176)	-	-	-	-	(542,176)
Transfer		-	-	-	45,345	(8,328)	(37,017)	-	-	-	-
At 30 June 2008		303,740	(2,333,286)	-	439,141	6,640,520	35,122	2,583,985	1,037,217	48,507	8,754,946

Cash Flow Statements for the year ended 30 June 2008

	Note	GROUP 2008 MRs'000	GROUP 2007 MRs'000	GROUP 2006 MRs'000	BANK 2008 MRs'000	BANK 2007 MRs'000	BANK 2006 MRs'000
Cash Flow from Operating Activities							
Net Income before Income Taxes		2,397,008	1,739,606	1,524,422	2,261,853	1,708,637	1,491,757
Income Tax Paid		(333,852)	(200,154)	(326,793)	(317,387)	(180,007)	(303,071)
Adjustments to Determine Net Cash Flows:							
Depreciation of Tangible Assets		163,979	152,188	134,800	154,202	145,955	131,205
Amortisation of Intangible Assets		134,162	135,601	120,288	132,986	128,271	115,768
Pension Expense		22,635	8,420	13,163	22,635	8,420	13,163
Provision for Credit Impairment		386,900	302,173	223,583	235,126	276,728	184,092
Exchange Difference		(375,803)	49,723	10,385	(168,424)	114,646	(6,572)
Net Gain on Investment Securities		(93,552)	(28,431)	(97,261)	(92,785)	(26,377)	(179,011)
Net(Gain)/loss from Dealings in Trading Securities		(13,607)	(7,604)	16,232	(18,559)	(7,574)	16,232
Net Impairment of Equity Investments		5,000	-	-	-	-	-
Net Loss/(Gain) on Disposal of Tangible Fixed Assets		2,656	(12,655)	(635)	2,656	(12,266)	(542)
Dividend Income		(846,841)	(294,642)	(129,515)	(822,458)	(406,123)	(203,368)
Share of Profit of Associates		(61,019)	(49,800)	(74,567)	-	-	-
Operating Profit before Working Capital Changes		1,387,666	1,794,425	1,414,102	1,389,845	1,750,310	1,259,653
Change in Operating Assets and Liabilities							
Increase/(Decrease) in Other Liabilities		264,317	30,071	(118,237)	240,833	12,866	(86,977)
Increase in Loans and Advances		(5,820,135)	(3,730,182)	(2,083,297)	(5,534,106)	(2,289,965)	(3,366,726)
Decrease/(Increase) in Trading Securities		156,528	45,010	(85,597)	161,480	44,980	(85,597)
Increase in Other Assets		(44,130)	(126,186)	(12,025)	(10,296)	(117,341)	(16,773)
Increase in Deposits		6,313,426	8,474,891	5,093,132	6,177,234	8,132,977	5,039,281
(Increase)/Decrease in Placements		(371,694)	(47,503)	421,053	(371,694)	(47,503)	421,053
Net Cash Provided by Operating Activities		1,885,978	6,440,526	4,629,131	2,053,296	7,486,324	3,163,914
Cash Flows (used in) / from Financing Activities							
Net Decrease in Obligations under Finance Lease		-	-	-	(151,593)	(246,331)	(78,791)
Decrease in Other Borrowings		(149,099)	(118,971)	(381,347)	(149,099)	(118,971)	(381,347)
Repurchase of Ordinary Shares		-	(3,421,445)	-	-	(3,421,445)	-
Dividend Paid on Ordinary Shares		(542,176)	(519,434)	(422,568)	(542,176)	(650,105)	(422,568)
Dividend Paid to Minority Interest		-	-	(2,400)	-	-	-
Net Cash (used in)/from Financing Activities		(691,275)	(4,059,850)	(806,315)	(842,868)	(4,436,852)	(882,706)
Cash Flows (used in) / from Investing Activities							
Acquisition of Tangible Fixed Assets		(132,543)	(55,320)	(71,734)	(86,655)	(52,864)	(61,254)
Acquisition of Intangible Assets		(26,028)	(47,564)	(56,879)	(21,561)	(47,073)	(55,619)
Disposal of Tangible Fixed Assets		1,421	44,702	2,554	1,421	44,313	2,475
Disposal of Intangible Assets		-	24,486	-	-	-	-
Dividend Received from Subsidiaries and Associates		4,750	4,250	3,250	4,750	119,250	75,750
Other Dividend Received		846,841	294,642	129,515	817,708	286,873	127,620
Acquisition of Subsidiaries		-	-	(1,561,381)	-	-	-
Acquisition of Minority Share in Subsidiary		-	(700)	-	-	-	-
Capital Injection in Subsidiaries		-	-	-	(30,000)	-	-
Acquisition of Other Equity Investments		-	(326,099)	(29,155)	-	(25,000)	-
Disposal of Shares held by Subsidiary		-	3,212,944	-	-	-	-
Disposal of Investment in Associates		-	-	430,192	-	-	430,046
Disposal of Other Equity Investments		95,201	44,449	6,964	93,098	42,667	1,337
Decrease in Gilt-Edged Investment Securities		(3,590,037)	1,116,643	175,897	(3,427,313)	1,604,674	84,243
Loans Repaid by Subsidiaries and Associates		-	-	9,263	-	-	-
Net Cash (used in)/from Investing Activities		(2,800,395)	4,312,433	(961,514)	(2,648,551)	1,972,840	604,598
Net Change in Cash and Cash Equivalents		(1,605,692)	6,693,109	2,861,302	(1,438,124)	5,022,312	2,885,806
Cash and Cash Equivalents at 1 July		15,061,953	8,368,844	5,507,542	13,181,083	8,158,771	5,272,965
Cash and Cash Equivalents at 30 June	31	13,456,261	15,061,953	8,368,844	11,742,959	13,181,083	8,158,771

Notes to the Financial Statements for the year ended 30 June 2008

1. General Information

State Bank of Mauritius Ltd ("SBM") is a public company incorporated and domiciled in Mauritius. SBM is listed on the Stock Exchange of Mauritius. Its registered office is situated at State Bank Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

The Group operates in the financial services sector, principally commercial banking.

2. Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2007.

In the current year, the Bank and Group have adopted IFRS 7 *(Financial Instruments: Disclosures)* which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1, *Presentation of Financial Statements.* The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Bank and Group's financial instruments.

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

IAS 1	*Presentation of financial statements – Comprehensive revision requiring statement of comprehensive income*
IAS 1	*Presentation of financial statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation*
IAS 1	*Presentation of financial statements – Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 16	*Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 19	*Employee Benefits Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 20	*Government Grants and Disclosure of Government Assistance - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 23	*Amendment to IAS 23: Capitalisation of Borrowing Costs*
IAS 23	*Borrowing Costs - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 27	*Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3*
IAS 27	*Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 28	*Investments in Associates - Consequential amendments arising from amendments to IFRS 3*
IAS 28	*Investments in Associates - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 31	*Investments in Joint Ventures - Consequential amendments arising from amendments to IFRS 3*
IAS 31	*Investments in Joint Ventures - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IAS 32	*Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation*

2. Adoption of New and Revised International Financial Reporting Standards (cont'd)

IAS 40	*Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs*
IFRS 2	*Share-Based Payment - Amendment relating to investing conditions and cancellations*
IFRS 3	*Business Combinations - Comprehensive revision on applying the acquisition method*
IFRS 8	*Operating Segments*
IFRIC 11	*IFRS 2: Group and Share Treasury Transactions*
IFRIC 12	*Service Concession Arrangements*
IFRIC 13	*Customer Loyalty Programme*
IFRIC 14	*IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 16	*Hedges of a net investment in a foreign operation*

3. Accounting Policies

The principal accounting policies adopted by the Group and the Bank are as follows:

(a) Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain tangible fixed assets and financial instruments, and in accordance with International Financial Reporting Standards ("IFRSs") and the guidelines of Bank of Mauritius.

(b) Basis of Consolidation

The consolidated financial statements include the state of affairs and results of the Bank and those of its subsidiaries and its associates. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Intragroup transactions are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Income. Goodwill is tested annually for impairment and carried at cost less any accumulated impairment losses.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Income; its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Gains and losses arising from disposal of investments in associates are recorded as Other Income in the Statement of Income.

It is the policy of the holding company to have a coterminous financial year end for all its operations and subsidiaries except in jurisdictions where regulations impose different dates. However, in such cases, the state of affairs and results of these branches and subsidiaries are consolidated using financial statements drawn up to correspond with the financial year end of the holding Bank.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

3. Accounting Policies (cont'd)

(c) Revenue Recognition

Revenue is generally recognised on an accrual basis.

Interest income is generally recognised on performing interest-earning financial assets using the effective interest method.

Dividend income from equity investments is accounted for in the Statement of Income as Other Income when the right to receive payment is established.

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

(d) Foreign Currency Translation

Assets, liabilities, income and expense items denominated in other currencies are translated into Mauritian Rupees in accordance with IAS 21.

(i) The assets and liabilities of the overseas branches, subsidiaries and associates denominated in foreign currencies are translated into Mauritian Rupees at the rates of exchange ruling at the reporting date. Their Statements of Income are translated into Mauritian Rupees at weighted average rates. Any translation differences arising are classified as equity and transferred to the Translation Reserve. Such translation differences are recognised in the Statement of Income as part of the Net Gain on Investment Securities in the period in which the foreign entity is disposed of.

(ii) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.

(iii) Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into Mauritian Rupees at the rates of exchange ruling at that date.

(iv) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

(v) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the Statement of Income for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Statement of Income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(vi) Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate.

(e) Investment Securities

(i) *Investments in Gilt-edged Securities*

Investments in gilt-edged securities reported under Investment Securities are classified in the following categories: Loans-and-Receivables ("L&R"), Held-to-Maturity ("HTM") and Available-for-Sale ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Gilt-edged securities that are not held for trading purposes and that are not quoted in an active market are classified as L&R. Those gilt-edged securities that are purchased on the secondary market and that are not held for trading purposes are classified as HTM where management has the intent and ability to hold the securities to their maturity. Otherwise they are classified as AFS.

Investments in gilt-edged securities are recognised on a trade-date basis and are initially measured at fair value plus transaction costs. At subsequent reporting dates, securities classified as L&R or HTM are measured at amortised cost using the effective interest method, less any impairment loss. The impairment loss for investments carried at amortised cost is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows, discounted at the investment's original effective rate.

3. Accounting Policies (cont'd)

(e) Investment Securities (cont'd)

(i) *Investments in Gilt-edged Securities (cont'd)*

Securities classified as AFS are subsequently remeasured to fair value based on quoted prices at balance sheet date and the unrealised gains and losses on revaluation are recognised directly in equity (Unrealised Investment Fair Value Reserve), until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity in respect of that security is included in the Statement of Income as Other Income. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows if the investment has been impacted.

The interest accrued on Investment in gilt-edged securities is recorded as Interest Income in the Statement of Income and any gains or losses on disposal are recorded as Other Income.

(ii) *Equity Investments*

In the Bank's separate financial statements, the equity investments in subsidiaries and associates are classified as AFS and reported under Investment Securities in the Balance Sheet. In the Group's and Bank's financial statements, other equity investments, which are not classified as trading securities, are reported under Investment Securities and classified as AFS. They are recognised on a trade-date basis and are initially measured at fair value plus transaction costs. At subsequent reporting dates, listed equity investments are remeasured at fair value based on quoted prices at balance sheet date while the fair value of unlisted equity investments are determined based on a hybrid of valuation models including net assets values, dividend growth model and/or price earnings ratio where information is available. However, AFS equity investments which do not have a quoted market price and whose fair value cannot be reliably measured are subsequently measured at cost less any impairment loss.

Unrealised gains and losses are recognised directly in equity (Unrealised Investment Fair Value Reserve), until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity in respect of that investment is included in the Statement of Income as Other Income. Objective evidence of impairment of an AFS equity investment includes a significant and prolonged decline in the fair value of the security below its cost. Any increase in fair value of an equity investment subsequent to an impairment loss is recognised directly through equity.

(f) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as FVTPL where it is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading (HFT) if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is part of a portfolio of identified financial instruments that is managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated or effective as a hedging instrument.

A financial asset is designated as FVTPL when doing so results in more relevant information, because either:

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or

- A group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to key management personnel.

Investments in gilt-edged securities and equity investments that are held for trading purposes are classified as HFT. They are recognised on a trade-date basis and are initially measured at fair value. Subsequently, they are remeasured to fair value with the unrealised gains and losses on revaluation and the realised gains and losses on disposal included in the Statement of Income as Other Income.

Interest accrued on gilt-edged securities held for trading purposes is accounted for in the Statement of Income as Interest Income.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

3. Accounting Policies (cont'd)

(f) Financial Assets at Fair Value Through Profit or Loss (FVTPL) (cont'd)

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value'.

(g) Loans and Advances and Allowance for Credit Impairment

(i) Loans and advances are classified under L&R and are measured at amortised cost, less allowance for credit impairment. Allowance for credit impairment consists of specific and portfolio provisions.

Specific provisions are made on impaired advances and are calculated as the shortfall between the carrying amounts of the advances and their recoverable amounts. The recoverable amount is the present value of expected future cash flows discounted at the original effective interest rate of the advance.

Loans that are either subject to collective impairment assessment or are individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans.

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

(iii) Allowance for credit impairment in respect of on-balance sheet items is deducted from the applicable asset whereas the allowance for credit impairment in respect of off-balance sheet items is included in Other Liabilities in the Balance Sheet. Changes in the carrying amount of the allowance accounts are recognised in the Statement of Income. When an advance is uncollectible, it is written off against the specific provision. Subsequent recoveries of amounts previously written off are credited to the Provisions for Credit Impairment in the Statement of Income.

(iv) Interest income is recognised after impairment based on the recoverable amount and the rate of interest used to discount the future cash flows to determine the recoverable amount. Such interest income represents a reversal of the specific provision for that impaired advance and is therefore recognised accordingly in the Statement of Income.

(h) Placements and Other Receivables

Placements and Other Receivables that have fixed or determinable payments and that are not quoted in an active market are classified as L&R. They are measured at amortised cost, less any impairment loss. Interest income is recognised applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. Interest accrued on placements is accounted for in the Statement of Income as Interest Income.

(i) Borrowings

Borrowings are measured at amortised cost using the effective interest method.

(j) Deposits

Deposits are measured at amortised cost using the effective interest method.

3. Accounting Policies (cont'd)

(k) Derivative Financial Instruments

Derivative financial instruments are initially recorded at fair value and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Income as Other Income.

(l) Acceptances

Acceptances are obligations to pay on due dates the bills of exchange drawn on customers and accepted by them. It is expected most of these acceptances will be honoured by the customers on due dates. Acceptances are accounted for as off-balance sheet items and are disclosed as contingent liabilities.

(m) Sale and Repurchase Agreements

Gilt-edged securities sold subject to linked repurchase agreements ("repos") are retained in the Balance Sheet and the counterparty liability is included in Borrowings. Gilt-edged securities purchased under agreements to resell ("reverse repos") are recorded as balances due from other banks. The differences between the sale and repurchase price is treated as interest and accrued over the life of the repo agreements using the effective interest method.

(n) Property and Equipment

Property and Equipment are stated at cost (except for freehold land and buildings) less accumulated depreciation and any cumulative impairment loss. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its freehold land and buildings at least every five years by independent valuers. Any revaluation surplus is credited to Property Revaluation Reserve. Any revaluation decrease is first charged directly against any Property Revaluation Reserve held in respect of the same asset, and then to the Statement of Income.

Work in Progress is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	Over 50 years
Plant, Machinery, Furniture, Fittings and Computer Equipment	Over 3 to 10 years
Motor vehicles	Over 5 to 7 years

Gains and losses on disposal of tangible fixed assets are included within Other Income in the Statement of Income.

Each year, the difference, net of the impact of deferred tax, between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the Statement of Income) and the depreciation based on the asset's original cost is transferred from Property Revaluation Reserve to Revenue Reserve.

(o) Leasing

(i) *The Group as lessor*

Amounts due from lessees under finance leases are recorded as loans and advances in the Group Balance Sheet at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group leases out equipments and motor vehicles as operating leases and hence generate rental income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased assets and recognised over the lease term on the same basis as rental income.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

3. Accounting Policies (cont'd)

(o) Leasing (cont'd)

(ii) *The Group and Bank as lessee*

Assets held under finance leases are recognised as assets at their fair value at the date of acquisition and are depreciated over their estimated useful lives. The corresponding liability to the lessor is included in the Balance Sheet as Obligations under Finance Lease. Lease finance charges are charged to the Statement of Income over the term of the leases so as to produce a constant periodic rate of interest on the outstanding obligations under finance leases.

Rentals payable under operating leases are charged to the Statement of Income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(p) Borrowing Costs

All borrowing costs are charged to the Statement of Income in the period in which they are incurred.

(q) Deferred Taxation

Deferred taxation is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted by the balance sheet date.

Deferred tax is charged or credited to the Statement of Income, except when it relates to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

(r) Employee Benefits

(i) *Pension Benefits for Eligible Participating Employees*

Eligible participating employees are entitled to retirement pensions under the SBM Group Pension Fund, a defined benefit scheme. The normal retirement age is 60. The cost of providing benefits is determined using the projected unit credit method. The assets of the scheme are managed presently by the SBM Mauritius Asset Managers Ltd.

The net total of the present value of funded obligations, the fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost is recognised in the Balance Sheet either as a liability (if there is a deficit) or as an asset (if there is a surplus). Any asset resulting is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

The current service cost and any recognised past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

A portion of the actuarial gains and losses will be recognised as income or expense if the net cumulative actuarial gains and losses at the end of the previous financial year exceeded the greater of:
- 10% of the present value of the defined benefit obligation at that date; and
- 10% of the fair value of any plan assets at that date.

(ii) *Pension Benefits for Employees under Term Contracts*

Employees under term contracts are entitled to defined contribution pension arrangements. Employer contributions are expensed in the Statement of Income.

3. Accounting Policies (cont'd)

(r) Employee Benefits (cont'd)

(iii) *Travel Tickets/Allowances*

Employees are periodically entitled to reimbursements of overseas travelling and allowances up to a certain amount depending on their grade. The expected costs of these benefits are recognised on a straight line basis over the remaining periods until the benefits are payable.

(iv) *Equity Compensation Benefits for Senior Executives*

The Group issues to certain employees Phantom share options which are share appreciation rights that require the Group to pay the intrinsic value of the Phantom share option at the date of exercise. A phantom share option liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date.

(s) Intangible Assets

Intangible assets consist of computer software. The software cost is amortised on a straight line basis over their estimated useful lives of 3 to 10 years.

(t) Impairment

The carrying amounts of assets are assessed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's net selling price and its value in use, to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

(v) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash and balances with banks and borrowings from banks with maturity of 3 months or less from the balance sheet date.

(w) Share Capital

(i) *Share Issue Costs*

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(ii) *Dividends on Ordinary Shares*

Dividends on ordinary shares are recognised in equity in the period in which they are authorised by the directors.

Dividends that are declared after the balance sheet date are dealt with in the notes to the financial statements.

(iii) *Treasury Shares*

Where the Bank purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

3. Accounting Policies (cont'd)

(x) Dividends

Dividends are recognised as a liability in the year in which they are declared.

(y) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

(z) Segmental Reporting

The Group considers that segmentation of its business is primarily a function of product or services rather than geography. Accordingly, the Group uses its different lines of businesses as primary basis of segmentation and geographical segmentation as secondary basis.

(aa) Comparative Figures

Comparative figures have been restated or reclassified, as necessary, to conform to the current year's presentation and to the changes in accounting policies (see note 2).

(ab) Non-Current Assets Held For Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets which are measured as described above.

4. Accounting Judgements And Key Sources Of Estimation Uncertainty

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results could differ as a result of changes in these estimates.

The notes to the financial statements include areas where management has applied judgements that have a significant effect on the amounts recognised in the financial statements and include the classification of financial instruments into the FVTPL category, L&R category, HTM category and AFS category. The estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

(i) *Fair Value of Equity Investments*

The fair value of certain equity investments have been calculated using models that require management to make certain assumptions relating to comparable companies dividend growth, forecast profit and discount factor which may be different from actual.

(ii) *Specific Provision for Credit Impairment*

The calculation of specific provision for credit impairment requires management to estimate the recoverable amount of each impaired asset which is the estimated future cash flows discounted at the original effective interest rate of the advance. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers.

4. Accounting Judgements And Key Sources Of Estimation Uncertainty (cont'd)

(iii) *Portfolio Provision for Credit Impairment*

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

(iv) *Defined Benefit Pension Plan*

The Bank operates a defined benefit pension plan for its employees. The amount shown in the balance sheet in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which costs would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension fund is based on report submitted by an independent actuarial firm.

5. Balances with Banks and Interbank Loans

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Balances due up to 3 months	7,554,330	12,048,473	6,174,670	6,173,271	10,460,064	6,163,330

The balances above include bank placements with a maturity of up to 3 months.

6. Securities, Placements and Other Investments
GROUP

6a. Remaining Term to Maturity

	2008							2007	2006
	Up to 3 months	3 - 6 months	6 -12 months	1 - 2 years	2 - 5 years	No Specific Maturity	Total	Total	Total
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
(i) Investment Securities - AFS									
Treasury Bills	482,137	274,950	30,074	-	-	-	787,161	956,275	139,159
Equity Shares of Companies:									
- Associates (Note 7)	-	-	-	-	-	477,281	477,281	406,526	357,398
- Other Equity Investments (Note 8)	-	-	-	-	-	2,880,407	2,880,407	2,562,333	2,059,208
	482,137	274,950	30,074	-	-	3,357,688	4,144,849	3,925,134	2,555,765
(ii) Investment Securities -L & R									
Government Bonds	100,379	274,141	539,489	1,159,555	3,406,038	-	5,479,602	3,446,382	530,813
Treasury Bills	1,978,535	811,014	2,207,019	-	-	-	4,996,568	3,293,329	8,407,225
	2,078,914	1,085,155	2,746,508	1,159,555	3,406,038	-	10,476,170	6,739,711	8,938,038
(iii) Trading Securities - HFT									
Government Bonds	-	-	-	607	1,015	-	1,622	-	-
Treasury Bills	4,238	10,281	17,234	-	-	-	31,753	121,082	93,928
Securities of Government Bodies	-	-	-	-	-	-	-	39,640	115,212
Equity Shares of Companies:									
- Other Equity Investments (Note 8)	-	-	-	-	-	-	-	15,574	4,562
	4,238	10,281	17,234	607	1,015	-	33,375	176,296	213,702
(iv) Investment Securities - HTM									
Government Bonds	-	-	56,304	50,908	-	-	107,212	200,764	-
Bank Bonds secured by Government	-	-	54,846	-	-	-	54,846	63,204	-
Treasury Bills	98,625	24,157	-	-	-	-	122,782	-	-
	98,625	24,157	111,150	50,908	-	-	284,840	263,968	-
(v) Placements - L & R									
Banks	-	295,829	168,575	-	-	-	464,404	92,711	45,208
Total	2,663,914	1,690,372	3,073,541	1,211,070	3,407,053	3,357,688	15,403,638	11,197,820	11,752,713

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

6. Securities, Placements and Other Investments (cont'd)
BANK

6a. Remaining Term to Maturity (cont'd)

	2008							2007	2006
	Up to 3 months	3 - 6 months	6 -12 months	1 - 2 years	2 - 5 years	No Specific Maturity	Total	Total	Total
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
(i) Investment Securities - AFS									
Treasury Bills	482,137	274,950	30,074	-	-	-	787,161	769,770	-
Equity shares of Companies:									
- Subsidiaries (Note 7)	-	-	-	-	-	192,431	192,431	105,511	224,587
- Associates (Note 7)	-	-	-	-	-	282,761	282,761	231,380	198,983
- Other Equity investments (Note 8)	-	-	-	-	-	2,267,330	2,267,330	1,976,283	1,871,674
	482,137	274,950	30,074	-	-	2,742,522	3,529,683	3,082,944	2,295,244
(ii) Investment Securities-L&R									
Government Bonds	100,379	274,141	539,489	1,159,555	3,406,038	-	5,479,602	3,446,382	530,813
Treasury Bills	1,746,970	657,370	1,741,221	-	-	-	4,145,561	2,668,382	8,172,598
	1,847,349	931,511	2,280,710	1,159,555	3,406,038	-	9,625,163	6,114,764	8,703,411
(iii) Trading Securities - HFT									
Government bonds	-	-	-	607	1,015	-	1,622	-	-
Treasury Bills	4,238	10,281	17,234	-	-	-	31,753	121,082	93,928
Securities of Government Bodies	-	-	-	-	-	-	-	39,640	115,212
Equity shares of Companies:							-	-	-
- Other equity investments (Note 8)	-	-	-	-	-	-	-	15,574	4,562
	4,238	10,281	17,234	607	1,015	-	33,375	176,296	213,702
(iv) Investment Securities-HTM									
Government Bonds	-	-	56,304	-	-	-	56,304	149,856	-
Bank bonds secured by Government	-	-	54,846	-	-	-	54,846	63,204	-
	-	-	111,150	-	-	-	111,150	213,060	-
(v) Placements - L & R									
Banks	-	295,829	168,575	-	-	-	464,404	92,711	45,208
Total	2,333,724	1,512,571	2,607,743	1,160,162	3,407,053	2,742,522	13,763,775	9,679,775	11,257,565

Included in Investment Securities for the Group and the Bank is an amount of MRs 100 million maturing within 2-5 years representing a capital sum earmarked by SBM and invested in Government Bonds, on which all income to be earned has been committed to be donated to three trusts set up by SBM.

6. Securities, Placements and Other Investments (cont'd)
6b. Unrealised Gains/Losses on Available-For-Sale Investments

GROUP	2008 Book Value MRs' 000	2008 Net Unrealised Gain/(Loss) MRs' 000	2008 Fair Value MRs' 000	2007 Book Value MRs' 000	2007 Net Unrealised Gain/(Loss) MRs' 000	2007 Fair Value MRs' 000	2006 Book Value MRs' 000	2006 Net Unrealised Gain/(Loss) MRs' 000	2006 Fair Value MRs' 000
Investment Securities - AFS									
Treasury Bills	789,737	(2,576)	787,161	957,031	(756)	956,275	139,316	(157)	139,159
Equity Shares of Companies:									
- Associates (Note 7)	477,281	-	477,281	406,526	-	406,526	357,398	-	357,398
- Other Equity Investments (Note 8)	497,387	2,383,020	2,880,407	525,077	2,037,256	2,562,333	216,591	1,842,617	2,059,208
	1,764,405	2,380,444	4,144,849	1,888,634	2,036,500	3,925,134	713,305	1,842,460	2,555,765

BANK	2008 Book Value MRs' 000	2008 Net Unrealised Gain/(Loss) MRs' 000	2008 Fair Value MRs' 000	2007 Book Value MRs' 000	2007 Net Unrealised Gain/(Loss) MRs' 000	2007 Fair Value MRs' 000	2006 Book Value MRs' 000	2006 Net Unrealised Gain/(Loss) MRs' 000	2006 Fair Value MRs' 000
Treasury Bills	789,737	(2,576)	787,161	770,913	(1,143)	769,770	-	-	-
Equity Shares of Companies:									
- Subsidiaries	80,072	112,359	192,431	50,072	55,439	105,511	50,072	174,515	224,587
- Associates (Note 7)	14,000	268,761	282,761	14,000	217,380	231,380	14,000	184,983	198,983
- Other Equity Investments (Note 8)	61,889	2,205,441	2,267,330	62,203	1,914,080	1,976,283	53,490	1,818,184	1,871,674
	945,698	2,583,985	3,529,683	897,188	2,185,756	3,082,944	117,562	2,177,682	2,295,244

7. Investments in Subsidiaries and Associated Companies (Unquoted)

	GROUP 2008 MRs' 000	GROUP 2007 MRs' 000	GROUP 2006 MRs' 000	BANK 2008 MRs' 000	BANK 2007 MRs' 000	BANK 2006 MRs' 000
Equity Investments in Subsidiaries	-	-	-	192,431	105,511	224,587
Equity Investments in Associates	477,281	406,526	357,398	282,761	231,380	198,983
	477,281	406,526	357,398	475,192	336,891	423,570

Summarised financial information in respect of the Group's associates is set out below:

	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Total Assets	11,358,522	10,154,075	8,761,855
Total Liabilities	9,026,617	8,056,077	6,972,457
Total Revenue	810,473	693,750	685,556
Total Profit for the Year	294,314	249,000	276,341

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

7. Investments in Subsidiaries and Associated Companies (Unquoted) (cont'd)

Details of subsidiaries and Associates are as follows:-

	Country of Incorporation and Operation	Business Activity	Issued Capital 2008	Effective % holding 2008	2007	2006
Subsidiaries						
Banque SBM Madagascar SA	Madagascar	Banking	MGA 7.4Bn	100	100	100
SBM Lease Limited	Mauritius	Leasing	MRs 200M	100	100	100
SBM Mauritius Assets Managers Ltd	Mauritius	Asset Management	MRs 1M	100	100	100
SBM Securities Limited	Mauritius	Stockbroking	MRs 0.5M	100	100	90
SBM Financials Ltd	Mauritius	Fiduciary services	MRs 0.5M	100	100	100
SBM Investments Limited	Mauritius	Investments	MRs 25,000	100	100	100
SBM Global Investments Limited	Mauritius	Investments	USD 2,000	100	100	100
SBM IT Ltd	Mauritius	Technology	MRs 25,000	100	100	100
SBM International Investments Limited	Mauritius	Asset Management & Advisory	USD 10,000	100	-	-
SBM Asset Management Limited	Mauritius	Asset Management	USD 10,000	100	-	-
SBM Capital Management Limited	Mauritius	Asset Management	USD 10,000	100	-	-
Alliance Investments Ltd	Mauritius	Investment		-	-	100
Associates						
State Insurance Company of Mauritius Ltd	Mauritius	Insurance		20	20	20

During the current year, the Group invested in three new subsidiaries as shown above. These companies have not started operations at the balance sheet date.

The Group holds 20% of the issued share capital of Océanide Ltd. However, this investment has not been accounted for as an associate since the Group does not have significant influence over the company.

There were no changes to the Issued Share Capital of all subsidiaries over the last three years except for the following entities:

- Banque SBM Madagascar SA (2007: MGA 3Bn and 2006: MGA 2.9Bn)
- SBM Lease Limited (2007 and 2006: MRs 25 M)

8. Other Equity Investments

	GROUP 2008 MRs' 000	GROUP 2007 MRs' 000	GROUP 2006 MRs' 000	BANK 2008 MRs' 000	BANK 2007 MRs' 000	BANK 2006 MRs' 000
AFS Investment Securities						
- Quoted	129,038	66,375	19,862	-	-	19,833
- Unquoted (at Fair Value)	2,474,201	2,145,001	1,932,401	2,224,655	1,933,081	1,833,513
- Unquoted (at Cost)	277,168	350,957	106,945	42,675	43,202	18,328
	2,880,407	2,562,333	2,059,208	2,267,330	1,976,283	1,871,674
HFT Trading Securities - Quoted	-	15,574	4,562	-	15,574	4,562
	2,880,407	2,577,907	2,063,770	2,267,330	1,991,857	1,876,236

The fair value of quoted investments are based on quoted prices at balance sheet date. The fair value of unquoted investments are determined using a hybrid of valuation models including net asset values and dividend growth model and/or price earnings ratio where information is available. Other unquoted investments are stated at cost since reliable fair values cannot be obtained.

9. Loans and Advances

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Quoted debentures	-	-	9,411	-	-	9,411
Unquoted debentures	333,098	538,506	748,975	333,098	538,506	748,975
Overdrafts, Term Loans and Other Advances	35,873,292	29,938,017	26,416,318	34,339,112	28,599,895	26,511,064
	36,206,390	30,476,523	27,174,704	34,672,210	29,138,401	27,269,450

The market value of the quoted debentures in 2006 was MRs 9.3M for the Group and the Bank.

9a. Net Investment in Finance Leases

The amount of Net Investment in finance leases included in loans and advances and the associated allowance for credit impairment are as follows:-

	GROUP			
	Up to one year MRs' 000	After one year and up to five years MRs' 000	After five years MRs' 000	Total MRs' 000
2008				
Gross Investment in Finance Leases	379,703	609,126	32,371	1,021,200
Less: Unearned Finance Income	(115,452)	(84,283)	(3,144)	(202,879)
Present Value of Minimum Lease Payments	264,251	524,843	29,227	818,321
Allowance for Credit Impairment				(24,641)
				793,680
2007				
Gross Investment in Finance Leases	367,349	472,814	27,521	867,684
Less: Unearned Finance Income	(117,276)	(58,935)	(3,329)	(179,540)
Present Value of Minimum Lease Payments	250,073	413,879	24,192	688,144
Allowance for Credit Impairment				(10,573)
				677,571
2006				
Gross Investment in Finance Leases	427,530	335,645	31,226	794,401
Less: Unearned Finance Income	(129,495)	(23,289)	(3,174)	(155,958)
Present Value of Minimum Lease Payments	298,035	312,356	28,052	638,443
Allowance for Credit Impairment				(13,943)
				624,500

Net investment in finance leases are secured mainly by charge on the leased assets and corporate and/or personal guarantees.

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the conclusion of the lease arrangements. The term of lease contracts are generally for five years.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

9b. Maturity of Debentures, Loans And Advances (Excluding Portfolio and Specific Provision on Advances)

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Remaining maturity:						
Up to 3 months	8,825,193	5,019,948	5,543,901	8,566,868	4,868,289	4,764,905
Over 3 months and up to 6 months	1,340,941	1,581,223	1,611,436	1,206,265	1,459,093	1,473,221
Over 6 months and up to 12 months	2,512,694	3,075,567	2,199,540	2,377,199	2,906,943	3,626,997
Over 1 year and up to 2 years	1,567,441	1,881,491	1,645,835	1,148,602	1,288,958	1,469,882
Over 2 years and up to 5 years	6,115,384	6,181,809	5,787,983	5,583,858	5,902,824	5,576,488
Over 5 years	15,844,737	12,736,485	10,386,009	15,789,418	12,712,294	10,357,957
	36,206,390	30,476,523	27,174,704	34,672,210	29,138,401	27,269,450

9c. Credit Concentration of Risk by Industry Sectors

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

	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Sector			
Manufacturing	2,896,857	2,346,181	1,237,632
Tourism	1,314,005	1,001,052	1,211,779
Traders	-	1,070,643	-
Total	4,210,862	4,417,876	2,449,411

9d. Allowance for Credit Impairment

GROUP	2008 Specific Provision MRs' 000	2008 Portfolio Provision MRs' 000	2008 Total Provision MRs' 000	2007 Total Provision MRs' 000	2006 Total Provision MRs' 000
At 1 July	465,283	248,835	714,118	811,713	626,505
Exchange Difference	12,954	(2,290)	10,664	28,595	(1,701)
Loans written off out of allowance	(105,114)	-	(105,114)	(454,273)	(50,895)
Interest accrued on impaired advances (Note 26)	(33,993)	-	(33,993)	(10,045)	(25,029)
Provisions made during the year (Note 26)	369,455	66,178	435,633	338,128	262,833
At 30 June	708,585	312,723	1,021,308	714,118	811,713

BANK	2008 Specific Provision MRs' 000	2008 Portfolio Provision MRs' 000	2008 Total Provision MRs' 000	2007 Total Provision MRs' 000	2006 Total Provision MRs' 000
At 1 July	318,183	238,891	557,074	694,043	541,864
Exchange Difference	(147)	(2,435)	(2,582)	7,318	(999)
Loans written off out of allowance	(11,541)	-	(11,541)	(446,925)	(45,135)
Interest accrued on impaired advances (Note 26)	(33,993)	-	(33,993)	(10,045)	(25,029)
Provisions made during the year (Note 26)	217,623	62,636	280,259	312,683	223,342
At 30 June	490,125	299,092	789,217	557,074	694,043

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

9e. Allowance for Credit Impairment by Industry Sectors

GROUP	2008					2007	2006
	Gross Amount of Loans and Advances MRs' 000	Impaired Loans and Advances MRs' 000	Specific Provision MRs' 000	Portfolio Provision MRs' 000	Total Provision MRs' 000	Total Provision MRs' 000	Total Provision MRs' 000
Agriculture and Fishing	788,216	45,767	19,990	948	20,938	46,512	45,941
EPZ	3,342,898	150,237	145,155	80,223	225,378	26,677	57,850
Other Manufacturing	2,937,264	26,894	13,574	49,702	63,276	62,143	117,242
Total Manufacturing	6,280,162	177,131	158,729	129,925	288,654	88,820	175,092
Tourism	7,569,901	9,131	8,038	4,277	12,315	9,463	15,147
Transport	444,534	12,644	11,296	314	11,610	13,106	14,732
Construction	1,802,121	70,369	52,355	16,330	68,685	77,150	86,098
Financial and Business Services	2,134,010	-	133,400	8,838	142,238	18,612	11,877
Traders	3,563,510	137,983	75,821	24,630	100,451	147,176	169,357
Credit cards	265,771	22,339	22,339	4,474	26,813	22,849	19,979
Other Personal	9,283,165	252,335	195,215	5,603	200,818	157,760	160,034
Total Personal	9,548,936	274,674	217,554	10,077	227,631	180,609	180,013
Professional	113,256	17,733	7,337	63	7,400	7,962	-
New Economy	243,343	1,244	1,244	66	1,310	1,274	1,258
Infrastructure	1,760,872	-	-	4,802	4,802	1,129	1,135
Global Business Licence holders	208,773	-	-	-	-	-	-
Other	1,748,756	131,204	22,822	9,279	32,101	19,768	18,277
Additional Provision held	-	-	-	103,173	103,173	102,537	92,786
Total	36,206,390	877,880	708,586	312,722	1,021,308	714,118	811,713

BANK	2008					2007	2006
	Gross Amount of Loans and Advances MRs' 000	Impaired Loans and Advances MRs' 000	Specific Provision MRs' 000	Portfolio Provision MRs' 000	Total Provision MRs' 000	Total Provision MRs' 000	Total Provision MRs'000
Agriculture and Fishing	685,575	2,818	2,423	916	3,339	4,222	6,867
EPZ	3,235,146	136,808	131,726	80,223	211,949	26,677	57,850
Other Manufacturing	2,656,247	17,602	12,508	49,024	61,532	51,944	110,373
Total Manufacturing	5,891,393	154,410	144,234	129,247	273,481	78,621	168,223
Tourism	7,458,916	8,776	7,683	4,264	11,947	8,396	14,175
Transport	362,374	11,957	10,609	321	10,930	12,848	13,742
Construction	1,725,535	62,048	40,528	16,018	56,546	74,896	86,098
Financial and Business Services	2,062,407	-	-	6,939	6,939	3,988	11,877
Traders	3,046,130	59,725	47,123	22,212	69,335	82,431	112,630
Credit cards	265,771	22,339	22,339	4,474	26,813	22,849	19,979
Other Personal	9,208,560	248,812	195,215	5,484	200,699	146,097	160,034
Total Personal	9,474,331	271,151	217,554	9,958	227,512	168,946	180,013
Professional	99,042	10,458	7,337	47	7,384	7,962	-
New Economy	243,039	1,244	1,244	66	1,310	1,274	1,258
Infrastructure	1,751,195	-	-	4,802	4,802	1,129	519
Global Business Licence holders	208,773	-	-	-	-	-	-
Other	1,663,500	14,315	11,390	10,607	21,998	19,767	17,884
Additional Provision held	-	-	-	93,694	93,694	92,594	80,757
Total	34,672,210	596,902	490,125	299,092	789,217	557,074	694,043

Portfolio provision is computed in accordance with International Financial Reporting Standards for each portfolio. Additional provision is held to comply with Bank of Mauritius Guidelines (minimum portfolio provision of 1% of the entire performing loans portfolio, excluding loans which are collaterised by liquid assets and credits extended directly to the Government of Mauritius or to Public Sector Enterprises backed by Government guarantees).

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

10. Property and Equipment

GROUP	Freehold Land and Buildings MRs' 000	Leasehold buildings MRs' 000	Other Tangible Fixed Assets MRs' 000	Motor Vehicles MRs' 000	Total MRs' 000
Cost or Valuation					
At 1 July 2005	556,682	1,536,664	1,351,109	16,264	3,460,719
Exchange Difference	(1,008)	-	(496)	(22)	(1,526)
Additions	4,405	38,136	119,253	4,960	166,754
Disposals	(1,740)	-	(10,843)	(2,967)	(15,550)
At 30 June 2006	558,339	1,574,800	1,459,023	18,235	3,610,397
Exchange Difference	17,822	-	8,797	550	27,169
Revaluation	96,070	-	-	-	96,070
Additions	3,448	-	74,906	462	78,816
Disposals	(32,589)	(260)	(12,758)	(1,970)	(47,577)
At 30 June 2007	643,090	1,574,540	1,529,968	17,277	3,764,875
Exchange Difference	(46,403)	-	(6,590)	(117)	(53,110)
Additions	6,961	-	97,796	16,162	120,919
Disposals	-	-	(33,696)	(6,977)	(40,673)
At 30 June 2008	603,648	1,574,540	1,587,478	26,345	3,792,011
Accumulated Depreciation					
At 1 July 2005	5,872	38,120	1,032,410	8,370	1,084,772
Exchange Difference	(35)	-	(405)	(19)	(459)
Disposals	-	-	(10,806)	(2,825)	(13,631)
Charge for the year	9,129	38,230	84,994	2,447	134,800
At 30 June 2006	14,966	76,350	1,106,193	7,973	1,205,482
Exchange Difference	672	-	5,507	330	6,509
Revaluation	(6,460)	-	-	-	(6,460)
Disposals	(1,362)	(18)	(12,752)	(1,970)	(16,102)
Charge for the year	9,809	38,885	100,364	3,130	152,188
At 30 June 2007	17,625	115,217	1,199,312	9,463	1,341,617
Exchange Difference	(941)	-	(5,668)	(59)	(6,668)
Disposals	-	-	(30,998)	(5,598)	(36,596)
Charge for the year	11,479	38,880	109,822	3,798	163,979
At 30 June 2008	**28,163**	**154,097**	**1,272,468**	**7,604**	**1,462,332**
Net Book Value					
At 30 June 2008	**575,485**	**1,420,443**	**315,010**	**18,741**	**2,329,679**
Progress Payments on Tangible Fixed Assets					35,050
					2,364,729
At 30 June 2007	**625,465**	**1,459,323**	**330,656**	**7,814**	**2,423,258**
Progress Payments on Tangible Fixed Assets					23,427
					2,446,685
At 30 June 2006	**543,373**	**1,498,450**	**352,830**	**10,262**	**2,404,915**
Progress Payments on Tangible Fixed Assets					46,923
					2,451,838

Other tangible fixed assets, included within Property and Equipment, consist of plant, machinery, fixtures, fittings and computer equipment.

10. Property and Equipment (cont'd)

BANK	Freehold Land and Buildings MRs' 000	Leasehold Buildings MRs' 000	Other Tangible Fixed Assets MRs' 000	Motor Vehicles MRs' 000	Total MRs' 000
Cost or Valuation					
At 1 July 2005	556,682	1,536,664	1,330,373	15,075	3,438,794
Exchange Difference	(1,008)	-	(219)	(5)	(1,232)
Additions	4,405	38,136	118,581	3,826	164,948
Disposals	(1,740)	-	(10,286)	(2,967)	(14,993)
At 30 June 2006	558,339	1,574,800	1,438,449	15,929	3,587,517
Exchange Difference	17,822	-	4,884	99	22,805
Revaluation	96,070	-	-	-	96,070
Additions	3,448	-	64,203	-	67,651
Disposals	(32,589)	(260)	(12,758)	(995)	(46,602)
At 30 June 2007	643,090	1,574,540	1,494,778	15,033	3,727,441
Exchange Difference	(46,403)	-	(6,912)	(138)	(53,453)
Additions	6,961	-	63,053	4,934	74,948
Disposals	-	-	(33,696)	(6,977)	(40,673)
At 30 June 2008	603,648	1,574,540	1,517,223	12,852	3,708,263
Accumulated Depreciation					
At 1 July 2005	5,872	38,120	1,025,091	7,181	1,076,264
Exchange Difference	(35)	-	(240)	(2)	(277)
Disposals	-	-	(10,235)	(2,825)	(13,059)
Charge for the year	9,129	38,230	81,607	2,239	131,205
At 30 June 2006	14,966	76,350	1,096,223	6,593	1,194,132
Exchange Difference	672	-	3,916	40	4,628
Revaluation	(6,460)	-	-	-	(6,460)
Disposals	(1,362)	(18)	(12,751)	(995)	(15,126)
Charge for the year	9,809	38,885	94,475	2,786	145,955
At 30 June 2007	17,625	115,217	1,181,863	8,424	1,323,129
Exchange Difference	(941)	-	(6,125)	(87)	(7,153)
Disposals	-	-	(30,998)	(5,598)	(36,596)
Charge for the year	11,479	38,880	101,506	2,337	154,202
At 30 June 2008	28,163	154,097	1,246,246	5,076	1,433,582
Net Book Value					
At 30 June 2008	575,485	1,420,443	270,977	7,776	2,274,681
Progress Payments on Tangible Fixed Assets					35,051
					2,309,732
At 30 June 2007	625,465	1,459,323	312,915	6,609	2,404,312
Progress Payments on Tangible Fixed Assets					23,344
					2,427,656
At 30 June 2006	543,373	1,498,450	342,226	9,336	2,393,385
Progress Payments on Tangible Fixed Assets					38,131
					2,431,516

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

10. Property and Equipment (cont'd)

The carrying amounts of Land and Buildings that would have been included in the Financial Statements had the assets been carried at cost are as follows:-

	GROUP AND BANK		
	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000
Freehold Land and Buildings	271,315	288,521	290,233
Leasehold Buildings	499,151	512,242	487,700
	770,466	800,763	777,933

The Freehold Land and Buildings and Buildings on Leasehold Land in Mauritius were revalued in July 2004 by an independent Chartered Valuation Surveyor, on an open market value basis. The Freehold Land and Building in India were revalued March 2007 by independent Chartered Valuation Surveyors, on an open market basis.

The net book value of assets held under Finance Leases included in Property and Equipment is as follows:

	BANK		
	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000
Computer Equipment	60,074	124,216	224,339
Plant and Equipment	10,736	12,541	15,597
Motor Vehicles	430	582	734
	71,240	137,339	240,670

The net book value of assets subject to Operating Lease included in Property and Equipment is as follows:

	GROUP		
	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000
Plant and Equipment	31,342	-	-
Motor Vehicles	10,114	-	-
	41,457	-	-

11. Intangible Assets

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Cost						
At 1 July	822,494	850,312	799,497	836,045	824,333	769,559
Exchange Difference	(2,428)	9,467	(583)	(2,426)	1,729	(24)
Additions	22,152	47,073	56,879	21,561	47,073	55,619
Disposals	(12,456)	(84,358)	(5,481)	(12,456)	(37,090)	(818)
At 30 June	829,762	822,494	850,312	842,724	836,045	824,333
Accumulated Amortisation						
At 1 July	517,926	438,163	323,397	521,376	429,707	314,765
Exchange Difference	(1,572)	4,033	(41)	(1,570)	488	(8)
Disposals	(12,456)	(59,871)	(5,481)	(12,456)	(37,090)	(818)
Charge for the year	134,162	135,601	120,288	132,986	128,271	115,768
At 30 June	638,060	517,926	438,163	640,336	521,376	429,707
Net Book Value	191,702	304,568	412,149	202,388	314,669	394,628
Progress Payments on Software	4,368	493	-	-	-	-
	196,070	305,061	412,149	202,388	314,669	394,628

Intangible Assets disclosed above consist of computer software. For both the Group and the Bank, the Net Book Value of Intangible Assets held under Finance Lease is MRs 55.6M (2007:MRs 177.3M and 2006: MRs 382.7M).

12. Other Assets

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Accounts Receivable	163,714	268,525	97,638	147,449	255,633	90,792
Balances due in Clearing	221,454	219,528	276,414	209,828	211,097	264,871
Tax Paid In Advance	134,218	166,101	150,206	100,991	165,743	150,206
Financial Derivative Asset (Note 24)	103,426	59,798	50,609	103,426	59,798	50,609
Pension Asset (Note 13)	6,072	26,211	18,641	6,072	26,211	18,641
Balances with Clearing Corporation In India	14,180	16,620	16,006	14,180	16,620	16,006
Printing, Stationery and Others	125,439	50,283	53,981	121,363	41,884	51,491
	768,503	807,066	663,495	703,309	776,986	642,616

The tax paid in advance is incurred by the Indian Operations and Banque SBM Madagascar. The amount is shown net of current tax payable.

Included in Other Assets of the Group and the Bank is an amount of MRs 0.03M (2007:MRs 8.5M and 2006: MRs 9.0 M) relating to costs incurred and property acquired by taking possession of collateral held. In general, the Group's policy is to dispose of property obtained by taking possession of collateral held as rapidly as the market permits.

13. Pension Asset

Amount recognised in the Balance Sheet:

	GROUP AND BANK		
	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000
Present Value of Funded Obligations	385,352	318,494	348,996
Fair Value of Plan Assets	(572,488)	(518,247)	(395,581)
	(187,136)	(199,753)	(46,585)
Unrecognised Actuarial Gain	181,064	173,542	27,944
Asset recognised in the balance sheet	(6,072)	(26,211)	(18,641)

At 30 June 2008, about 19.7% (2007: 11.7% and 2006: 10.0%) of the total assets of the SBM Group Pension Fund were invested in shares of State Bank of Mauritius Ltd.

Amount recognised in the Statement of Income:

	GROUP AND BANK		
	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000
Current Service Cost	21,836	14,147	17,384
Interest Cost	35,269	34,390	29,477
Expected Return on Plan Assets	(53,838)	(39,947)	(33,551)
Actuarial Gain recognised	(4,869)	(170)	(147)
Past service cost recognised	24,237	-	-
Total included in Staff Costs	22,635	8,420	13,163
Actual Return on Plan Assets	66,206	119,594	41,481

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

13. Pension Asset (cont'd)

Movements in the asset recognised in the Balance Sheet:

	GROUP AND BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
At 1 July	(26,211)	(18,641)	(14,752)
Contributions paid	(2,496)	(15,990)	(17,052)
Total Expense as above	22,635	8,420	13,163
At 30 June	(6,072)	(26,211)	(18,641)

Movements in the Fair Value of the Plan Assets were as follows:

	GROUP AND BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Fair Value of Plan Assets at Start of Year	518,247	395,581	346,722
Expected Return on Plan Assets	53,838	39,947	33,551
Employer Contributions	2,496	15,990	17,052
Benefits Paid	(14,461)	(12,918)	(9,674)
Asset Gain	12,368	79,647	7,930
Fair Value of Plan Assets at End of Year	572,488	518,247	395,581

The main categories of Plan Assets at the Balance Sheet date for each category are as follows:

	GROUP AND BANK		
Percentage of assets at End of Year:	2008 (%)	2007 (%)	2006 (%)
Local equities	51	41	27
Local bonds	22	15	5
Loan	-	13	17
Overseas Bonds and Equities	26	30	33
Other	1	1	18
Total	100	100	100

The history of experience adjustments is as follows:

	GROUP AND BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Fair Value of Plan Assets	572,488	518,247	395,581
Present Value of Defined Benefit Obligation	(385,352)	(318,494)	(348,996)
Surplus / (Deficit)	187,136	199,753	46,585
Asset Experience Gain during the year	12,368	79,647	-
Liability Experience Gain during the year	-	55,201	-

The Group expects to make a contribution of around MRs 2.7M to the SBM Group Pension Fund during the next financial year.

13. Pension Asset (cont'd)

The principal actuarial assumptions used for accounting purposes were:

	GROUP AND BANK		
	2008	2007	2006
	%	%	%
Discount Rate	10.5	10.5	10.0
Expected Rate of Return on Plan Assets	10.5	10.5	10.0
Future Salary Cost Increases	9.0	9.0	8.5
Future Pension Increases	3.0	-	-

Pension amounts and disclosures have been based on the report dated August 14, 2008 submitted by an independent firm of Actuaries and Consultants.

14. Deposits

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
Personal,Business and Governments	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Demand Deposits	10,849,074	3,515,307	3,095,886	10,479,527	3,265,957	2,895,905
Savings Deposits	24,289,620	25,977,088	21,849,141	24,132,612	25,919,885	21,813,359
Time Deposits with RemainingTerm to Maturity:						
- Up to 3 months	6,958,442	8,032,573	4,628,916	6,423,310	7,445,637	4,229,150
- Over 3 months and up to 6 months	2,041,792	2,348,589	1,167,762	1,597,309	1,929,589	698,684
- Over 6 months and up to 1 year	3,586,179	3,700,198	4,265,538	3,061,089	3,228,103	3,789,102
- Over 1 year and up to 2 years	3,417,825	2,313,257	2,497,569	3,051,517	1,605,963	1,904,927
- Over 2 years and up to 5 years	3,692,467	2,587,259	2,555,278	3,379,057	2,587,259	2,555,278
- Over 5 years	98	909	6,542	98	909	6,542
	54,835,497	48,475,180	40,066,632	52,124,519	45,983,301	37,892,947
Banks						
Demand deposits	46,759	93,650	27,307	155,910	119,892	77,270
Total	54,882,256	48,568,830	40,093,939	52,280,429	46,103,194	37,970,217

15. Borrowing from Central Banks

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Special Refinance Schemes from Bank of Mauritius	184,196	216,919	284,343	184,196	216,919	284,343
Borrowing from Reserve Bank of India	-	-	167,923	-	-	167,923
	184,196	216,919	452,266	184,196	216,919	452,266

The borrowings from Bank of Mauritius are on concessionary terms and have been availed under a special scheme for onlending to specific corporate customers.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

	GROUP			BANK		
Remaining Term to Maturity	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Up to 3 months	-	227	175,189	-	227	175,189
Over 3 months and up to 6 months	25,564	-	13,223	25,564	-	13,223
Over 6 months and up to 1 year	-	-	14,888	-	-	14,888
Over 1 year and up to 2 years	-	58,060	1,504	-	58,060	1,504
Over 2 years and up to 5 years	158,632	158,632	88,829	158,632	158,632	88,829
Over 5 years	-	-	158,633	-	-	158,634
	184,196	216,919	452,266	184,196	216,919	452,266

16. Borrowing from Local Banks

	GROUP			BANK		
Remaining Term to Maturity	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Up to 3 months	177,019	218,129	669,381	177,019	218,129	669,283

17. Borrowings from Foreign Banks

	GROUP			BANK		
Remaining Term to Maturity	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Up to 3 months	5,592	430,763	220,184	33	430,763	219,401

18. Taxation
18a. Current Taxation

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 (Restated) MRs' 000
Accounting profit	2,397,008	1,739,606	1,524,422	2,261,853	1,708,637	1,491,757
Tax on Accounting Profit at the applicable Tax Rate	359,551	391,411	381,106	339,278	384,443	372,939
Net Tax Effect of Non-Taxable and Other Items	(86,166)	(110,281)	(114,086)	(76,175)	(121,140)	(123,544)
Current Tax Provision for the Year (Note 18C)	273,385	281,130	267,020	263,103	263,303	249,395
Current Tax Liability	246,624	298,335	249,757	235,448	280,272	231,873

The current tax liability is stated after deducting the current tax payable by the Indian Operations and Banque SBM Madagascar which is set off against tax paid in advance.

The applicable tax rate for the Bank in Mauritius is 15% (2007: 22.5% and 2006: 25%).

18. Taxation (cont'd)

18b. Deferred Taxation

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Deferred Tax Liability						
At 1 July	241,102	286,714	483,324	242,290	288,202	484,900
Exchange Difference	(14,018)	5,506	(489)	(14,018)	5,506	(489)
Effect of change in deferred tax rate	9,238	(75,181)	(21,910)	9,238	(75,181)	(21,910)
Overprovision in Previous year	-	-	(91,795)	-	-	(91,795)
Deferred Tax Income	(37,095)	(9,055)	(82,416)	(38,529)	(9,355)	(82,504)
Deferred Tax element on Revaluation of Tangible Assets	-	33,118	-	-	33,118	-
At 30 June	199,227	241,102	286,714	198,982	242,290	288,202
Analysed as resulting from:						
Accelerated Capital Allowances	74,718	100,611	166,300	72,845	100,307	165,983
Pension Asset and Other Employee Benefits	(2,574)	420	1,797	(2,574)	420	1,797
Specific Allowance for Credit Impairment	(26,069)	(24,418)	(79,127)	(26,069)	(24,418)	(79,127)
Portfolio Allowance for Credit Impairment	(47,025)	(39,120)	(60,798)	(45,397)	(37,628)	(58,993)
Tax Deduction for Advances to Tax Incentive Companies	-	-	2,429	-	-	2,429
Revaluation of Fixed Assets	200,177	203,609	256,113	200,177	203,609	256,113
	199,227	241,102	286,714	198,982	242,290	288,202

18c. Tax Expense

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Current Tax Provision for the Year	273,385	281,130	267,020	263,103	263,303	249,395
Exchange Difference	3,453	(584)	422	3,291	(470)	435
(Over) / Under Provision in previous years	43,292	(43,151)	104,376	45,046	(43,585)	104,412
Withholding tax on dividend	-	1,060	880	-	-	-
Current Tax Expense	320,130	238,455	372,698	311,440	219,248	354,242
Deferred Tax Income	(37,095)	(4,737)	(168,517)	(38,528)	(5,036)	(168,605)
Total Tax Expense	283,035	233,718	204,181	272,912	214,212	185,637

The Group's Total Tax Expense can also be analysed as being incurred as follows:-

	GROUP		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
In Mauritius	220,440	210,932	179,239
Overseas	62,595	22,786	24,942
Total Tax expense	283,035	233,718	204,181

19. Obligations under Finance Lease

Leasing Arrangements

Finance Leases relate to motor vehicles, plant and equipment and computer and accessories. The Bank has options to purchase the assets for a residual value at the conclusion of the lease agreements. The Bank's obligations under finance leases are secured by the lessor's title to the leased assets.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

19. Obligations under Finance Lease (cont'd)

BANK	6-12 months MRs' 000	1 - 2 years MRs' 000	2 - 5 years MRs' 000	Total MRs' 000
2008				
Minimum Lease Payments	40,684	27,436	101,732	169,852
Less: Future Finance Charges	(2,907)	(3,562)	(18,694)	(25,163)
Present Value of Minimum Lease Payments	37,777	23,874	83,038	144,689
2007				
Minimum Lease Payments	97,488	80,015	176,981	354,484
Less: Future Finance Charges	(7,206)	(10,731)	(40,265)	(58,202)
Present Value of Minimum Lease Payments	90,282	69,284	136,716	296,282
2006				
Minimum Lease Payments	124,718	188,930	334,272	647,920
Less: Future Finance Charges	(8,009)	(22,879)	(74,419)	(105,307)
Present Value of Minimum Lease Payments	116,709	166,051	259,853	542,613

20. Other Liabilities

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Bills Payable	168,667	94,039	119,123	150,749	88,560	107,505
Accruals for Operating and Non-Operating Expenses	137,915	102,519	98,275	136,381	101,818	97,732
Dividend Payable (Note 21)	-	-	519,434	-	-	650,105
Settlements on Debit Cards	11,229	38,200	20,520	11,229	38,200	20,520
Accounts Payable	110,973	96,765	49,951	92,815	86,245	44,578
Deferred Income	15,517	16,874	18,164	15,256	16,727	17,723
Balance due in Clearing	250,200	163,275	155,381	206,649	121,709	132,610
Balances in transit	123,909	-	70,132	123,909	-	70,132
Financial Derivative Liability (Note 24)	54,495	103,753	34,559	54,495	103,753	34,559
Specific provision on off balance sheet advances	105	-	-	105	-	-
Others	15,461	8,622	27,872	14,878	8,516	27,304
	888,471	624,047	1,113,411	806,466	565,528	1,202,768

21. Dividend Payable

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Balance at Beginning of Year	-	519,434	422,568	-	650,105	422,568
Dividend Paid	(542,176)	(519,434)	(422,568)	(542,176)	(650,105)	(422,568)
Dividend declared during the Year	542,176	-	650,105	542,176	-	650,105
Amount receivable by Subsidiary	-	-	(130,671)	-	-	-
Net Amount of Change in Equity	542,176	-	519,434	542,176	-	650,105
Balance at End of Year	-	-	519,434	-	-	650,105
Dividend per share (cents)	-	-	200	-	-	200

A dividend of 255 cents per share for the Financial Year 2008 (2007: 210 cents per share) was declared after the balance sheet date. The total dividend payable of MRs 658.4M (2007: MRs 542.2M) has not been included as a liability in these financial statements.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

22. Share Capital

GROUP AND BANK

	2008		2007		2006	
	Number	MRs' 000	Number	MRs' 000	Number	MRs' 000
Issued and Paid up Share Capital						
At 1 July	303,740,223	303,740	382,414,470	382,414	382,414,470	382,414
Shares cancelled during the Year	-	-	(78,674,247)	(78,674)	-	-
At 30 June	303,740,223	303,740	303,740,223	303,740	382,414,470	382,414
Treasury Shares held						
At 1 July	45,561,033	45,561	57,362,170	57,362	57,362,170	57,362
Shares bought back and held as Treasury Shares	-	-	45,561,033	45,561	-	-
Treasury Shares Cancelled	-	-	(57,362,170)	(57,362)	-	-
At 30 June	45,561,033	45,561	45,561,033	45,561	57,362,170	57,362

The number of shares relate to ordinary shares of MRe 1 each.

23. Memorandum Items
23a. Acceptances, Guarantees, Letters of Credit, Endorsements and Other Obligations on Account of Customers, and Spot Foreign Exchange Contracts

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Letters of Credit	829,314	1,543,658	721,431	770,104	1,494,377	705,052
Guarantees	2,692,973	2,708,136	2,079,094	2,654,882	2,690,138	2,039,292
Acceptances and Endorsements	247,687	397,439	675,191	219,234	362,815	565,481
Other	-	97,619	1,170	-	97,618	1,169
	3,769,974	4,746,852	3,476,886	3,644,220	4,644,948	3,310,994
Spot Foreign Exchange contracts	1,445,465	2,662,533	378,865	1,406,677	2,644,985	378,866
	5,215,439	7,409,385	3,855,751	5,050,897	7,289,933	3,689,860

23b. Credit Commitments

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Undrawn Credit Facilities	3,802,679	3,545,754	3,704,839	3,555,717	3,198,699	3,477,041

23c. Litigation

There is since May 2003 a legal action brought about by The Mauritius Commercial Bank Ltd ("MCB") against 38 parties, including SBM and two other banks in Mauritius, in connection with what is known as the MCB/NPF affair. Based on legal advice, the directors of SBM are of the view that the allegations are unfounded and that no liability is expected to arise therefrom. Accordingly, no provision has been made in the financial statements in this respect.

Since March 2005, SBM has made a counterclaim against MCB for damage and prejudice.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

23. Memorandum Items (cont'd)

23d. Assets Pledged

The aggregate carrying amount of assets that have been pledged to secure the credit facilities of the Group and the Bank with Central Banks and with Clearing Corporation of India are as follows:

	GROUP AND BANK		
	2008 MRs'000	2007 MRs'000	2006 MRs'000
Treasury Bills	155,275	1,236,946	1,276,480

23e. Capital Commitments

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Approved and contracted for	24,331	24,604	24,758	24,331	24,160	24,758
Approved and not contracted for	25,646	100	1,254	25,646	100	1,254

23f. Operating Lease Commitments

Leasing Arrangements - The Group as Lessee

All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the assets at the expiry of the lease period.

The future minimum lease payments under non-cancellable operating leases are as follows:-

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Up to 1 year	25,452	15,503	11,677	13,702	15,503	11,677
After 1 year and before 5 years	40,165	17,569	22,350	13,320	17,569	22,350
After 5 years	188	340	458	188	340	458
	65,804	33,412	34,485	27,210	33,412	34,485

Leasing Arrangements - The Group as Lessor

The Group's assets subject to operating leases are disclosed in note 10. Assets are leased generally for a 5-year period. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	GROUP		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Up to 1 year	11,122	-	-
After 1 year and before 5 years	38,779	-	-
After 5 years	790	-	-
	50,691	-	-

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

24. Financial Derivatives

	GROUP				BANK			
	Notional Principal Amount	Fair Values Positive	Fair Values Negative	Net	Notional Principal Amount	Fair Values Positive	Fair Values Negative	Net
2008	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Forward Foreign Exchange Contracts	6,895,955	88,667	(41,621)	47,046	6,895,955	88,667	(41,621)	47,046
Interest Rate Swap Contracts	1,190,504	14,759	(12,874)	1,885	1,190,504	14,759	(12,874)	1,885
	8,086,459	103,426	(54,495)	48,931	8,086,459	103,426	(54,495)	48,931

2007	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Forward Foreign Exchange Contracts	5,269,693	46,142	(92,767)	(46,625)	5,269,693	46,142	(92,767)	(46,625)
Interest Rate Swap Contracts	698,400	12,567	(9,897)	2,670	698,400	12,567	(9,897)	2,670
Options and Futures Contracts	345,200	1,089	(1,089)	-	345,200	1,089	(1,089)	-
	6,313,293	59,798	(103,753)	(43,955)	6,313,293	59,798	(103,753)	(43,955)

2006	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Forward Foreign Exchange Contracts	4,633,647	45,104	(31,317)	13,787	4,633,647	45,104	(31,317)	13,787
Interest Rate Swap Contracts	1,663,473	5,505	(3,242)	2,263	1,663,473	5,505	(3,242)	2,263
	6,297,120	50,609	(34,559)	16,050	6,297,120	50,609	(34,559)	16,050

25. Interest Income

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Loans and Advances	3,851,210	3,353,509	2,784,927	3,717,745	3,220,873	2,591,664
Investment Securities	966,733	708,628	563,467	851,070	631,745	525,124
Trading Securities	5,704	12,097	12,054	5,702	11,989	12,054
Gilt edged Securities	972,437	720,725	575,521	856,772	643,734	537,178
Placements with Banks	505,055	490,530	306,149	442,460	475,517	306,325
	5,328,702	4,564,764	3,666,597	5,016,977	4,340,124	3,435,167

26. Provision for Credit Impairment

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Portfolio and Specific Provisions:						
- On balance sheet advances	435,633	338,128	262,833	280,259	312,683	223,342
- Off balance sheet exposure	105	-	-	105	-	-
Interest accrued on Impaired Advances	(33,993)	(10,045)	(25,029)	(33,993)	(10,045)	(25,029)
Bad Debts written off for which no provisions were made	11	7	53	11	7	53
Recoveries of Advances written off	(14,856)	(25,917)	(14,274)	(11,256)	(25,917)	(14,274)
	386,900	302,173	223,583	235,126	276,728	184,092

27. Net Fee and Commission Income

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Loan related						
- Letters of Credit and Acceptances	29,981	39,257	36,208	25,766	31,979	27,697
- Others	10,476	10,276	11,187	8,770	8,597	7,820
Guarantees	22,388	18,545	17,576	21,950	18,142	16,974
Service charges	511,570	469,758	402,863	493,052	452,573	386,783
Other	72,236	63,314	52,482	38,458	43,691	36,490
Total Fee and Commission Income	646,651	601,150	520,316	587,996	554,982	475,764
Fee and Commission Expense	(7,915)	(10,846)	(8,275)	(7,915)	(10,846)	(8,646)
	638,736	590,304	512,041	580,081	544,136	467,118

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

28. Non Interest Expense

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Staff Costs	649,909	475,569	458,058	630,592	462,720	449,021
Property Costs	170,159	162,798	155,234	151,773	145,106	145,253
System Costs	371,334	351,095	307,450	356,234	328,653	291,578
Other	186,114	144,399	109,895	176,229	123,364	102,721
	1,377,516	1,133,861	1,030,637	1,314,828	1,059,843	988,573

29. Profit for the Year

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Profit for the Year is arrived at after charging:						
Operating lease rentals	26,907	40,458	36,156	15,753	27,479	28,292
Auditors' Remuneration (Audit Fee):						
-Principal Auditors	4,393	3,939	3,877	4,001	3,643	3,648
-Other Auditors	637	458	404	307	216	153
Auditors' Remuneration (Other services)	-	-	213	-	-	40
Defined contribution expense	19,690	11,997	9,013	19,484	11,802	8,950

30. Earnings Per Share

Earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year, excluding the weighted average number of shares purchased by the Group and held as treasury shares.

	GROUP		
	2008	2007	2006
Net Income Available to equity holders of the parent (MRs' 000)	2,113,973	1,505,680	1,318,998
Weighted Average Number of Shares entitled to dividend (thousands)	258,179	299,597	325,052
Earnings per Share (MRs)	8.19	5.03	4.06

31. Analysis of Balances of Cash and Cash Equivalents

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Cash and Balances with Central Banks	6,084,542	3,662,372	3,083,739	5,746,740	3,369,911	2,884,125
Balances with Banks maturing within 3 months	7,554,330	12,048,473	6,174,670	6,173,271	10,460,064	6,163,330
	13,638,872	15,710,845	9,258,409	11,920,011	13,829,975	9,047,455
Borrowing from Banks maturing within 3 months	(182,611)	(648,892)	(889,565)	(177,052)	(648,892)	(888,684)
	13,456,261	15,061,953	8,368,844	11,742,959	13,181,083	8,158,771

32. Related Party Transactions

GROUP

	Key Management Personnel Directors			Associates and other Entities in which the Group has Significant Influence			Entities in which Directors, key Management Personnel and their close family members have Significant Influence		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
(a) Credit facilities									
(i) Loans									
Balance at beginning of year	4,441	1,311	1,627				-	-	81,742
Loans of directors/ entities who ceased to be related parties during the year	(2,198)	-	(20)				-	-	(81,742)
Existing Loans of new related parties	-	3,423	-				-	-	-
Other net movements	(264)	(293)	(296)				161,268	-	-
Balance at end of year	1,979	4,441	1,311				161,268	-	-
(ii) Other Advances									
Balance at end of year	289	141	65	3	2	2	1,313,727	97,132	44,560
(iii) Off balance sheet obligations									
Balance at end of year	-	-	-	1,321	1,061	4,710	214,129	875,137	336,731
(b) Deposits at end of year	94,678	84,914	76,692	450,597	744,585	179,589	20,059	12,636	-
(c) Interest Income	284	394	137	-	1	-	189,471	106,816	76,681
(d) Interest Expense	5,479	4,122	3,461	47,029	25,204	19,162	39,571	53,665	31,851
(e) Other Income	38	30	28	1,804	1,153	1,062	15,412	15,360	12,395
(f) Purchase of Goods and Services	-	-	-	2,602	3,221	-	-	-	-

(g) Emoluments

Emoluments including benefits of key management personnel (including directors) for the year amounted to MRs 82.0M (2007: MRs 52.1M and 2006: MRs 41.9M).

There is a right of set off between deposits and advances for entities in which directors, key management personnel, and their close family members have significant influence. The advances and deposits have therefore been disclosed on a net basis above.

Amount netted are shown below:

	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Loans	1,253,382	156,250	197,528
Other Advances	-	1,037,955	540,748
Off-Balance Sheet Obligations	-	259,928	712,871
Deposits	1,253,382	1,454,133	1,451,147

Related party transactions in relation to Post Employment Benefit plans are as follows:

	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Deposits at end of year	11,617	10,124	77,142
Interest Expense	2,914	842	884
Other Income	110	6	45
Contributions Paid	42,325	20,417	22,176

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

32. Related Party Transactions (cont'd)

BANK

In addition to the amounts disclosed for the Group, transactions with Subsidiaries of the Group are disclosed below:

	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Loans & Advances	98,823	125,201	1,549,351
Deposits	232,518	125,020	147,152
Obligations Under Finance Lease	144,689	296,282	542,613
Interest Income	12,323	52,743	17,861
Interest Expense	42,675	85,247	71,813
Non Interest Income	21,440	119,250	76,081
Non Interest expense	2,126	2,051	2,266

33. Phantom Share Options

The Bank has in place a "Compensation based on Performance Scheme" for senior executives including an element of at-risk pay. The at-risk pay is in the form of options for Phantom Shares. Under this scheme, senior executives are allocated a number of Phantom share options based on individual, team and Bank performance. The option price is the price at which the option has been issued. Options granted have different conditions attached depending on the grant date and include the following:

(i) Options are exercisable after two or three years and within seven or ten years of the date of allocation.

(ii) In any one year, not more than 15% or 25% of the options can be exercised.

(iii) Options lapse if they are not exercised before their expiry date and on the date an option holder ceases to be an employee of the Group except in certain specific circumstances and at the discretion of the Board.

On the exercise of an option for a Phantom share, applicants receive in cash the increase in value of a notional share, based on the difference between the Bank's quoted share price at the time of exercise and the option price.

Movements in the number of Phantom share options:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
Outstanding at beginning of the year	1,793,205	1,206,710	825,965	1,768,205	1,196,710	825,965
Allocated during the year	1,020,000	685,000	640,000	960,000	670,000	630,000
Lapsed during the year	(450,250)	-	(136,500)	(450,250)	-	(136,500)
Exercised during the year	(131,205)	(98,505)	(122,755)	(131,205)	(98,505)	(122,755)
Outstanding at end of the year	2,231,750	1,793,205	1,206,710	2,146,750	1,768,205	1,196,710

Included in staff costs (Note 28) is an amount of MRs 5.7M (2007: MRs 2.7M and 2006:MRs 2.3M) paid on the exercise of phantom share options during the year.

33. Phantom Share Options (cont'd)

Terms of the phantom share options outstanding as at 30 June 2008:

Lapse Date	GROUP Number	BANK Number	Option Price (MRs)
August 2009	8,700	8,700	13.00
August 2010	21,250	21,250	10.00
July 2011	52,000	52,000	10.00
August 2012	88,000	88,000	10.00
August 2014	191,800	191,800	20.00
August 2014	970,000	910,000	55.90
October 2015	390,000	380,000	25.00
August 2016	510,000	495,000	37.60
	2,231,750	2,146,750	

As at June 30, 2008, the potential liability relating to the Phantom share options was MRs 35.4M (2007: MRs 14.8M and 2006: MRs 6.9M)

34. Risk Management

The Board of Directors is ultimately responsible for risk management. It approves the risks policies and sets risk tolerance limits within which the Group should operate. Details of risk management framework are set out in the Risk Report (section Risk Management Framework) of the Annual Report and gives more details on the objectives and processes to manage risks and have been audited.

The principal risks arising from financial instruments to which the Group is exposed include:

- Credit Risk
- Liquidity Risk
- Market Risk

A (i). Categories of Financial Assets and Financial Liabilities

GROUP At 30 June 2008 Financial Assets	FVTPL - Held for Trading MRs'000	Held to Maturity MRs'000	Loans and Receivables MRs'000	Available for Sale MRs'000	At Amortised Cost MRs'000	Carrying Value Total MRs'000
Cash Resources	-	-	13,638,872	-	-	13,638,872
Securities, Placements and Other Investments	33,375	284,840	10,940,574	4,144,849	-	15,403,638
Loans and Advances	-	-	36,206,390	-	-	36,206,390
Other Assets	103,426	-	491,827	-	-	595,253
	136,801	284,840	61,277,663	4,144,849	-	65,844,153
Financial Liabilities						
Deposits	-	-	-	-	54,882,256	54,882,256
Borrowings	-	-	-	-	366,807	366,807
Other Liabilities	54,495	-	-	-	541,069	595,564
	54,495	-	-	-	55,790,132	55,844,627

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

A (i). Categories of Financial Assets and Financial Liabilities (cont'd)

GROUP

At 30 June 2007 Financial Assets	FVTPL - Held for Trading MRs'000	Held to Maturity MRs'000	Loans and Receivables MRs'000	Available for Sale MRs'000	At Amortised Cost MRs'000	Carrying Value Total MRs'000
Cash Resources	-	-	15,710,845	-	-	15,710,845
Securities, Placements and Other Investments	176,296	263,968	6,832,422	3,925,134	-	11,197,820
Loans and Advances	-	-	30,476,523	-	-	30,476,523
Other Assets	59,798	-	504,673	-	-	564,471
	236,094	263,968	53,524,463	3,925,134	-	55,949,659
Financial Liabilities						
Deposits	-	-	-	-	48,568,830	48,568,830
Borrowings	-	-	-	-	982,187	982,187
Other Liabilities	103,753	-	-	-	392,279	496,032
	103,753	-	-	-	49,943,296	50,047,049

At 30 June 2006 Financial Assets	FVTPL - Held for Trading MRs'000	Held to Maturity MRs'000	Loans and Receivables MRs'000	Available for Sale MRs'000	At Amortised Cost MRs'000	Carrying Value Total MRs'000
Cash Resources	-	-	9,258,409	-	-	9,258,409
Securities, Placements and Other Investments	213,702	-	8,983,246	2,555,765	-	11,752,713
Loans and Advances	-	-	27,174,704	-	-	27,174,704
Other Assets	50,609	-	390,058	-	-	440,667
	264,311	-	45,806,417	2,555,765	-	48,626,493
Financial Liabilities						
Deposits	-	-	-	-	40,093,939	40,093,939
Borrowings	-	-	-	-	1,341,831	1,341,831
Other Liabilities	34,559	-	-	-	344,975	379,534
	34,559	-	-	-	41,780,745	41,815,304

BANK

At 30 June 2008 Financial Assets	FVTPL - Held for Trading MRs'000	Held to Maturity MRs'000	Loans and Receivables MRs'000	Available for Sale MRs'000	At Amortised Cost MRs'000	Carrying Value Total MRs'000
Cash Resources	-	-	11,920,011	-	-	11,920,011
Securities, Placements and Other Investments	33,375	111,150	10,089,567	3,529,683	-	13,763,775
Loans and Advances	-	-	34,672,210	-	-	34,672,210
Other Assets	103,426	-	463,935	-	-	567,361
	136,801	111,150	57,145,723	3,529,683	-	60,923,357
Financial Liabilities						
Deposits	-	-	-	-	52,280,429	52,280,429
Borrowings	-	-	-	-	361,248	361,248
Other Liabilities	54,495	-	-	-	461,442	515,937
	54,495	-	-	-	53,103,119	53,157,614

At 30 June 2007 Financial Assets	FVTPL - Held for Trading MRs'000	Held to Maturity MRs'000	Loans and Receivables MRs'000	Available for Sale MRs'000	At Amortised Cost MRs'000	Carrying Value Total MRs'000
Cash Resources	-	-	13,829,975	-	-	13,829,975
Securities, Placements and Other Investments	176,296	213,060	6,207,475	3,082,944	-	9,679,775
Loans and Advances	-	-	29,138,401	-	-	29,138,401
Other Assets	59,798	-	483,350	-	-	543,148
	236,094	213,060	49,659,201	3,082,944	-	53,191,299
Financial Liabilities						
Deposits	-	-	-	-	46,103,194	46,103,194
Borrowings	-	-	-	-	982,187	982,187
Other Liabilities	103,753	-	-	-	334,714	438,467
	103,753	-	-	-	47,420,095	47,523,848

34. Risk Management (cont'd)

A (i). Categories Of Financial Assets And Financial Liabilities (cont'd)

BANK

At 30 June 2006	FVTPL - Held for Trading	Held to Maturity	Loans and Receivables	Available for Sale	At Amortised Cost	Carrying Value Total
Financial Assets	MRs'000	MRs'000	MRs'000	MRs'000	MRs'000	MRs'000
Cash Resources	-	-	9,047,455	-	-	9,047,455
Securities, Placements and Other Investments	213,702	-	8,748,619	2,295,244	-	11,257,565
Loans and Advances	-	-	27,269,450	-	-	27,269,450
Other Assets	50,609	-	371,669	-	-	422,278
	264,311	-	45,437,193	2,295,244	-	47,996,748
Financial Liabilities						
Deposits	-	-	-	-	37,970,217	37,970,217
Borrowings	-	-	-	-	1,340,950	1,340,950
Other Liabilities	34,559	-	-	-	1,523,485	1,558,044
	34,559	-	-	-	40,834,652	40,869,211

	GROUP			BANK		
	2008 MRs'000	2007 MRs'000	2006 MRs'000	2008 MRs'000	2007 MRs'000	2006 MRs'000
A (ii). Profit for the year includes the following:						
Net Fee Income						
Net Fee Income from Financial Assets not measured at fair value through profit or loss						
- Fee Income	627,868	557,595	500,884	587,710	525,591	466,738
- Fee Expense	(7,915)	(10,846)	(8,275)	(7,915)	(10,846)	(8,646)
Fees earned on trust and other fiduciary activities where the Group holds or invests assets on behalf of its customers						
- Fee Income	18,501	14,164	10,406	-	-	-
Net Interest Income						
Net Interest Income for Financial Assets and Liabilities that are not at fair value through profit or loss						
- Total Interest Income	5,322,999	4,552,666	3,654,543	5,011,275	4,328,136	3,423,113
- Total Interest Expense	(3,284,361)	(2,757,793)	(1,920,467)	(3,153,437)	(2,655,054)	(1,826,522)
Impairment Loss on Available for Sale Equity Investments	(5,000)	-	-	-	-	-

B. Credit Risk

The Group is exposed to credit risk through its lending, trade finance, treasury and leasing activities. Credit risk is the risk of loss arising from the failure of a counterparty to fulfill its contractual or financial obligations to the Group as and when they fall due. The Group's credit risk is managed through a portfolio approach with prudential limits set across country, bank, industry, group and individual exposures. The Credit Underwriting team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assesment. The Group has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the Credit Risk Management unit and reported regularly to the Board Risk Committee.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

B. Credit Risk (cont'd)

(i) Maximum Credit Exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs'000	MRs'000
Balances with Central Banks	5,602,203	3,261,883	2,698,143	5,299,537	2,993,152	2,524,216
Balances with Banks	8,086,609	12,141,184	6,219,879	6,705,550	10,552,775	6,208,538
Equity Investments	3,357,688	2,968,859	2,416,606	2,742,522	2,313,174	2,295,244
Gilt-Edged Investments	11,581,547	8,136,250	9,290,899	10,556,850	7,273,889	8,917,114
Loans and Advances, including Non-Fund Based	43,576,165	38,569,218	34,247,415	41,618,339	36,760,376	33,936,630
	72,204,212	65,077,394	54,872,942	66,922,798	59,893,366	53,881,742

(ii) Collateral and other Credit Enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Group Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed/ floating charge on assets of borrowers
- Pledge of deposits/ securities/ life insurance policy
- Government guarantee/ bank guarantee/ corporate guarantee/ personal guarantee

(iii) Credit Quality

Corporate borrowers are assigned a Customer Risk Rating using Moody's Risk Advisor which is based on the borrower's financial condition and outlook, industry and economic conditions, access to capital and management strength. For the small and medium enterprises, the rating is derived from the Small Business Underwriting Matrix which is primarily based on the customer's financial position and quality of collateral. Individuals are rated on Experian-Transact based on a set of personal attributes including income and repayment capacity.

An analysis of credit exposures, including non-fund based facilities, that are neither past due nor impaired using the group's credit grading system is given below:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
Grades:	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
1 to 3 - Strong	24,660,930	18,598,981	10,259,579	23,724,681	17,999,732	11,133,112
4 to 6 - Satisfactory	10,002,216	9,874,524	17,382,603	9,567,955	9,482,042	16,635,805
7 to 10 (including unrated) - weak	7,461,010	8,569,813	5,677,939	7,160,690	8,071,297	5,353,235
	42,124,156	37,043,318	33,320,121	40,453,326	35,553,071	33,122,152

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes unrated customers which have been defaulted to 10 on a prudent basis.

34. Risk Management (cont'd)

B. Credit Risk (Cont'd)

(iv) Credit Exposure by Portfolio:

Advances that are neither past due nor impaired:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
Portfolio	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Agriculture	859,218	716,970	874,141	827,167	673,883	843,409
Commerce	4,904,755	5,860,913	6,395,536	4,384,618	5,406,749	5,863,344
Consumer	10,267,372	8,353,190	7,728,974	10,119,753	8,282,735	7,634,819
Infrastructure	2,050,679	1,937,974	2,091,526	2,008,013	1,909,221	2,036,853
Job Contractors	1,036,413	1,323,371	981,072	997,931	1,296,129	962,808
Manufacturing	7,017,685	5,227,746	5,421,076	6,535,527	4,714,523	4,915,290
New Economy	672,640	702,227	754,461	672,336	700,332	749,694
Real Estate	1,128,518	1,079,973	577,766	1,091,086	1,062,578	544,490
Services	5,845,059	4,654,883	3,731,966	5,542,123	4,416,068	4,933,444
Tourism	8,341,817	7,186,071	4,763,603	8,274,772	7,090,853	4,638,001
	42,124,156	37,043,318	33,320,121	40,453,326	35,553,071	33,122,152

(v) Ageing of receivables that are past due but not impaired:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Up to 1 month	486,580	394,279	95,944	480,594	387,347	94,225
Over 1 month and up to 3 months	87,516	280,676	90,139	87,484	280,387	89,916
Over 3 months	33	716	104,878	33	716	104,878
	574,129	675,671	290,961	568,111	668,450	289,019

(vi) Impaired financial assets

Loans and advances are assessed for impairment when objective evidence such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation indicate that the account may be impaired. A financial asset is considered to be impaired if the present value of estimated future cash flows discounted at the asset's original effective rate is less than the asset's carrying amount.

The carrying amount of impaired financial assets and specific provision held are shown below:

	GROUP			BANK		
	2008	2007	2006	2008	2007	2006
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
Loans and Advances	877,880	850,230	636,333	596,903	538,855	525,460
Specific Provision held in respect of Impaired Advances	708,690	465,283	542,003	490,232	318,183	436,362

The Group's policy for recognising and measuring impairment allowances on both individually assessed advances and those which are collectively assessed on a portfolio basis is described in note 3(g).

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

C. Liquidity Risk

Liquidity Risk is the potential earnings volatility arising from being unable to fund assets at reasonable rates over required maturities. The Group ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursements. Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios, concentration of deposits by type and by entity. Liquidity gap analysis is used to measure and monitor the mismatches by time bucket and currency under realistic and stress scenarios.

The tables below show the maturity analysis for financial liabilities showing remaining contractual maturities for the Group and the Bank. Although demand deposits are contractually repayable on demand, the Group's past experience indicates that these deposit balances remain stable over the long-term. In practice, the Group manages its liquidity risks based on expected cash outflows instead of contractual maturities.

GROUP	On Demand MRs' 000	Up to 3 months MRs' 000	3-6 months MRs' 000	6-12 months MRs' 000	1-2 years MRs' 000	2-5 years MRs' 000	Over 5 years MRs' 000	Total MRs' 000
Financial Liabilities								
Deposits	35,185,453	7,188,052	2,149,393	3,927,874	3,863,464	4,535,796	141	56,850,173
Borrowings from Banks	-	205,168	15,395	21,778	43,556	101,456	-	387,353
At 30 June 2008	35,185,453	7,393,220	2,164,788	3,949,652	3,907,020	4,637,252	141	57,237,526
At 30 June 2007	29,586,045	8,922,261	2,455,588	4,029,737	2,762,790	3,449,915	1,257	51,207,593
At 30 June 2006	24,972,333	5,836,871	1,244,379	4,500,802	2,797,871	3,076,474	7,030	42,435,760

BANK	On Demand MRs' 000	Up to 3 months MRs' 000	3-6 months MRs' 000	6-12 months MRs' 000	1-2 years MRs' 000	2-5 years MRs' 000	Over 5 years MRs' 000	Total MRs' 000
Financial Liabilities								
Deposits	34,768,050	6,630,795	1,679,935	3,354,891	3,457,075	4,175,412	141	54,066,299
Borrowings from Banks	-	199,609	15,395	21,778	43,556	101,456	-	381,794
Obligations under Finance Lease	-	21,549	21,549	44,550	47,458	34,745	-	169,851
At 30 June 2008	34,768,050	6,851,953	1,716,879	3,421,219	3,548,089	4,311,613	141	54,617,944
At 30 June 2007	29,305,733	8,357,098	2,053,878	3,593,809	2,101,886	3,466,363	1,257	48,880,024
At 30 June 2006	24,786,534	5,498,417	837,901	4,150,819	2,340,846	3,179,579	7,030	40,801,126

D. Market Risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group's market risks are monitored by the Market Risk team and reported to the Market Risk Forum and Board Risk Committee on a regular basis.

(i) Interest Rate Risk

The Group's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk. Prudential limits for the gap, expressed as a percentage of assets, have been set for specific time buckets, and Earnings at risk is calculated based on different shock scenarios across all currencies.

The table below analyses the Group's and the Bank's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The floating rate column represents the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

GROUP At 30 June 2008	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	6,084,542	6,084,542
Balances with Banks and Interbank Loans	3,158,374	3,680,756	-	-	-	-	-	715,200	7,554,330
Securities,Placements and Other Investments	-	2,577,875	1,709,425	3,036,593	1,292,208	3,330,400	-	3,457,137	15,403,638
Loans and Advances	28,100,206	4,654,344	547,308	733,360	307,912	628,503	784,237	450,520	36,206,390
Less: Allowance for Credit Impairment	-	-	-	-	-	-	-	(1,021,308)	(1,021,308)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,560,799	2,560,799
Other Assets	-	-	-	-	-	-	-	768,503	768,503
TOTAL ASSETS	31,258,580	10,912,975	2,256,733	3,769,953	1,600,120	3,958,903	784,237	13,015,393	67,556,894
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	35,229,734	6,336,958	1,611,216	2,544,624	2,390,030	2,895,481	94	3,874,119	54,882,256
Borrowings from Banks	19,084	163,359	25,564	-	-	158,632	-	168	366,807
Current and Deferred Tax Liability	-	-	-	-	-	-	-	445,851	445,851
Other Liabilities	-	-	-	-	-	-	-	888,471	888,471
Shareholders' Equity and Minority Interest	-	-	-	-	-	-	-	10,973,509	10,973,509
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,248,818	6,500,317	1,636,780	2,544,624	2,390,030	3,054,113	94	16,182,118	67,556,894
Interest Rate Repricing Gap	(3,990,238)	4,412,658	619,953	1,225,329	(789,910)	904,790	784,143	(3,166,725)	
Cumulative Interest Rate Repricing Gap	(3,990,238)	422,420	1,042,373	2,267,702	1,477,792	2,382,582	3,166,725	-	

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

GROUP At 30 June 2007	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	3,662,372	3,662,372
Balances with Banks and Interbank Loans	869,397	11,151,268	-	-	-	-	-	27,808	12,048,473
Securities, Placements and Other Investments	-	971,870	1,528,977	1,852,898	1,369,279	2,490,363	-	2,984,433	11,197,820
Loans and Advances	25,072,419	2,743,288	293,885	373,794	813,679	543,299	215,036	421,123	30,476,523
Less: Allowance for Credit Impairment	-	-	-	-	-	-	-	(714,118)	(714,118)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,751,746	2,751,746
Other Assets	-	-	-	-	-	-	-	807,066	807,066
TOTAL ASSETS	25,941,816	14,866,426	1,822,862	2,226,692	2,182,958	3,033,662	215,036	9,940,430	60,229,882
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	29,479,598	7,551,623	1,781,764	2,868,425	1,457,315	2,032,714	909	3,396,482	48,568,830
Borrowings from Banks	-	649,119	-	-	58,060	158,632	-	-	865,811
Other Borrowings	-	116,376	-	-	-	-	-	-	116,376
Current and Deferred Tax Liability	-	-	-	-	-	-	-	539,437	539,437
Other Liabilities	-	-	-	-	-	-	-	624,047	624,047
Shareholders' Equity and Minority Interest	-	-	-	-	-	-	-	9,515,381	9,515,381
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,479,598	8,317,118	1,781,764	2,868,425	1,515,375	2,191,346	909	14,075,347	60,229,882
Interest Rate Repricing Gap	(3,537,782)	6,549,308	41,098	(641,733)	667,583	842,316	214,127	(4,134,917)	
Cumulative Interest Rate Repricing Gap	(3,537,782)	3,011,526	3,052,624	2,410,891	3,078,474	3,920,790	4,134,917	-	

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

GROUP At 30 June 2006	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	3,083,739	3,083,739
Balances with Banks and Interbank Loans	2,646,410	3,496,864	-	-	-	-	-	31,396	6,174,670
Securities, Placements and Other Investments	-	3,030,134	1,715,019	3,781,273	503,917	301,202	-	2,421,168	11,752,713
Loans and Advances	20,723,903	3,671,651	394,841	746,024	392,741	564,535	210,443	470,566	27,174,704
Less: Allowance for credit losses	-	-	-	-	-	-	-	(811,713)	(811,713)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,863,987	2,863,987
Other Assets	-	-	-	-	-	-	-	663,495	663,495
TOTAL ASSETS	23,370,313	10,198,649	2,109,860	4,527,297	896,658	865,737	210,443	8,722,638	50,901,595
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	25,613,713	5,699,785	1,371,096	2,288,343	1,036,015	894,975	607	3,189,405	40,093,939
Borrowings from Banks	-	1,064,754	13,224	14,888	1,504	88,829	158,632	-	1,341,831
Current and Deferred Tax Liability	-	-	-	-	-	-	-	536,471	536,471
Other Liabilities	-	-	-	-	-	-	-	1,113,411	1,113,411
Shareholders' Equity and Minority Interest	-	-	-	-	-	-	-	7,815,943	7,815,943
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	25,613,713	6,764,539	1,384,320	2,303,231	1,037,519	983,804	159,239	12,655,230	50,901,595
Interest Rate Repricing Gap	(2,243,400)	3,434,110	725,540	2,224,066	(140,861)	(118,067)	51,204	(3,932,592)	
Cumulative Interest Rate Repricing Gap	(2,243,400)	1,190,710	1,916,250	4,140,316	3,999,455	3,881,388	3,932,592	-	

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

BANK At 30 June 2008	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	5,746,740	5,746,740
Balances with Banks and Interbank Loans	3,266,252	2,191,858	-	-	-	-	-	715,161	6,173,271
Securities, Placements and Other Investments	-	2,247,687	1,531,623	2,574,354	1,241,300	3,330,400	-	2,838,411	13,763,775
Loans and Advances	27,220,884	4,266,767	531,834	635,895	246,045	508,760	758,043	503,982	34,672,210
Less: Allowance for Credit Impairment	-	-	-	-	-	-	-	(789,217)	(789,217)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,512,120	2,512,120
Other Assets	-	-	-	-	-	-	-	703,309	703,309
TOTAL ASSETS	30,487,136	8,706,312	2,063,457	3,210,249	1,487,345	3,839,160	758,043	12,230,506	62,782,208
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	35,347,399	5,275,156	1,171,815	2,026,974	2,037,941	2,606,080	95	3,814,970	52,280,429
Borrowings from Banks	19,084	157,800	25,564	-	-	158,632	-	168	361,248
Current and Deferred Tax Liability	-	-	-	-	-	-	-	434,430	434,430
Obligations under Finance Lease	144,689	-	-	-	-	-	-	-	144,689
Other Liabilities	-	-	-	-	-	-	-	806,466	806,466
Shareholders' Equity	-	-	-	-	-	-	-	8,754,946	8,754,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,511,172	5,432,956	1,197,379	2,026,974	2,037,941	2,764,712	95	13,810,980	62,782,208
Interest Rate Repricing Gap	(5,024,036)	3,273,356	866,078	1,183,275	(550,596)	1,074,448	757,948	(1,580,473)	
Cumulative Interest Rate Repricing Gap	(5,024,036)	(1,750,680)	(884,602)	298,673	(251,923)	822,525	1,580,473	-	

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

BANK At 30 June 2007	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	3,369,911	3,369,911
Balances with Banks and Interbank Loans	926,076	9,519,757	-	-	-	-	-	14,231	10,460,064
Securities, Placements and Other Investments	-	862,424	1,459,941	1,654,883	934,323	2,439,456	-	2,328,748	9,679,775
Loans and Advances	24,233,979	2,736,451	284,985	350,424	500,966	402,382	215,036	414,178	29,138,401
Less: Allowance for Credit Impairment	-	-	-	-	-	-	-	(557,074)	(557,074)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,742,325	2,742,325
Other Assets	-	-	-	-	-	-	-	776,986	776,986
TOTAL ASSETS	25,160,055	13,118,632	1,744,926	2,005,307	1,435,289	2,841,838	215,036	9,089,305	55,610,388
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	29,550,421	6,613,552	1,362,764	2,396,330	750,020	2,032,713	910	3,396,484	46,103,194
Borrowings from Banks	-	649,119	-	-	58,060	158,632	-	-	865,811
Other Borrowings	-	116,376	-	-	-	-	-	-	116,376
Current and Deferred Tax Liability	-	-	-	-	-	-	-	522,562	522,562
Obligations under Finance Lease	296,282	-	-	-	-	-	-	-	296,282
Other Liabilities	-	-	-	-	-	-	-	565,528	565,528
Shareholders' Equity	-	-	-	-	-	-	-	7,140,635	7,140,635
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,846,703	7,379,047	1,362,764	2,396,330	808,080	2,191,345	910	11,625,209	55,610,388
Interest Rate Repricing Gap	(4,686,348)	5,739,585	382,162	(391,023)	627,209	650,493	214,126	(2,535,904)	
Cumulative Interest Rate Repricing Gap	(4,686,348)	1,052,937	1,435,099	1,044,076	1,671,285	2,321,778	2,535,904	-	

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

BANK At 30 June 2006	Floating MRs' 000	Up to 3 Months MRs' 000	3-6 Months MRs' 000	6-12 Months MRs' 000	1-2 Years MRs' 000	2-5 Years MRs' 000	Over 5 Years MRs' 000	Non-Interest Sensitive MRs' 000	Total MRs' 000
ASSETS									
Cash and Balances with Central Banks	-	-	-	-	-	-	-	2,884,125	2,884,125
Balances with Banks and Interbank Loans	2,633,779	3,498,156	-	-	-	-	-	31,395	6,163,330
Securities, Placements and Other Investments	-	2,916,497	1,666,915	3,620,138	503,917	250,292	-	2,299,806	11,257,565
Loans and Advances	20,949,504	3,659,730	390,210	699,110	330,282	560,644	209,404	470,566	27,269,450
Less: Allowance for credit losses	-	-	-	-	-	-	-	(694,043)	(694,043)
Tangible and Intangible Assets	-	-	-	-	-	-	-	2,826,144	2,826,144
Other Assets	-	-	-	-	-	-	-	642,616	642,616
TOTAL ASSETS	23,583,283	10,074,383	2,057,125	4,319,248	834,199	810,936	209,404	8,460,609	50,349,187
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits	25,724,135	5,029,685	905,884	1,818,752	456,807	894,975	607	3,139,372	37,970,217
Borrowings from Banks	-	1,063,873	13,224	14,888	1,504	88,829	158,632	-	1,340,950
Current and Deferred Tax Liability	-	-	-	-	-	-	-	520,075	520,075
Obligations under Finance Lease	542,613	-	-	-	-	-	-	-	542,613
Other Liabilities	-	-	-	-	-	-	-	1,202,768	1,202,768
Shareholders' Equity	-	-	-	-	-	-	-	8,772,564	8,772,564
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,266,748	6,093,558	919,108	1,833,640	458,311	983,804	159,239	13,634,779	50,349,187
Interest Rate Repricing Gap	(2,683,465)	3,980,825	1,138,017	2,485,608	375,886	(172,868)	50,165	(5,174,170)	
Cumulative Interest Rate Repricing Gap	(2,683,465)	1,297,360	3,437,377	4,920,985	5,296,873	5,124,005	5,174,170	-	

(ii) Interest Rate Sensitivity

In order to measure the Group's and the Bank's vulnerability to interest rate movements, Gap Analysis is used. The Group assesses the impact of various interest rate shocks on net interest income over a 12-month period assuming a static position.

If interest rates had been 1% higher and all other variables were held constant, the Group's and the Bank's profit would have been increased as follows:

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Increase in profit	5,646	20,581	17,709	(13,227)	4,766	21,324

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk

Foreign currency risk arises from the Group's exposure to foreign exchange rate fluctuations, and is managed within approved policy parameters using forward foreign exchange contracts. The Group uses VaR Analysis and sensitivity analysis to estimate loss arising from movements in foreign exchange.

The carrying amounts of the Non-Mauritian Rupee denominated assets and liabilities at the reporting date are as follows:

GROUP At 30 June 2008	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	44,288	4,541	27,699	194,883	350,650
Balances with Banks and Interbank Loans	3,218,318	2,454,125	1,630,662	54,054	188,794
Securities, Placements and Other Investments	691,716	54,064	85,930	935,177	990,242
Loans and Advances	3,492,158	273,850	2,410,076	1,630,184	884,334
Tangible and Intangible Assets	-	-	-	201,881	13,279
Other Assets	8,385	600	17,985	144,092	54,206
TOTAL ASSETS	7,454,865	2,787,180	4,172,352	3,160,271	2,481,505
LIABILITIES					
Deposits	5,221,608	2,566,439	3,712,945	1,595,652	2,315,135
Borrowing from Other Banks	5,559	-	-	158,001	-
Current and Deferred Tax Liability	2,015	-	-	70,213	-
Other Liabilities	2,163	727	572	39,514	63,304
TOTAL LIABILITIES	5,231,345	2,567,166	3,713,517	1,863,380	2,378,438
Net Assets	2,223,520	220,014	458,835	1,296,891	103,067
Off balance net notional position	(315,995)	(225,172)	(389,752)	-	27,577

INR include the assets and liabilities of the Indian operations. Others show the Mauritian Rupee equivalent of all other non-Mauritian currencies than those shown separately and include the assets and liabilities of the subsidary in Madagascar.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

GROUP At 30 June 2007	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	36,671	13,174	24,146	143,294	302,933
Balances with Banks and Interbank Loans	6,471,736	2,599,676	2,218,926	208,149	412,382
Securities, Placements and Other Investments	143,821	60,164	85,678	1,079,533	657,885
Loans and Advances	2,081,028	4,827	566,372	1,500,595	638,469
Tangible & Intangible Assets	-	-	-	259,207	5,661
Other Assets	178,763	5,351	14,633	235,743	17,140
TOTAL ASSETS	8,912,019	2,683,192	2,909,755	3,426,521	2,034,470
LIABILITIES					
Deposits	6,487,908	2,346,570	2,703,767	1,475,641	1,894,223
Borrowing from Other Banks	218,653	-	8,534	126,144	295,561
Other Borrowings	-	-	-	116,376	-
Current and Deferred Tax Liability	2,892	-	-	75,082	75,082
Other Liabilities	1,510	1,122	2,605	86,315	49,973
TOTAL LIABILITIES	6,710,963	2,347,692	2,714,906	1,879,558	2,239,757
Net Assets	2,201,056	335,500	194,849	1,546,963	(205,287)
Off balance net notional position	(419,437)	(324,828)	(29,247)	-	295,692

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

GROUP At 30 June 2006	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	19,065	2,266	16,787	99,500	205,573
Balances with Banks and Interbank Loans	1,352,429	2,370,632	1,986,248	167,418	187,230
Securities, Placements and Other Investments	14,281	35,469	27,280	881,416	150,571
Loans and Advances	1,484,522	58,967	683,004	1,449,657	723,007
Tangible and Intangible Assets	-	-	-	141,886	33,497
Other Assets	13,500	6,823	22,245	212,335	14,025
TOTAL ASSETS	2,883,797	2,474,157	2,735,564	2,952,212	1,313,903
LIABILITIES					
Deposits	3,614,501	2,421,791	2,507,167	1,685,522	1,277,553
Borrowing from Central Banks	-	-	-	167,923	-
Borrowing from Other Banks	608,919	82,376	122,511	69,464	6,295
Current and Deferred Tax Liability	435	-	-	22,037	2,989
Other Liabilities	2,091	2,501	6,520	75,958	35,430
TOTAL LIABILITIES	4,225,946	2,506,668	2,636,198	2,020,904	1,322,267
Net Assets	(1,342,149)	(32,511)	99,366	931,308	(8,364)
Off balance net notional position	(59,852)	43,166	(258,512)	1,989	38,576

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

BANK At 30 June 2008	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	44,288	4,541	27,699	194,883	12,848
Balances with Banks and Interbank Loans	1,865,690	2,454,125	1,603,620	54,054	187,791
Securities, Placements and Other Investments	532,873	54,064	370	787,161	138,840
Loans and Advances	3,452,770	273,850	2,408,702	1,630,184	317,839
Tangible & Intangible Assets	-	-	-	201,881	-
Other Assets	7,776	600	17,985	144,092	6,689
TOTAL ASSETS	5,903,397	2,787,180	4,058,376	3,012,255	664,007
LIABILITIES					
Deposits	5,176,638	2,566,636	3,682,154	1,595,652	672,985
Borrowing from Other Banks	-	-	-	158,001	-
Current and Deferred Tax Liability	-	-	-	70,213	-
Other Liabilities	2,057	727	572	39,514	683
TOTAL LIABILITIES	5,178,695	2,567,363	3,682,726	1,863,380	673,668
Net Assets	724,702	219,817	375,650	1,148,875	(9,661)
Off balance net notional position	(330,615)	(225,172)	(392,400)	-	27,577

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

BANK At 30 June 2007	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	36,643	13,174	23,967	143,294	10,679
Balances with Banks and Interbank Loans	4,892,294	2,599,660	2,210,144	208,149	412,376
Securities, Placements and Other Investments	131,212	60,164	370	907,256	32,547
Loans and Advances	2,079,525	4,827	548,168	1,500,595	29,469
Tangible & Intangible Assets	-	-	-	259,208	-
Other Assets	177,392	5,351	14,633	235,743	240
TOTAL ASSETS	7,317,066	2,683,176	2,797,282	3,254,245	485,311
LIABILITIES					
Deposits	6,489,117	2,346,684	2,678,982	1,475,641	468,490
Borrowing from Other Banks	218,653	-	8,534	126,144	295,561
Other Borrowings	-	-	-	116,376	-
Current and Deferred Tax Liability	-	-	-	75,082	-
Other Liabilities	1,369	1,122	2,605	86,315	631
TOTAL LIABILITIES	6,709,139	2,347,806	2,690,121	1,879,558	764,682
Net Assets	607,927	335,370	107,161	1,374,687	(279,371)
Off balance net notional position	(419,437)	(324,829)	(29,246)	-	295,685

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

BANK At 30 June 2006	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHERS MRs' 000
ASSETS					
Cash and Balances with Central Banks	19,065	2,266	16,787	99,500	5,959
Balances with Banks and Interbank Loans	1,346,233	2,370,632	1,972,873	167,418	187,157
Securities, Placements and Other Investments	550	35,469	370	881,416	9,739
Loans and Advances	2,989,447	58,967	709,495	1,449,656	31,608
Tangible and Intangible Assets	-	-	-	141,886	-
Other Assets	13,500	6,823	22,245	212,335	-
TOTAL ASSETS	4,368,795	2,474,157	2,721,770	2,952,211	234,463
LIABILITIES					
Deposits	3,602,111	2,422,341	2,491,324	1,685,522	321,441
Borrowings from Central Banks	-	-	-	167,923	-
Borrowings from Other Banks	636,116	82,376	94,559	69,463	6,170
Current and Deferred Tax Liability	-	-	-	22,037	-
Other Liabilities	1,828	950	6,520	75,958	374
TOTAL LIABILITIES	4,240,055	2,505,667	2,592,403	2,020,903	327,985
Net Assets	128,740	(31,510)	129,367	931,308	(93,522)
Off balance net notional position	(59,852)	43,166	(258,512)	1,989	38,576

34. Risk Management (cont'd)

D. Market Risk (cont'd)

(iii) Currency Risk (cont'd)

Foreign Currency Sensitivity Analysis

Foreign exchange risk arises from open positions. Fluctuations of the Mauritian Rupee by a hypothetical 5% against all foreign currencies would result in a gain or loss to the Statement of Income as shown below. The analysis does not take the currency positions that are denominated in the functional currencies of relevant operations because they do not create any foreign currency exposures. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not represent the exposure during the year.

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Impact on profit of 5% fluctuations						
- 5% rupee depreciation	12,120	14,840	(6,533)	11,944	14,562	(5,204)
- 5% rupee appreciation	(12,120)	(14,840)	6,533	(11,944)	(14,562)	5,204

(iv) Equity Price Sensitivity Analysis

The Group is exposed to equity price risks arising from equity investments. Available-For-Sale equity investments are held for strategic rather than for trading purposes and the Group does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in equity except for impairment losses which are reported in the Statement of Income. Changes in prices of Held-For-Trading investments are reflected in the Statement of Income.

A 5% increase in the price of equities held at the balance sheet date would have resulted in an unrealised gain to the equity or statement of income as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	GROUP			BANK		
	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Equity	130,162	110,569	97,613	134,992	113,499	113,846
Statement of income	-	779	228	-	779	228
	130,162	111,347	97,841	134,992	114.227	114,074

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

35. Segment Information

(a) Primary reporting format - Business segments

2008	Banking MRs'000	Leasing MRs'000	Others MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	7,137,851	116,756	130,333	-	7,384,940
Gross Income from Other Segments	21,442	39,560	19,894	(80,896)	-
Total Gross Income	7,159,293	156,316	150,227	(80,896)	7,384,940
Interest Expense and Non Interest Expense	(4,601,035)	(98,995)	(22,223)	60,202	(4,662,051)
Profit before Provision for Credit Impairment	2,558,258	57,321	128,004	(20,694)	2,722,889
Provision for Credit Impairment	(372,832)	(14,068)	-	-	(386,900)
Profit after Provision for Credit Impairment	2,185,426	43,253	128,004	(20,694)	2,335,989
Share of Profit of Associates					61,019
Net Income before Tax					2,397,008
Income Tax Expense					(283,035)
Profit for the Year					2,113,973
Segment Assets	64,165,610	1,261,986	2,136,653	(618,854)	66,945,395
Unallocated assets					134,218
Investment in Associates					477,281
Total Assets					67,556,894
Segment Liabilities	53,357,750	1,261,985	2,136,653	(618,854)	56,137,534
Unallocated Liabilities					445,851
Minority Interest					-
Shareholders' Equity					10,973,509
Total Liabilities and Shareholders' Equity					67,556,894
Capital Expenditure	96,806	46,061	204	-	143,071
Depreciation / Amortisation	292,895	5,190	57	-	298,141

2007	Banking MRs'000	Leasing MRs'000	Others MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	5,732,145	98,165	53,871	-	5,884,181
Gross Income from Other Segments	170,309	63,518	3,626,093	(3,859,920)	-
Total Gross Income	5,902,454	161,683	3,679,964	(3,859,920)	5,884,181
Interest Expense and Non Interest Expense	(3,891,281)	(83,044)	(59,354)	141,477	(3,892,202)
Profit before Provisions for Credit Impairment	2,011,173	78,639	3,620,610	(3,718,443)	1,991,979
Provision for Credit Impairment	(304,730)	2,557	-	-	(302,173)
Profit after Provision for Credit Impairment	1,706,443	81,196	3,620,610	(3,718,443)	1,689,806
Share of Profit of Associates					49,800
Net Income before Tax					1,739,606
Income Tax Expense					(233,718)
Net Income after Tax					1,505,888
Minority Interest					(208)
Net Income Available to Shareholders					1,505,680
Segment Assets	56,696,152	1,268,395	2,247,272	(554,564)	59,657,255
Unallocated assets					166,101
Investment in Associates					406,526
Total Assets					60,229,882
Segment Liabilities	47,213,961	1,268,395	2,247,272	(554,564)	50,175,064
Unallocated Liabilities					539,437
Minority Interest					-
Shareholders' Equity					9,515,381
Total Liabilities and Shareholders' Equity					60,229,882
Capital Expenditure	125,849	-	40	-	125,889
Depreciation/Amortisation	286,588	1,141	60	-	287,789

35. Segment Information (cont'd)

(a) Primary reporting format - Business segments (cont'd)

2006	Banking MRs'000	Leasing MRs'000	Others MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	4,507,614	95,853	23,935	-	4,627,402
Gross Income from Other Segments	178,439	67,007	156,012	(401,458)	-
Total Gross Income	4,686,053	162,860	179,947	(401,458)	4,627,402
Interest Expense and Non Interest Expense	(2,962,856)	(83,032)	(19,919)	111,843	(2,953,964)
Profit before Provisions for Credit Impairment	1,723,197	79,828	160,028	(289,615)	1,673,438
Provision for Credit Impairment	(222,583)	(1,000)	-	-	(223,583)
Profit after Provision for Credit Impairment	1,500,614	78,828	160,028	(289,615)	1,449,855
Share of Profit of Associates					74,567
Net Income before Tax					1,524,422
Income Tax Expense					(204,181)
Profit for the Year					1,320,241
Minority Interest					(1,243)
Net Income Available to Shareholders					1,318,998
Segment Assets	51,015,686	1,469,462	4,369,834	(6,460,991)	50,393,990
Unallocated assets					150,206
Investment in Associates					357,398
Total Assets					50,901,595
Segment Liabilities	43,170,876	1,469,462	4,369,834	(6,460,991)	42,549,181
Unallocated Liabilities					536,471
Minority Interest					247
Shareholders' Equity					7,815,696
Total Liabilities and Shareholders' Equity					50,901,595
Capital Expenditure	222,764	800	69	-	223,633
Depreciation & Amortisation of Intangible Assets	254,001	1,027	60	-	255,087

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

35. Segment Information (cont'd)

(b) Secondary reporting format - Geographical segments

2008	Mauritius MRs'000	India MRs'000	Madagascar MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	7,019,079	255,018	191,723	(80,880)	7,384,940
Segment Assets	63,115,857	3,032,732	1,994,903	(1,198,097)	66,945,395
Unallocated Assets					134,218
Investments in Associates					477,281
Total Assets					67,556,894
Capital Expenditure	141,708	1,066	297	-	143,071

2007	Mauritius MRs'000	India MRs'000	Madagascar MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	5,467,537	247,636	203,745	(34,737)	5,884,181
Segment Assets	55,449,681	3,601,333	1,658,389	(1,052,148)	59,657,254
Unallocated Assets					166,101
Investments in Associates					406,526
Total Assets					60,229,882
Capital Expenditure	114,020	745	11,124	-	125,889

2006	Mauritius MRs'000	India MRs'000	Madagascar MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External Gross Income	4,233,452	202,723	191,227	-	4,627,402
Segment Assets	53,148,404	3,071,609	1,174,101	(7,000,123)	50,393,991
Unallocated Assets					150,206
Investments in Associates					357,398
Total Assets					50,901,595
Capital Expenditure	209,554	11,883	2,196	-	223,633

36. Supplementary Information as Required by Bank of Mauritius

The Bank of Mauritius requires the Bank to disclose information analysed between Segment A and Segment B as shown in notes A to M.

Segment B activity is essentially directed to the provision of international financial services that give rise to "foreign source income", which is income derived from banking transactions with non residents or corporations holding a Global Business Licence under the Financial Services Development Act 2007.

Segment A activity relates to all banking business other than Segment B activity.

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

36 Supplementary Information as Required by Bank of Mauritius (cont'd)

A. Balance Sheet

	Note	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
ASSETS							
Cash Resources							
Cash and Balances with Central Banks		5,462,481	284,259	5,746,740	3,142,150	227,761	3,369,911
Balances with Banks and Interbank Loans		-	6,173,271	6,173,271	653,644	9,806,420	10,460,064
		5,462,481	6,457,530	11,920,011	3,795,794	10,034,181	13,829,975
Securities, Placements and Other Investments							
Investment Securities	36C						
- Available for Sale		2,591,929	937,754	3,529,683	2,312,401	770,543	3,082,944
- Loans and Receivables		9,625,163	-	9,625,163	6,114,764	-	6,114,764
- Held to Maturity		-	111,150	111,150	-	213,060	213,060
Trading Securities	36C	33,375	-	33,375	121,082	55,214	176,296
Placements		-	464,404	464,404	-	92,711	92,711
		12,250,467	1,513,308	13,763,775	8,548,247	1,131,528	9,679,775
Loans and Advances	36D						
Personal and Credit Cards		9,098,755	-	9,098,755	7,833,278	-	7,833,278
Business		19,937,605	-	19,937,605	18,057,017	-	18,057,017
Governments		9,505	-	9,505	54,356	-	54,356
Entities outside Mauritius		-	3,970,821	3,970,821	-	1,678,762	1,678,762
Overseas Operations		-	1,655,524	1,655,524	-	1,514,988	1,514,988
		29,045,865	5,626,345	34,672,210	25,944,651	3,193,750	29,138,401
Less: Allowance for Credit Impairment		(766,019)	(23,198)	(789,217)	(543,141)	(13,933)	(557,074)
		28,279,846	5,603,147	33,882,993	25,401,510	3,179,817	28,581,327
Other							
Property and Equipment	36E	2,108,128	201,604	2,309,732	2,171,616	256,040	2,427,656
Intangible Assets	36F	194,998	7,390	202,388	301,866	12,803	314,669
Other Assets	36G	537,162	166,147	703,309	347,545	429,441	776,986
		2,840,288	375,141	3,215,429	2,821,027	698,284	3,519,311
TOTAL ASSETS		48,833,082	13,949,126	62,782,208	40,566,578	15,043,810	55,610,388
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	36H						
Personal		23,733,569	3,861,048	27,594,617	21,099,693	3,338,713	24,438,406
Business		19,118,349	2,831,180	21,949,529	14,151,684	3,962,693	18,114,377
Governments		2,580,373	-	2,580,373	3,430,519	-	3,430,519
Banks		5,385	150,525	155,910	23,221	96,671	119,892
		45,437,676	6,842,753	52,280,429	38,705,117	7,398,077	46,103,194
Borrowings							
Central Banks		184,196	-	184,196	216,919	-	216,919
Local Banks		19,051	157,968	177,019	93,916	124,213	218,129
Foreign Banks		-	33	33	-	430,763	430,763
Other Financial Institutions		-	-	-	-	116,376	116,376
		203,247	158,001	361,248	310,835	671,352	982,187
Other							
Current Tax Liability		235,448	-	235,448	280,272	-	280,272
Deferred Tax Liability		128,769	70,213	198,982	167,208	75,082	242,290
Obligations under Finance Lease		144,689	-	144,689	296,282	-	296,282
Other Liabilities	36I	757,003	49,463	806,466	474,586	90,942	565,528
		1,265,909	119,676	1,385,585	1,218,348	166,024	1,384,372
TOTAL LIABILITIES		46,906,832	7,120,430	54,027,262	40,234,300	8,235,453	48,469,753

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

36 Supplementary Information as Required by Bank of Mauritius (cont'd)

A. Balance Sheet (cont'd)

	Note	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Shareholders' Equity							
Ordinary Share Capital		303,740	-	303,740	303,740	-	303,740
Reserves		7,990,616	460,590	8,451,206	6,141,524	695,371	6,836,895
Equity Attributable to Equity holders of the Parent		8,294,356	460,590	8,754,946	6,445,264	695,371	7,140,635
TOTAL EQUITY AND LIABILITIES		55,201,188	7,581,020	62,782,208	46,679,564	8,930,824	55,610,388
MEMORANDUM ITEMS							
Acceptances, Guarantees, Letters of Credit, Endorsements and Other Obligations on Account of Customers and Spot Foreign Exchange Contracts	36J	3,061,676	1,989,221	5,050,897	4,533,086	2,756,847	7,289,933
Credit Commitments		3,365,184	190,533	3,555,717	3,097,532	101,167	3,198,699
Inward Bills held for Collection		167,202	-	167,202	191,175	-	191,175
Outward Bills held for Collection		119,390	182,824	302,214	142,713	198,541	341,254
		6,713,452	2,362,578	9,076,030	7,964,506	3,056,555	11,021,061

B. Statement Of Income

	Note	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Interest Income							
Loans and Advances		3,366,651	351,094	3,717,745	2,923,756	297,117	3,220,873
Securities		791,555	65,217	856,772	585,894	57,840	643,734
Placements and Loans to Banks		14,070	428,390	442,460	16,217	459,300	475,517
		4,172,276	844,701	5,016,977	3,525,867	814,257	4,340,124
Interest Expense							
Deposits		(2,722,853)	(375,251)	(3,098,104)	(2,185,584)	(331,407)	(2,516,991)
Deposits and Borrowings from Banks		(16,453)	(4,900)	(21,353)	(32,622)	(36,453)	(69,075)
Lease Finance Charges		(32,938)	-	(32,938)	(59,046)	-	(59,046)
Other		-	(1,216)	(1,216)	-	(10,490)	(10,490)
		(2,772,244)	(381,367)	(3,153,611)	(2,277,252)	(378,350)	(2,655,602)
Net Interest Income		1,400,032	463,334	1,863,366	1,248,615	435,907	1,684,522
Provision for Credit Impairment	36K	(225,307)	(9,819)	(235,126)	(296,249)	19,521	(276,728)
Net Interest Income after Provision for Credit Impairment		1,174,725	453,515	1,628,240	952,366	455,428	1,407,794
Non Interest Income and Gains							
Net Fee and Commission Income	36L	349,710	230,371	580,081	347,888	196,248	544,136
Net Gain from Dealings in Foreign Currencies		418,881	18,333	437,214	325,048	39,162	364,210
Dividend Income		822,164	294	822,458	405,894	229	406,123
Net Gain/(Loss) from Dealings in Trading Securities		1,498	17,061	18,559	2,172	5,402	7,574
Net Gain on Investment Securities		64	92,721	92,785	26,377	-	26,377
Net (Loss)/Gain on Disposal of Tangible Fixed Assets		(2,648)	(8)	(2,656)	12,271	(5)	12,266
		1,589,669	358,772	1,948,441	1,119,650	241,036	1,360,686
Net Interest and Other Income after Provision for Credit Impairment		2,764,394	812,287	3,576,681	2,072,016	696,464	2,768,480
Non Interest Expense	36M	(1,179,656)	(135,172)	(1,314,828)	(958,153)	(101,690)	(1,059,843)
Net Income before Tax		1,584,738	677,115	2,261,853	1,113,863	594,774	1,708,637
Income Tax Expense		(177,828)	(95,084)	(272,912)	(192,017)	(22,195)	(214,212)
Profit for the Year		1,406,910	582,031	1,988,941	921,846	572,579	1,494,425

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

36. Supplementary Information as Required by Bank of Mauritius (cont'd)

C. Securities and Other Investments

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
a Held for Trading						
Government Bonds	1,622	-	1,622	-	-	-
Treasury Bills	31,753	-	31,753	121,082	-	121,082
Securities of Government Bodies	-	-	-	-	39,640	39,640
Equity Shares of Companies:						
Other Equity Investments	-	-	-	-	15,574	15,574
	33,375	-	33,375	121,082	55,214	176,296
b Available for Sale						
Equity Shares of Companies:						
- Subsidiaries	192,383	48	192,431	105,486	25	105,511
- Associates	282,762	-	282,762	231,380	-	231,380
- Other Equity Investments	2,116,784	150,546	2,267,330	1,975,535	748	1,976,283
	2,591,929	150,594	2,742,523	2,312,401	773	2,313,174

	Up to 3 months MRs' 000	3 -6 months MRs' 000	6 -12 months MRs' 000	1 - 5 years MRs' 000	2008 Total MRs' 000	2007 Total MRs' 000
c Maturity analysis						
Segment A						
Loans and Receivables						
Government Bonds	100,379	274,141	539,489	4,565,593	5,479,602	3,446,382
Treasury Bills	1,746,970	657,370	1,741,221	-	4,145,561	2,668,382
TOTAL SEGMENT A	1,847,349	931,511	2,280,710	4,565,593	9,625,163	6,114,764
Segment B						
Held to Maturity						
Government Bonds	-	-	56,304	-	56,304	149,856
Bank Bonds secured by Government	-	-	54,846	-	54,846	63,204
	-	-	111,150	-	111,150	213,060
Segment B						
Available for Sale						
Treasury Bills	482,137	274,950	30,074	-	787,161	769,770
TOTAL SEGMENT B	482,137	274,950	141,224	-	898,311	982,830
Bank						
Government Bonds	100,379	274,141	595,793	4,565,593	5,535,906	3,596,238
Treasury Bills	2,229,107	932,320	1,771,295	-	4,932,722	3,438,152
Bank Bonds secured by Government	-	-	54,846	-	54,846	63,204
TOTAL BANK	2,329,486	1,206,461	2,421,934	4,565,593	10,523,474	7,097,594

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

36. Supplementary Information as Required by Bank of Mauritius (cont'd)

C. Securities and Other Investments (cont'd)

d Unrealised Gains and Losses on AFS Securities

	SEGMENT A 2008 Book Value MRs' 000	SEGMENT A 2008 Net Unrealised Gain/(Loss) MRs' 000	SEGMENT A 2008 Fair Value MRs' 000	SEGMENT B 2008 Book Value MRs' 000	SEGMENT B 2008 Net Unrealised Gain/(Loss) MRs' 000	SEGMENT B 2008 Fair Value MRs' 000	BANK 2008 Book Value MRs' 000	BANK 2008 Net Unrealised Gain/(Loss) MRs' 000	BANK 2008 Fair Value MRs' 000
Treasury Bills	-	-	-	789,737	(2,576)	787,161	789,737	(2,576)	787,161
Equity Shares of Companies:									
- Subsidiaries	80,025	112,359	192,384	47	-	47	80,072	112,359	192,431
- Associates	14,000	268,761	282,761	-	-	-	14,000	268,761	282,761
- Other Equity Investments	61,305	2,055,480	2,116,785	584	149,961	150,545	61,889	2,205,441	2,267,330
	155,330	2,436,600	2,591,930	790,368	147,385	937,753	945,698	2,583,985	3,529,683

	SEGMENT A 2007 Book Value MRs' 000	SEGMENT A 2007 Net Unrealised Gain/(Loss) MRs' 000	SEGMENT A 2007 Fair Value MRs' 000	SEGMENT B 2007 Book Value MRs' 000	SEGMENT B 2007 Net Unrealised Gain/(Loss) MRs' 000	SEGMENT B 2007 Fair Value MRs' 000	BANK 2007 Book Value MRs' 000	BANK 2007 Net Unrealised Gain/(Loss) MRs' 000	BANK 2007 Fair Value MRs' 000
Treasury Bills	-	-	-	770,913	(1,143)	769,770	770,913	(1,143)	769,770
Equity Shares of Companies:									
- Subsidiaries	50,025	55,461	105,486	47	(22)	25	50,072	55,439	105,511
- Associates	14,000	217,380	231,380	-	-	-	14,000	217,380	231,380
- Other Equity Investments	61,455	1,914,080	1,975,535	748	-	748	62,203	1,914,080	1,976,283
	125,480	2,186,921	2,312,401	771,708	(1,165)	770,543	897,188	2,185,756	3,082,944

D. Loans and Advances

(a) Loans	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
(i) Remaining Term to Maturity						
Up to 3 months	6,236,911	2,329,957	8,566,868	3,454,292	1,413,997	4,868,289
Over 3 to 6 months	757,439	448,826	1,206,265	1,319,414	139,679	1,459,093
Over 6 to 12 months	1,724,413	652,786	2,377,199	2,632,801	274,142	2,906,943
Over 1 to 5 years	5,808,149	924,311	6,732,460	6,598,201	593,581	7,191,782
Over 5 years	14,518,953	1,270,465	15,789,418	11,939,943	772,351	12,712,294
	29,045,865	5,626,345	34,672,210	25,944,651	3,193,750	29,138,401
(ii) Concentration of Risk by Industry Sector						
Sector						
Manufacturing	2,896,857	-	2,896,857	2,346,181	-	2,346,181
Tourism	1,314,005	-	1,314,005	1,001,052	-	1,001,052
Traders	-	-	-	1,070,643	-	1,070,643
	4,210,862	-	4,210,862	4,417,876	-	4,417,876

(b) Allowance for Credit Impairment	Specific Provision SEGMENT A 2008 MRs' 000	Specific Provision SEGMENT B 2008 MRs' 000	Specific Provision BANK 2008 MRs' 000	Portfolio Provision SEGMENT A 2008 MRs' 000	Portfolio Provision SEGMENT B 2008 MRs' 000	Portfolio Provision BANK 2008 MRs' 000
At 1 July	318,183	-	318,183	224,958	13,933	238,891
Exchange Difference	(147)	-	(147)	-	(2,435)	(2,435)
Loans written off out of allowance	(11,541)	-	(11,541)	-	-	-
Interest accrued on impaired advances	(33,993)	-	(33,993)	-	-	-
Provisions made during the year	217,623	-	217,623	50,936	11,700	62,636
At 30 June	490,125	-	490,125	275,894	23,198	299,092

36. Supplementary Information as Required by Bank of Mauritius (cont'd)

D. Loans and Advances (cont'd)

	Specific Provision			Portfolio Provision		
	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
(b) Allowance for Credit Impairment (cont'd)						
At 1 July	395,125	41,237	436,362	246,256	11,425	257,681
Exchange Difference	-	6,300	6,300	-	1,018	1,018
Loans written off out of allowance	(401,255)	(45,670)	(446,925)	-	-	-
Interest accrued on impaired advances	(10,045)	-	(10,045)	-	-	-
Provisions made during the year	334,358	(1,867)	332,491	(21,298)	1,490	(19,808)
At 30 June	318,183	-	318,183	224,958	13,933	238,891

	2008					2007
	Gross Amount of Loans and Advances MRs' 000	Impaired Loans and Advances MRs' 000	Specific Provision MRs' 000	Portfolio Provision MRs' 000	Total Provision MRs' 000	Total Provision MRs' 000
(c) Allowance for Credit Impairment						
SEGMENT A						
Agriculture and Fishing	685,575	2,818	2,423	916	3,339	4,222
EPZ	2,243,817	136,808	131,726	80,223	211,949	26,677
Other Manufacturing	1,171,025	17,602	12,508	37,568	50,076	45,736
Manufacturing	3,414,842	154,410	144,234	117,791	262,025	72,413
Tourism	7,019,075	8,776	7,683	4,258	11,941	8,396
Transport	362,374	11,957	10,609	321	10,930	12,848
Construction	1,499,396	62,048	40,528	14,697	55,225	72,398
Financial and Business Services	1,330,425	-	-	3,833	3,833	3,083
Traders	2,944,717	59,725	47,123	21,212	68,335	82,408
Credit Cards	265,771	22,339	22,339	4,474	26,813	22,849
Other Personal	8,832,984	248,812	195,215	4,127	199,342	144,387
Personal	9,098,755	271,151	217,554	8,601	226,155	167,236
Professional	99,042	10,458	7,337	47	7,384	7,962
New Economy	236,383	1,244	1,244	-	1,244	1,236
Infrastructure	1,268,194	-	-	-	-	-
Other	1,087,087	14,315	11,390	10,524	21,914	18,345
Additional Provision held	-	-	-	93,694	93,694	92,594
	29,045,865	596,902	490,125	275,894	766,019	543,141
SEGMENT B						
Global Business Licence Holders	208,773	-	-	-	-	-
Other Entities	5,417,572	-	-	23,198	23,198	13,933
	5,626,345	-	-	23,198	23,198	13,933
Bank	34,672,210	596,902	490,125	299,092	789,217	557,074

Portfolio provision is computed in accordance with International Financial Reporting Standards for each portfolio. Additional provision is held to comply with Bank of Mauritius guidelines (minimum portfolio provision of 1% of the entire performing loans portfolio, excluding loans which are collaterised by liquid assets and credits extended directly to the Government of Mauritius or to Public Sector Enterprises backed by government guarantees).

Notes to the Financial Statements for the year ended 30 June 2008 (cont'd)

36. Supplementary Information as Required by Bank of Mauritius (cont'd)

E. Property and Equipment

	Freehold Land and Buildings MRs' 000	Leasehold Buildings MRs' 000	Other Tangible Fixed Assets MRs' 000	Motor Vehicles MRs' 000	Progress Payments on Fixed Assets MRs' 000	Total MRs' 000
Net Book Value at 30 June 2008						
Segment A	379,840	1,420,443	265,177	7,617	35,051	2,108,128
Segment B	195,645	-	5,800	159	-	201,604
Bank	575,485	1,420,443	270,977	7,776	35,051	2,309,732

	Freehold Land and Buildings MRs' 000	Leasehold Buildings MRs' 000	Other Tangible Fixed Assets MRs' 000	Motor Vehicles MRs' 000	Progress Payments on Fixed Assets MRs' 000	Total MRs' 000
Net Book Value at 30 June 2007						
Segment A	378,420	1,459,323	304,265	6,264	23,344	2,171,616
Segment B	247,045	-	8,650	345	-	256,040
Bank	625,465	1,459,323	312,915	6,609	23,344	2,427,656

F. Intangible Assets

SOFTWARE

	2008 MRs' 000	2007 MRs' 000
Net Book Value		
Segment A	194,998	301,866
Segment B	7,390	12,803
Bank	202,388	314,669

G. Other Assets

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Accounts Receivable	132,108	15,341	147,449	62,860	192,773	255,633
Balances due in Clearing	209,828	-	209,828	211,097	-	211,097
Tax Paid in Advance	-	100,991	100,991	-	165,743	165,743
Financial Derivative Asset	70,824	32,602	103,426	10,792	49,006	59,798
Pension Asset	6,072	-	6,072	26,211	-	26,211
Balances with Clearing Corporation of India	-	14,180	14,180	-	16,620	16,620
Printing, Stationery and Others	118,330	3,033	121,363	36,585	5,299	41,884
	537,162	166,147	703,309	347,545	429,441	776,986

H. Deposits

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Personal, Business and Governments						
Demand Deposits	8,334,759	2,144,768	10,479,527	3,071,731	194,226	3,265,957
Savings Deposits	23,668,548	464,064	24,132,612	22,723,914	3,195,971	25,919,885
Time Deposits with remaining Term to Maturity:						
Up to 3 months	4,788,125	1,635,185	6,423,310	5,716,769	1,728,868	7,445,637
Over 3 months and up to 6 months	1,243,773	353,536	1,597,309	1,459,910	469,679	1,929,589
Over 6 months and up to 1 year	1,883,466	1,177,623	3,061,089	1,910,729	1,317,374	3,228,103
Over 1 year and up to 5 years	5,513,618	916,956	6,430,574	3,798,843	394,379	4,193,222
Over 5 years	-	98	98	-	909	909
	45,432,289	6,692,230	52,124,519	38,681,896	7,301,406	45,983,302
Banks						
Demand Deposits	5,387	150,523	155,910	23,221	96,671	119,892
Total	45,437,676	6,842,753	52,280,429	38,705,117	7,398,077	46,103,194

36. Supplementary Information as Required by Bank of Mauritius (cont'd)

I. Other Liabilities

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Bills Payable	142,657	8,092	150,749	85,397	3,163	88,560
Accruals for Operating and Non-Operating Expenses	133,163	3,218	136,381	98,213	3,605	101,818
Settlements on Debit Cards	11,229	-	11,229	38,200	-	38,200
Accounts Payable	84,071	8,744	92,815	75,456	10,789	86,245
Deferred Income	15,147	109	15,256	16,662	65	16,727
Balance due in Clearing	206,461	188	206,649	116,110	5,599	121,709
Salary Credit Transition Accounts	123,909	-	123,909	-	-	-
Financial Derivative Liability	28,065	26,430	54,495	39,874	63,879	103,753
Specific Provision on Off-Balance Sheet Advances	105	-	105	-	-	-
Others	12,196	2,682	14,878	4,674	3,842	8,516
	757,003	49,463	806,466	474,586	90,942	565,528

J. Acceptances, Guarantees, Letters of Credit, Endorsements, Other Obligations On Account of Customers and Spot Foreign Exchange Contracts

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Letters of Credit	527,904	242,200	770,104	1,450,213	44,164	1,494,377
Guarantees	2,317,050	337,832	2,654,882	2,409,847	280,291	2,690,138
Acceptances and Endorsements	215,223	4,011	219,234	349,957	12,858	362,815
Other	-	-	-	97,618	-	97,618
	3,060,177	584,043	3,644,220	4,307,635	337,313	4,644,948
Spot Foreign Exchange Contracts	1,499	1,405,178	1,406,677	225,451	2,419,534	2,644,985
	3,061,676	1,989,221	5,050,897	4,533,086	2,756,847	7,289,933

K. Provision for Credit Impairment

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Portfolio and Specific Provisions	268,661	11,703	280,364	313,060	(377)	312,683
Interest accrued on Impaired Advances	(33,993)	-	(33,993)	(10,045)	-	(10,045)
Bad Debts written off for which no Provisions were made	11	-	11	7	-	7
Recoveries of Advances written off	(9,372)	(1,884)	(11,256)	(6,773)	(19,144)	(25,917)
	225,307	9,819	235,126	296,249	(19,521)	276,728

L. Net Fee and Commission Income

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Loan Related						
- Letters of Credit and Acceptances	24,971	795	25,766	31,065	914	31,979
- Others	8,177	593	8,770	7,932	665	8,597
Guarantees	19,343	2,607	21,950	15,892	2,250	18,142
Service Charges	263,008	230,044	493,052	260,362	192,211	452,573
Other	34,211	4,247	38,458	42,093	1,598	43,691
Total Fee and Commission Income	349,710	238,286	587,996	357,344	197,638	554,982
Fee and Commission Expense	-	(7,915)	(7,915)	(9,456)	(1,390)	(10,846)
	349,710	230,371	580,081	347,888	196,248	544,136

M. Non Interest Expense

	SEGMENT A 2008 MRs' 000	SEGMENT B 2008 MRs' 000	BANK 2008 MRs' 000	SEGMENT A 2007 MRs' 000	SEGMENT B 2007 MRs' 000	BANK 2007 MRs' 000
Salaries and Human Resource Development	401,647	48,087	449,734	319,781	26,460	346,241
Pension Contributions and Other Staff Benefits	118,476	8,569	127,045	58,944	5,790	64,734
Depreciation of Tangible Assets	139,874	14,328	154,202	132,420	13,535	145,955
Amortisation of Intangible Assets	116,897	16,089	132,986	111,681	16,590	128,271
Other	402,762	48,099	450,861	335,327	39,315	374,642
	1,179,656	135,172	1,314,828	958,153	101,690	1,059,843

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board of directors

Mr Geerja Shankar Ramdaursingh, MBA, FCA
Chairman of the Board
Mr Ramdaursingh has wide experience in the financial services sector. He was previously Director, Corporate Finance at the Commonwealth Development Corporation in London, General Manager and Director of an Investment Fund listed on the London Stock Exchange and Managing Director of a Corporate Finance Company operating in the region. Mr Ramdaursingh is an independent non-executive director.

Mrs Kalindee Bhanji, BA (Hons), MSc
Mrs Bhanji has held senior positions in various ministries of the Government of Mauritius and is presently the Permanent Secretary, Prime Minister's Office, Mauritius. Mrs Bhanji is a non-executive director.

Mr Anurag Bhargava, BA, BS
Mr Bhargava is a Founder and Managing Partner of IREO and IEP, which are investing approximately $2 billion in capital in real estate and private equity in India. Prior, Mr Bhargava was Head of Private Equity for MSD Capital (the private investment firm for Michael Dell and his family). Mr Bhargava is an independent non-executive director.

Mr Dheerendra Kumar Dabee, LLB (Hons)
Mr Dabee, Barrister at Law of Middle Temple, a Senior Counsel, is currently Solicitor-General in the Attorney General's Office. He is a director of Air Mauritius Ltd and Legal Adviser to a number of public organisations. He is a non-executive director.

Mr George John Dumbell, ACIB (UK)
Mr Dumbell has extensive banking and commercial experience, having served in senior positions in 9 countries across Asia, the Middle East, Europe and the Bahamas. He is currently the chairman of the Constance Group of Companies and sits on the founding Board of the Mauritius Institute of Directors. Mr Dumbell is also a director of Belle Mare Holding Ltd and Swan Insurance Co Ltd. He is an independent non-executive director.

Mr Chaitlall Gunness, FCCA
Mr Gunness has over 28 years experience with the Bank, mainly at senior management level at various divisions including retail banking, corporate banking and international banking. He was also the Chief Operating Officer and is currently the Chief Executive of the Bank. Mr Gunness has served on the board of various organisations and he is currently a director of the Mauritius Bankers Association.

Mr Louis Lai Fat Fur, G.O.S.K, BA, FCA
Mr Lai Fat Fur is currently the Managing Director of Compagnie Mauricienne de Textile Ltd. He was a partner of one of the largest international accounting firm until 1982 when he embarked in the textiles industry. Mr Lai Fat Fur is a non-executive director.

Mr Ali Michael Mansoor
MSc and a Master in Public Policy
Mr Mansoor has wide-ranging technical and managerial experience at the World Bank, European Commission, COMESA Clearing House and the International Monetary Fund. He is currently the Financial Secretary at the Ministry of Finance and Economic Empowerment of Mauritius and is a director of Air Mauritius Ltd. Mr Mansoor is a non-executive director.

Mr André José Poncini, G.O.S.K
Licence ès Sciences Economiques
Mr Poncini has extensive experience in Business and Industry. He chairs the Board of The National Investment Trust Ltd. Mr Poncini is an independent non-executive director.

board of directors

Mr Rohit Ramnawaz, FCCA
Mr Ramnawaz has wide experience in the field of banking, finance and financial services and has also been the Economist Intelligence Unit freelance country note-sender for Mauritius. He has contributed to various books on international taxation. He is currently the Managing Director of African Links Limited, a consultancy firm on offshore business and tax planning. Mr Ramnawaz is an independent non-executive director.

Mr Jairaj Sonoo, MBA
Mr Sonoo has extensive experience in the banking industry particularly in retail banking. He was the Executive Vice President of SBM Indian Operations and is currently the Head of Personal Banking. Mr Sonoo is an executive director.

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composition of board committees

Audit Committee

Chairman
Mr Louis Lai Fat Fur, G.O.S.K

Members
Mr Anurag Bhargava
Mr Dheerendra Kumar Dabee
Mr George John Dumbell
Mr Jose Andre Poncini, G.O.S.K
Mr Rohit Ramnawaz

Corporate Governance & Conduct Review Committee
(reorganised as from July 2008)

Chairman
Mr George John Dumbell

Members
Mrs Kalindee Bhanji
Mr Dheerendra Kumar Dabee
Mr Jose Andre Poncini, G.O.S.K
Mr Geerja Shankar Ramdaursingh

Credit Committee

Chairman
Mr Geerja Shankar Ramdaursingh

Members
Mr Dheerendra Kumar Dabee
Mr Chaitlall Gunness
Mr Rohit Ramnawaz
Mr Jairaj Sonoo

Remuneration & Nomination Committee

Chairman
Mr Geerja Shankar Ramdaursingh

Members
Mrs Kalindee Bhanji
Mr Chaitlall Gunness
Mr Louis Lai Fat Fur, G.O.S.K
Mr Jose Andre Poncini, G.O.S.K
Mr Rohit Ramnawaz

Risk Management Committee

Chairman
Mr George John Dumbell

Members
Mr Anurag Bhargava
Mr Chaitlall Gunness
Mr Ali Michael Mansoor
Mr Geerja Shankar Ramdaursingh
Mr Rohit Ramnawaz

Strategic Planning Committee

Chairman
Mr Geerja Shankar Ramdaursingh

Members
Mr Anurag Bhargava
Mrs Kalindee Bhanji
Mr Chaitlall Gunness
Mr Ali Michael Mansoor
Mr Jose Andre Poncini, G.O.S.K
Mr Jairaj Sonoo

directors of subsidiaries

SBM Financials Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mr Leckram Dawonauth
Mr Soopaya Parianen

SBM Global Investments Ltd

Chairperson
Mr Soopaya Parianen

Members
Mr Chaitlall Gunness
Ms Pauline Seeyave

SBM Investments Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mr Daniel Ng Tseung
Mr Soopaya Parianen
Ms Pauline Seeyave

SBM IT Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mr Soopaya Parianen
Ms Pauline Seeyave

SBM Lease Ltd

Chairperson
Mr Geerja Shankar Ramdaursingh

Members
Mrs Michele Ah See
Mr Chaitlall Gunness
Mr Soopaya Parianen

SBM Asset Management Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mrs Veronique Lim Hoye Yee
Mr Daniel Ng Tseung
Mr Soopaya Parianen

SBM Mauritius Asset Managers Ltd

Chairperson
Mr Geerja Shankar Ramdaursingh

Members
Mr Chaitlall Gunness
Mrs Veronique Lim Hoye Yee
Mr Soopaya Parianen
Ms Pauline Seeyave

SBM Securities Ltd

Chairperson
Mr Geerja Shankar Ramdaursingh

Members
Mr Chandradev Appadoo
Mr Leckram Dawonauth
Mr Chaitlall Gunness
Mr Soopaya Parianen

Banque SBM Madagascar

Chairperson
Mr Geerja Shankar Ramdaursingh

Members
Mrs Michele Ah See
Mr Leckram Dawonauth
Mr Chaitlall Gunness
Mr Soopaya Parianen
Ms Pauline Seeyave

SBM Capital Management Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mr Chandradev Appadoo
Mr Soopaya Parianen
Ms Pauline Seeyave

SBM International Investments Ltd

Chairperson
Mr Chaitlall Gunness

Members
Mr Soopaya Parianen
Ms Pauline Seeyave

executive management

Chief Executive

Gunness Chaitlall, FCCA
Has 28 years work experience with the Bank, mainly at Senior Management level at various Divisions including Inspection, Retail Banking, Corporate Banking, International Banking and administrative Divisions. He has been serving the board of various organisations. He was also the Chief Operating Officer.

Chief Operating Officer

Parianen Soopaya, BA (Hons)
Has 31 years experience in Banking out of which 24 years at Senior Management level, having been successively the Group Divisional Leader for Corporate Banking, Retail Banking and Credit Management Support services.

Ah See Michele, MA, ACA
Divisional Leader Business Banking
Has 8 years experience as External Auditor within UK and Mauritius. Spent 7 years heading the Value Management Team of SBM prior to heading Credit Underwriting Division. She is currently Divisional Leader – Business Banking. Reports to the Chief Executive.

Appadoo Chandradev, FCCA, ACIB
Company Secretary and Divisional Leader Operations Management
Has 23 years work experience at the Bank at various levels, mainly at Branches, Corporate Banking and Finance Division. Currently Company Secretary and in charge of Operations. Reports to the Chairman, Chief Executive and Chief Operating Officer.

Dawonauth Leckram, Master in Banking and Finance
Divisional Leader Business Banking
Has worked for FAO as Project Analyst/Credit Specialist for 2 years. Has 26 years experience with the Bank/Bank Subsidiaries out of which 21 years at different Management/Senior Management levels in Branches and Corporate Office. He is currently Divisional Leader-Business Banking and Overseas Cell. Reports to the Chief Executive.

Ng Tseung Daniel, BSc
Divisional Leader Treasury
Has worked for 9 years in the domestic banking sector before joining the Bank in December 2000. He is a Member of the Mauritius Financial Markets Committee and is currently the Group Treasurer. Reports to the Chief Executive.

Seeyave Pauline, MA (Cantab), ACA
Divisional Leader Risk Management and Finance and Value Based Performance Management
Has 6 year experience in Audit and Business Assurance in international firm of Chartered Accountants. Joined the Bank in 2002 and is currently the Divisional Leader in charge of Finance and Value Based Performance Management and Risk Management. Reports to the Chief Executive.

Sonoo Jairaj, MBA
Divisional Leader Retail Banking
Has 30 years experience with the Bank at various Divisions. He was the Executive Vice President of SBM Indian Operations and is currently the Divisional Leader-Retail Banking. Reports to the Chief Executive.

TEAM LEADERS

Amiran Eshan
BST Channels & Sales

Bajee Prasram
Chief Executive, Banque SBM Madagascar

Bhugun Anand
Trade Finance

Dursun Hemant Kumar
Facilities Management

Gooly Kanand
Sales and Services-Retail

Ho Shun Geneviève
Internal Audit

Li Chiu Lim Liliane
Finance

Lim Hoye Yee Veronique
Credit Underwriting

Li Pak Man Kwon
Risk Management

Mooneesawmy Nandrajen
Credit Services

Mooroogan Rajan
IT Operations

Ng Thow Hing Michael
SBM Mauritius Asset Managers Ltd

Pareathumby Dr Soopaya
IT Risk Management

Poonyth Ajaye
E-Business

Ravikumar S.
Country Head, India

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SENIOR OFFICERS

Autar Avinash Asheesh
Sales and Services-Corporate

Babbea Anand
E-Business

Bheeka Shailendra
IT Audit

Bhuruth Tejbahadoorsingh
BST Enterprise & Risk

Damree Shyam
Overseas Cell

Ghoorah Bye Samah
Small and Medium Enterprise

Gonpot Deochand
Human Resources

Gujadhur Rita Devi
Value Based Performance Management

Hon Tew Fiona Mang Lin
Credit Underwriting

Hurkoo Dharmendranath
Sales and Services-Corporate

Jhurry Balkrishna
Financial Institutions

Lutchmah Rajnish
Marketing and Communications

Manikion Veeren
E-Business

Ramdhan Ravindranath
E-Business

Ramgoolam Poorunduth
Sales and Services- Retail

Ramlagun Malinee Devi
Credit Underwriting

Rubee Hemraj
SBM Lease Ltd

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The inside pages of our annual report have been printed on Munken Lynx paper which is one of the first papers in the world to be Forest Stewardship Council (FSC) certified. It benefits Mother Nature and also helps ensure the viable management of forest resources. Munken Lynx is an acid-free paper conforming to ISO 9706 requirements for Permanence.

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