



SBM

financial statements

2009

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.

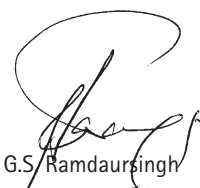
The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures 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, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

The Bank's external auditors, 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



L. Lai Fat Fur, G.O.S.K.
Director (Chairman, Audit Committee)



G. Vir
Chief Executive

September 24, 2009

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 4 to 86 which comprise the balance sheets as at 30 June 2009 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 4 to 86 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2009 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.

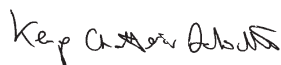
We have obtained all information and explanations that we have required.

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 Chatteris Deloitte
Chartered Accountants
3rd Floor, Cerné House,
La Chaussée,
Port-Louis, Mauritius



Signing Partner
M. J. Burgess, ACA

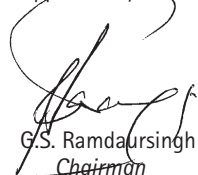
September 24, 2009

financial statements

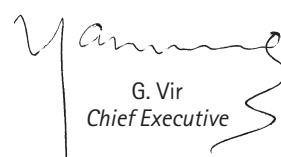
BALANCE SHEETS AS AT JUNE 30, 2009

	Note	Group			Bank		
		2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
ASSETS							
Cash and cash equivalents	5	11,764,439	11,534,748	13,788,759	11,481,860	10,093,606	12,134,389
Trading assets	6	196,280	136,801	236,094	196,280	136,801	236,094
Loans and placements with banks	7	2,766,726	464,404	92,711	2,766,726	464,404	92,711
Loans and advances to customers	8	39,793,808	35,185,082	29,762,405	38,062,324	33,882,993	28,581,327
Investment securities	9	19,011,409	14,905,859	10,928,813	17,470,368	13,265,996	9,410,768
Property and equipment	10	2,293,755	2,364,729	2,446,685	2,248,934	2,309,732	2,427,656
Intangible assets	11	78,988	196,070	305,061	87,307	202,388	314,669
Other assets	12	3,328,233	2,769,201	2,669,354	2,925,879	2,426,288	2,412,774
TOTAL ASSETS		79,233,638	67,556,894	60,229,882	75,239,678	62,782,208	55,610,388
LIABILITIES							
Deposits from banks	14	151,725	46,758	93,650	271,771	155,910	119,892
Deposits from customers	15	63,569,375	54,835,498	48,475,180	62,060,356	52,124,519	45,983,302
Trading liabilities	6	49,071	54,495	103,753	49,071	54,495	103,753
Other borrowed funds	16	1,057,506	366,807	982,187	1,129,568	505,937	1,278,469
Current tax liabilities		400,615	246,624	298,335	392,220	235,448	280,272
Deferred tax liabilities	17b	133,817	199,227	241,102	133,124	198,982	242,290
Other liabilities	18	928,855	833,976	520,294	859,082	751,971	461,775
TOTAL LIABILITIES		66,290,964	56,583,385	50,714,501	64,895,192	54,027,262	48,469,753
SHAREHOLDERS' EQUITY							
Share capital	20	303,740	303,740	303,740	303,740	303,740	303,740
Retained earnings		10,318,964	8,941,255	7,357,333	7,760,462	6,640,520	5,175,808
Other reserves		2,319,970	1,728,514	1,854,308	2,280,284	1,810,686	1,661,087
Total equity attributable to equity holders of the parent		12,942,674	10,973,509	9,515,381	10,344,486	8,754,946	7,140,635
TOTAL EQUITY AND LIABILITIES		79,233,638	67,556,894	60,229,882	75,239,678	62,782,208	55,610,388
MEMORANDUM ITEMS							
Acceptances, guarantees, letters of credit, endorsements, other obligations on account of customers and spot foreign exchange contracts	21a	5,307,272	5,215,439	7,409,385	5,125,241	5,050,897	7,289,933
Credit commitments	21b	5,043,907	3,802,679	3,545,754	4,919,452	3,555,717	3,198,699
Inward bills held for collection		296,824	191,463	216,052	215,064	167,202	191,175
Outward bills sent for collection		160,454	322,755	354,808	149,839	302,214	341,254
		10,808,457	9,532,336	11,525,999	10,409,596	9,076,030	11,021,061

Approved by the Board of Directors and authorised for issue on September 24, 2009


G.S. Ramdaursingh
Chairman


L. Lai Fat Fur, G.O.S.K
Director (Chairman, Audit Committee)


G. Vir
Chief Executive

STATEMENTS OF INCOME FOR THE YEAR ENDED JUNE 30, 2009

	Note	Group			Bank		
		2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Interest income		5,333,274	5,328,702	4,564,764	5,042,294	5,016,977	4,340,124
Interest expense		(2,933,336)	(3,284,535)	(2,758,341)	(2,810,846)	(3,153,611)	(2,655,602)
Net interest income	22	2,399,938	2,044,167	1,806,423	2,231,448	1,863,366	1,684,522
Fee and commission income		756,862	646,651	601,150	700,655	587,996	554,982
Fee and commission expense		(9,996)	(7,915)	(10,846)	(9,996)	(7,915)	(10,846)
Net fee and commission income	23	746,866	638,736	590,304	690,659	580,081	544,136
Dividend income	24	310,284	846,841	294,642	209,369	822,458	406,123
Net trading income	25	1,534	18,607	7,604	1,534	18,559	7,574
Other operating income	26	523,173	557,054	426,867	483,620	527,343	402,853
Non interest income		1,581,857	2,061,238	1,319,417	1,385,182	1,948,441	1,360,686
Operating income		3,981,795	4,105,405	3,125,840	3,616,630	3,811,807	3,045,208
Personnel expenses	27	(665,436)	(612,801)	(438,098)	(641,870)	(592,315)	(424,026)
Depreciation and amortisation		(309,858)	(298,141)	(287,789)	(295,725)	(287,188)	(274,226)
Other expenses	28	(447,662)	(466,574)	(407,974)	(407,604)	(435,325)	(361,591)
Non interest expense		(1,422,956)	(1,377,516)	(1,133,861)	(1,345,199)	(1,314,828)	(1,059,843)
Profit before net impairment loss on financial assets		2,558,839	2,727,889	1,991,979	2,271,431	2,496,979	1,985,365
Net impairment loss on financial assets	29	(278,737)	(391,900)	(302,173)	(199,138)	(235,126)	(276,728)
Operating profit		2,280,102	2,335,989	1,689,806	2,072,293	2,261,853	1,708,637
Share of profit of associates		64,517	61,019	49,800	-	-	-
Profit before income tax		2,344,619	2,397,008	1,739,606	2,072,293	2,261,853	1,708,637
Tax expense	17a	(319,281)	(283,035)	(233,718)	(310,572)	(272,912)	(214,212)
Profit for the year		2,025,338	2,113,973	1,505,888	1,761,721	1,988,941	1,494,425
Profit attributable to:							
Equity holders of the parent		2,025,338	2,113,973	1,505,680	1,761,721	1,988,941	1,494,425
Minority interest		-	-	208	-	-	-
		2,025,338	2,113,973	1,505,888	1,761,721	1,988,941	1,494,425
Earnings per share (MRs)	30	7.84	8.19	5.03			

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

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
Group															
At July 1, 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 June 30, 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
At July 1, 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)	-	-	-	(9,238)	-	(9,238)
Effect of change in deferred tax rate on revaluation surplus of property	-	-	-	-	-	-	-	-	(9,238)	-	-	-	348,944	-	348,944
Increase in value of available-for-sale investments	-	-	-	-	-	-	-	-	348,944	-	(467,861)	-	(467,861)	-	(467,861)
Translation difference	-	-	-	-	-	-	-	-	-	-	-	14,486	14,486	-	14,486
Share of increase in reserves of associates	-	-	-	-	-	-	26,275	-	(348,944)	(55,513)	(467,861)	14,486	(113,669)	-	(113,669)
Net income recognised directly in equity	-	-	-	-	-	-	2,113,973	-	-	(55,513)	(467,861)	14,486	2,113,973	-	2,113,973
Profit for the year	-	-	-	-	-	-	2,140,248	-	348,944	(35,513)	(467,861)	14,486	2,000,304	-	2,000,304
Dividend	-	-	-	-	-	-	(542,176)	-	-	-	-	-	(542,176)	-	(542,176)
Transfer	-	-	-	-	-	51,167	(14,150)	(37,017)	-	-	-	-	-	-	-
At June 30, 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
At July 1, 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
Changes in equity for the year															
Realisation of revaluation surplus of property	-	-	-	-	-	-	26,280	-	(26,280)	-	-	-	288,453	-	288,453
Increase in value of available-for-sale investments	-	-	-	-	-	-	-	-	288,453	-	326,609	-	326,609	-	326,609
Translation difference	-	-	-	-	-	-	-	-	-	-	(12,878)	-	(12,878)	-	(12,878)
Share of decrease in reserves of associates	-	-	-	-	-	-	-	-	-	-	-	-	602,184	-	602,184
Net income recognised directly in equity	-	-	-	-	-	-	26,280	-	288,453	(26,280)	326,609	(12,878)	2,025,338	-	2,025,338
Profit for the year	-	-	-	-	-	-	2,051,618	-	288,453	(26,280)	326,609	(12,878)	2,627,522	-	2,627,522
Dividend	-	-	-	-	-	-	(658,357)	-	-	-	-	-	(658,357)	-	(658,357)
Transfer	-	-	-	-	-	15,552	(15,552)	-	-	-	-	-	-	-	-
At June 30, 2009	303,740	(2,333,286)	236,071	-	-	504,185	10,318,964	35,122	2,673,897	1,010,937	123,106	69,938	12,942,674	-	12,942,674

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	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
Bank										
At July 1, 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	(78,674)	912,663	(570,000)	-	(1,352,147)	-	-	-	-	(1,088,158)
Treasury shares purchased	-	(2,333,286)	-	(63,370)	58,796	4,574	-	-	-	(2,333,286)
Transfer	-	-	-	-	-	-	-	-	-	-
At June 30, 2007	303,740	(2,333,286)	-	393,796	5,175,808	72,139	2,185,756	1,072,730	269,952	7,140,635
At July 1, 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	(5,513)	(221,445)	167,546
Profit for the year	-	-	-	-	1,988,941	-	398,229	(5,513)	(221,445)	1,988,941
Total recognised income and expense for the year	-	-	-	-	2,015,216	-	398,229	(5,513)	(221,445)	2,156,487
Dividend	-	-	-	-	(542,176)	(37,017)	-	-	-	(542,176)
Transfer	-	-	-	45,345	(8,328)	-	-	-	-	-
At June 30, 2008	303,740	(2,333,286)	-	439,141	6,640,520	35,122	2,583,985	1,037,217	48,507	8,754,946
At July 1, 2008	303,740	(2,333,286)	-	439,141	6,640,520	35,122	2,583,985	1,037,217	48,507	8,754,946
Changes in equity for the year										
Realisation of revaluation surplus of property	-	-	-	-	26,280	-	-	(26,280)	-	-
Increase in value of available-for-sale investments	-	-	-	-	-	-	429,313	-	-	429,313
Translation difference	-	-	-	-	-	-	-	-	56,863	56,863
Net income recognised directly in equity	-	-	-	-	26,280	-	429,313	(26,280)	56,863	486,176
Profit for the year	-	-	-	-	1,761,721	-	429,313	(26,280)	-	1,761,721
Total recognised income and expense for the year	-	-	-	-	1,788,001	-	429,313	(26,280)	56,863	2,247,897
Dividend	-	-	-	-	(658,357)	-	-	-	-	(658,357)
Transfer	-	-	-	9,702	(9,702)	-	-	-	-	-
At June 30, 2009	303,740	(2,333,286)	-	448,843	7,750,462	35,122	3,013,298	1,010,937	105,370	10,344,486

CASH FLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Cash flows from operating activities						
Profit for the year	2,025,338	2,113,973	1,505,888	1,761,721	1,988,941	1,494,425
Adjustments to determine net cash flows:						
Depreciation of tangible assets	172,387	163,979	152,188	159,799	154,202	145,955
Amortisation of intangible assets	137,471	134,162	135,601	135,926	132,986	128,271
Pension expense	1,211	22,635	8,420	1,211	22,635	8,420
Net impairment loss on financial assets	278,737	391,900	302,173	199,138	235,126	276,728
Exchange difference	278,940	(375,803)	49,723	46,298	(168,424)	114,646
Net gain on investment securities	-	(93,552)	(28,477)	-	(92,785)	(26,377)
Net gain from dealings in trading securities	(1,534)	(18,607)	(7,604)	(1,534)	(18,559)	(7,574)
Net (gain) / loss on disposal of tangible fixed assets	(498)	2,656	(12,655)	(398)	2,656	(12,267)
Tax expense	319,281	283,035	233,718	310,572	272,912	214,212
Share of profit of associates	(64,517)	(61,019)	(49,800)	-	-	-
Dividend income	(310,284)	(846,841)	(294,642)	(209,369)	(822,458)	(406,123)
Operating profit before working capital changes	2,836,532	1,716,518	1,994,533	2,403,364	1,707,232	1,930,316
Change in operating assets and liabilities						
(Increase) / decrease in trading assets	(57,945)	117,900	35,821	(57,945)	117,852	35,791
Increase in loans and advances to customers	(4,759,614)	(5,820,135)	(3,730,182)	(4,259,497)	(5,534,106)	(2,289,965)
Increase in other assets	(546,417)	(182,545)	(145,599)	(488,284)	(97,489)	(67,875)
(Decrease) / increase in trading liabilities	(5,424)	(49,258)	69,194	(5,424)	(49,258)	69,194
Increase / (decrease) in deposits from banks	104,967	(46,892)	66,344	115,861	36,018	42,622
Increase in deposits from customers	8,733,877	6,360,318	8,408,547	9,935,837	6,141,217	8,090,355
Increase in loans to and placements with banks	(2,302,322)	(371,693)	(47,503)	(2,302,322)	(371,693)	(47,503)
(Decrease) / increase in other liabilities and provisions	(25,016)	313,577	(39,125)	(12,785)	290,091	(56,329)
Other dividend received	310,284	846,841	294,642	204,119	817,708	286,873
Income tax paid	(245,107)	(333,852)	(200,154)	(232,555)	(317,387)	(180,007)
Net cash provided by operating activities	4,043,815	2,550,779	6,706,518	5,300,369	2,740,185	7,813,472
Cash Flows from / (used in) financing activities						
Increase / (decrease) in other borrowed funds	690,699	(615,380)	(359,644)	623,631	(772,532)	(605,093)
Repurchase of ordinary shares	-	-	(3,421,445)	-	-	(3,421,445)
Dividend paid on ordinary shares	(658,357)	(542,176)	(519,434)	(658,357)	(542,176)	(650,105)
Net cash from / (used in) financing activities	32,342	(1,157,556)	(4,300,523)	(34,726)	(1,314,708)	(4,676,643)
Cash Flows (used in) / from investing activities						
Acquisition of tangible fixed assets	(94,912)	(132,542)	(55,320)	(92,204)	(86,655)	(52,864)
Acquisition of intangible assets	(20,564)	(26,027)	(47,564)	(21,021)	(21,561)	(47,073)
Disposal of tangible fixed assets	5,745	1,421	44,702	5,645	1,421	44,313
Disposal of intangible assets	-	-	24,486	-	-	-
Dividend received from subsidiaries and associates	5,250	4,750	4,250	5,250	4,750	119,250
Acquisition of minority share in subsidiary	-	-	(700)	-	-	-
Acquisition of other equity investments	(226,481)	-	(326,099)	-	-	(25,000)
Capital injection in subsidiaries	-	-	-	-	(30,000)	-
Disposal of shares held by subsidiary	-	-	3,212,944	-	-	-
Disposal of other equity investments	-	95,201	44,449	-	93,098	42,667
(Increase) / decrease in gilt-edged investment securities	(3,515,504)	(3,590,037)	1,116,643	(3,775,059)	(3,427,313)	1,604,674
Net cash (used in) / from investing activities	(3,846,466)	(3,647,234)	4,017,791	(3,877,389)	(3,466,260)	1,685,967
Net change in cash and cash equivalents	229,691	(2,254,011)	6,423,786	1,388,254	(2,040,783)	4,822,796
Cash and cash equivalents at July 1	11,534,748	13,788,759	7,364,973	10,093,606	12,134,389	7,311,593
Cash and cash equivalents at June 30	11,764,439	11,534,748	13,788,759	11,481,860	10,093,606	12,134,389

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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 July 1, 2008.

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

- IAS 1 Presentation of Financial Statements - Comprehensive revision including requiring a statement of comprehensive income (effective January 1, 2009)
- IAS 1 Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation (effective January 1, 2009)
- IAS 1 Presentation of Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 1 Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IAS 7 Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRS (effective January 1, 2010)
- IAS 16 Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 17 Leases - Amendments Resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IAS 19 Employee Benefits - Amendments resulting from May 2008 Annual improvement to IFRSs (effective January 1, 2009)
- IAS 23 Borrowing Costs - Comprehensive revision to prohibit immediate expensing (effective January 1, 2009)
- IAS 23 Borrowings Costs - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 27 Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3 (effective July 1, 2009)
- IAS 27 Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first-time adoption (effective January 1, 2009)
- IAS 27 Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 28 Investments in Associates - Consequential amendments arising from amendments to IFRS 3 (effective July 1, 2009)
- IAS 28 Investments in Associates - Amendments resulting from May 2008 Annual improvements to IFRSs (effective January 1, 2009)
- IAS 32 Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation (effective January 1, 2009)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

2. Adoption of new and revised international financial reporting standards (cont'd)

- IAS 36 Impairment of Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 36 Impairment of Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IAS 38 Intangible Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 38 Intangible Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective July 1, 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective January 1, 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items (effective July 1, 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments for embedded derivatives when reclassifying financial instruments (effective June 30, 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IFRS 2 Share-based Payment – Amendment relating to vesting conditions and cancellations (effective January 1, 2009)
- IFRS 2 Share-based Payment – Amendment resulting from April 2009 Annual Improvements to IFRSs (effective July 1, 2009)
- IFRS 2 Share-based Payment – Amendments relating to group cash-settled share-based payment transactions (effective January 1, 2010)
- IFRS 3 Business Combinations – Comprehensive revision on applying the acquisition method (effective July 1, 2009)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective July 1, 2009)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about fair value and liquidity risk (effective January 1, 2009)
- IFRS 8 Operating segments (effective January 1, 2009)
- IFRS 8 Operating segments – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010)
- IFRIC 17 Distribution of non cash assets to owners (effective July 1, 2009)
- IFRIC 18 Transfers of Assets from Customers (effective July 1, 2009)

The directors anticipate that the adoption of these Standards and Interpretations on the above effective dates in the future period will have no material impact on the financial statements of the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

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 Operating 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 JUNE 30, 2009 (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 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 Net Translation Reserve. Such translation differences are recognised in the Statement of Income as part of Other Operating Income 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)**(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.

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 (Net 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 Operating 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 Operating 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(e) Investment securities (cont'd)

(ii) *Equity investments (cont'd)*

Unrealised gains and losses are recognised directly in equity (Net 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 Operating 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 Net Trading Income.

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

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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(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 allowances for credit impairment. Allowances for credit impairment consist of specific and portfolio allowances. Specific allowances are made on impaired advances and are calculated as the shortfall between the carrying amounts of the advances and their recoverable amounts. The recoverable amount is the present value of expected future cash flows discounted at the 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 allowance 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 allowance is estimated based upon historical patterns of losses in each component of the portfolio of loans and advances as well as on current economic and other relevant conditions. The Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition prescribes that the portfolio allowance should be no less than 1 per cent of the aggregate amount of loans and advances excluding 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 allowance 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 allowance. Subsequent recoveries of amounts previously written off are credited to Net impairment loss on financial assets 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 allowance 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

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 Net Trading 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 Net Property Revaluation Reserve. Any revaluation decrease is first charged directly against any Net 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 Operating Income in the Statement of Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(n) Property and equipment (cont'd)

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 the Net 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.

(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 Other borrowed funds on the Balance Sheet. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(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.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

3. Accounting policies (cont'd)

(y) 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.

(z) 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).

(aa) 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) Fair value of financial assets and liabilities

The determination of fair values, estimated by discounting future cash flows and by determining the relative interest rates, is subjective. Furthermore, the fair value estimations for most of the financial instruments does not necessarily provide an indication of the realisable value at the reporting date. The estimated fair value was calculated according to interest rates prevailing at the balance sheet date and does not consider interest rate fluctuations. Given other interest rate assumptions, fair value estimates may differ.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

4. Accounting judgements and key sources of estimation uncertainty (cont'd)

(iii) Specific allowance for credit impairment

The calculation of specific allowance 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.

(iv) Portfolio allowance for credit impairment

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

(v) 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 on an annual basis.

5. Cash and cash equivalents

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Cash in hand	679,015	591,322	461,777	679,015	591,322	461,777
Foreign currency notes and coins	140,011	128,120	108,802	94,630	92,983	86,285
Unrestricted balances with central banks ¹	999,310	3,260,976	1,169,707	962,451	3,236,030	1,126,264
Placements with banks ²	8,688,725	6,826,776	11,391,627	8,537,781	5,472,964	9,827,723
Balances with banks	1,257,378	727,554	656,846	1,207,983	700,307	632,340
	11,764,439	11,534,748	13,788,759	11,481,860	10,093,606	12,134,389

¹ Balances with central banks over and above the minimum cash reserve requirement

² Including placements with an original maturity of up to 3 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

6. Trading assets

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Government bonds / treasury bills / treasury notes	106,839	32,507	121,082	106,839	32,507	121,082
Bank of Mauritius bills	-	868	-	-	868	-
Securities of Government bodies	-	-	39,640	-	-	39,640
Equities	12,335	-	15,574	12,335	-	15,574
Derivative assets	77,106	103,426	59,798	77,106	103,426	59,798
	196,280	136,801	236,094	196,280	136,801	236,094
Trading liabilities						
Derivative liabilities	49,071	54,495	103,753	49,071	54,495	103,753

a. The fair values of derivative instruments are further analysed below:

	Group and Bank			
	Notional Principal Amount MRs' 000	Fair Values		
		Assets MRs' 000	Liabilities MRs' 000	Net MRs' 000
<u>2009</u>				
Forward foreign exchange contracts	3,419,294	69,569	(35,613)	33,956
Interest rate swap contracts	1,934,020	7,537	(13,458)	(5,921)
	5,353,314	77,106	(49,071)	28,035
<u>2008</u>				
Forward foreign exchange contracts	6,895,955	88,667	(41,621)	47,046
Interest rate swap contracts	1,190,504	14,759	(12,874)	1,885
	8,086,459	103,426	(54,495)	48,931
<u>2007</u>				
Forward foreign exchange contracts	5,269,693	46,142	(92,767)	(46,625)
Interest rate swap contracts	698,400	12,567	(9,897)	2,670
Options and futures contracts	345,200	1,089	(1,089)	-
	6,313,293	59,798	(103,753)	(43,955)

7. Loans to and placements with banks

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Loans to and placements with banks outside Mauritius	2,766,726	464,404	92,711

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

7. Loans to and placements with banks (cont'd)

a. Remaining term to maturity

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Up to 3 months	2,086,144	-	-
Over 3 months and up to 6 months	39,175	295,829	88,218
Over 6 months and up to 12 months	641,407	168,575	4,493
	2,766,726	464,404	92,711

8. Loans and advances to customers

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Retail customers						
Credit cards	271,394	265,770	250,462	271,394	265,770	250,462
Mortgages	6,450,892	5,845,996	5,355,737	6,450,892	5,845,996	5,355,737
Other retail loans	5,179,023	4,342,281	3,583,118	5,055,743	4,246,929	3,539,953
Corporate customers	21,521,708	20,541,040	18,257,000	20,704,520	19,916,919	17,737,222
Governments	2,203	3,506	6,215	2,203	3,506	6,215
Entities outside Mauritius	7,366,592	5,207,797	3,023,991	6,285,746	4,393,090	2,248,812
	40,791,812	36,206,390	30,476,523	38,770,498	34,672,210	29,138,401
Less allowance for credit impairment	(998,004)	(1,021,308)	(714,118)	(708,174)	(789,217)	(557,074)
	39,793,808	35,185,082	29,762,405	38,062,324	33,882,993	28,581,327

a. Remaining term to maturity

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Up to 3 months	7,673,482	8,825,193	5,019,948	7,125,551	8,566,868	4,868,289
Over 3 months and up to 6 months	2,150,583	1,340,941	1,581,223	2,068,489	1,206,265	1,459,093
Over 6 months and up to 12 months	2,882,663	2,512,694	3,075,567	2,542,660	2,377,199	2,906,943
Over 1 year and up to 2 years	2,275,495	1,567,441	1,881,491	1,805,593	1,148,602	1,288,958
Over 2 years and up to 5 years	8,369,367	6,115,384	6,181,809	7,852,041	5,583,858	5,902,824
Over 5 years	17,440,222	15,844,737	12,736,485	17,376,164	15,789,418	12,712,294
	40,791,812	36,206,390	30,476,523	38,770,498	34,672,210	29,138,401

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

8. Loans and advances to customers (cont'd)

b. Net investment in finance leases

The amount of net investment in finance leases included in loans and advances to customers and the associated allowance for impairment are as follows:-

	Group			
	Up to one year MRs' 000	After one year and up to 5 years MRs' 000	After 5 years MRs' 000	Total MRs' 000
<u>2009</u>				
Gross investment in finance leases	423,262	692,015	36,655	1,151,932
Less: Unearned finance income	(113,108)	(95,835)	(2,521)	(211,464)
Present value of minimum lease payments	310,154	596,180	34,134	940,468
Allowance for impairment				(12,173)
				928,295
<u>2008</u>				
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 impairment				(24,641)
				793,680
<u>2007</u>				
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 impairment				(10,573)
				677,571

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

8. Loans and advances to customers (cont'd)

c. Credit concentration of risk by industry sectors

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Agriculture and Fishing	783,793	788,216	642,557	721,381	685,575	555,098
Manufacturing	6,667,979	6,280,162	3,912,751	6,160,148	5,891,393	3,497,633
of which EPZ	2,810,518	3,342,898	1,957,189	2,714,631	3,235,146	1,824,115
Tourism	7,144,952	7,569,901	6,147,228	6,997,562	7,458,916	6,057,213
Transport	1,006,316	444,534	288,865	792,407	362,374	236,497
Construction	1,761,987	1,802,121	1,812,289	1,584,404	1,725,535	1,732,655
Financial and business services	2,647,873	2,134,010	1,746,140	2,636,281	2,062,407	1,677,690
Traders	4,416,509	3,563,510	4,252,627	3,900,092	3,046,130	3,826,134
Personal	11,111,876	9,548,936	8,009,540	11,023,398	9,474,331	7,962,769
of which credit cards	271,394	265,771	250,462	271,394	265,771	250,462
Professional	178,850	113,256	158,398	177,468	99,042	154,951
Global Business Licence holders	1,637,870	208,773	254,963	1,637,870	208,773	254,963
Others	3,433,807	3,752,971	3,251,165	3,139,487	3,657,734	3,182,798
	40,791,812	36,206,390	30,476,523	38,770,498	34,672,210	29,138,401

d. Allowance for credit impairment

	Group			Bank		
	Specific allowance for credit impairment MRs' 000	Portfolio allowance for credit impairment MRs' 000	Total MRs' 000	Specific allowance for credit impairment MRs' 000	Portfolio allowance for credit impairment MRs' 000	Total MRs' 000
At July 1, 2006	542,003	269,711	811,714	436,362	257,681	694,043
Exchange difference	27,576	1,018	28,594	6,300	1,018	7,318
Loans written off out of allowance	(454,273)	-	(454,273)	(446,925)	-	(446,925)
Interest accrued on impaired advances (Note 29)	(10,045)	-	(10,045)	(10,045)	-	(10,045)
Allowance for credit impairment for the year (Note 29)	360,022	(21,894)	338,128	332,491	(19,808)	312,683
At June 30, 2007	465,283	248,835	714,118	318,183	238,891	557,074
Exchange difference	12,954	(2,290)	10,664	(147)	(2,435)	(2,582)
Loans written off out of allowance	(105,114)	-	(105,114)	(11,541)	-	(11,541)
Interest accrued on impaired advances (Note 29)	(33,993)	-	(33,993)	(33,993)	-	(33,993)
Allowance for credit impairment for the year (Note 29)	369,455	66,178	435,633	217,623	62,636	280,259
At June 30, 2008	708,585	312,723	1,021,308	490,125	299,092	789,217
Exchange difference	(8,692)	737	(7,955)	-	923	923
Loans written off out of allowance	(189,194)	-	(189,194)	(175,765)	-	(175,765)
Interest accrued on impaired advances (Note 29)	(17,128)	-	(17,128)	(17,128)	-	(17,128)
Allowance for credit impairment for the year (Note 29)	134,478	56,495	190,973	61,082	49,845	110,927
At June 30, 2009	628,049	369,955	998,004	358,314	349,860	708,174

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

8. Loans and advances to customers (cont'd)

e. Allowance for credit impairment by industry sectors

	2009					2008	2007
	Gross amount of loans MRs' 000	Impaired loans MRs' 000	Specific allowance for credit impairment MRs' 000	Portfolio allowance for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000
Group							
Agriculture and Fishing	783,793	44,388	43,568	4,530	48,098	20,938	46,512
Manufacturing	6,667,979	38,192	25,444	98,992	124,436	288,654	88,820
<i>of which EPZ</i>	2,810,518	1,576	18	28,971	28,989	225,378	26,677
Tourism	7,144,952	9,505	8,517	69,359	77,876	12,315	9,463
Transport	1,006,316	113,891	112,840	1,927	114,767	11,610	13,106
Construction	1,761,987	160,822	62,803	26,456	89,259	68,685	77,150
Financial and business services	2,647,873	-	-	17,650	17,650	142,238	18,612
Traders	4,416,509	150,269	122,814	46,254	169,068	100,451	147,176
Personal	11,111,876	284,160	227,627	63,405	291,032	227,631	180,609
<i>of which credit cards</i>	271,394	16,393	16,403	6,670	23,073	26,813	22,849
Professional	178,850	-	11,978	907	12,885	7,400	7,962
Global Business Licence holders	1,637,870	-	-	8,028	8,028	-	-
Others	3,433,807	15,789	12,458	23,601	36,059	38,213	22,171
Additional provision held	-	-	-	8,846	8,846	103,173	102,537
	40,791,812	817,016	628,049	369,955	998,004	1,021,308	714,118

	2009					2008	2007
	Gross amount of loans MRs' 000	Impaired loans MRs' 000	Specific allowance for credit impairment MRs' 000	Portfolio allowance for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000
Bank							
Agriculture and Fishing	721,381	2,888	2,068	4,422	6,490	3,339	4,222
Manufacturing	6,160,148	29,645	16,897	94,799	111,696	273,481	78,621
<i>of which EPZ</i>	2,714,631	1,576	18	26,514	26,532	211,949	26,677
Tourism	6,997,562	8,966	7,978	69,357	77,335	11,947	8,396
Transport	792,407	5,319	4,267	1,462	5,729	10,930	12,848
Construction	1,584,404	146,364	48,345	24,051	72,396	56,546	74,896
Financial and business services	2,636,281	-	-	17,650	17,650	6,939	3,988
Traders	3,900,092	44,747	35,604	42,695	78,299	69,335	82,431
Personal	11,023,398	280,678	224,144	63,248	287,392	227,512	168,946
<i>of which credit cards</i>	271,394	16,393	16,403	6,670	23,073	26,813	22,849
Professional	177,468	-	11,978	907	12,885	7,384	7,962
Global Business Licence holders	1,637,870	-	-	8,028	8,028	-	-
Others	3,139,487	10,362	7,033	21,597	28,630	28,110	22,170
Additional provision held	-	-	-	1,644	1,644	93,694	92,594
	38,770,498	528,969	358,314	349,860	708,174	789,217	557,074

Total impaired loans for 2008 for the Group and the Bank were MRs 878m (2007: MRs 850m) and MRs 597m (2007: MRs 539m) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

8. Loans and advances to customers (cont'd)

e. Allowance for credit impairment by industry sectors (cont'd)

Portfolio allowance is computed in accordance with International Financial Reporting Standards, based on the historical loss experience for each portfolio, as adjusted to reflect the estimated effect of current conditions that did not affect the periods on which the historical loss experience is based. Additional provision is held to comply with Bank of Mauritius guidelines (minimum portfolio allowance of 1% of the entire performing loans portfolio, excluding loans which are collateralised by liquid assets and credits extended directly to the Government of Mauritius or to Public Sector Enterprises backed by Government guarantees).

9. Investment securities

a. Held-to-maturity investment securities

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Government bonds	-	107,212	200,764	-	56,304	149,856
Treasury bills / notes	746,669	122,782	-	695,771	-	-
Bank bonds secured by government	1,222	54,846	63,204	1,222	54,846	63,204
	747,891	284,840	263,968	696,993	111,150	213,060

b. Investment securities - loans and receivables

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Government bonds	6,183,351	5,479,602	3,446,382	6,183,351	5,479,602	3,446,382
Treasury bills / notes	8,135,010	4,996,568	3,293,329	7,420,765	4,145,561	2,668,382
	14,318,361	10,476,170	6,739,711	13,604,116	9,625,163	6,114,764

Included in Investment Securities for the Group and the Bank is an amount of MRs 100 million maturing within 1 year 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.

c. Available-for-sale investment securities

	Note	Group			Bank		
		2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Treasury bills / notes		-	787,161	956,275	-	787,161	769,770
Investment in subsidiaries	9c (i)	-	-	-	212,923	192,431	105,511
Investment in associates	9c (ii)	523,670	477,281	406,526	288,692	282,761	231,380
Other equity investments	9c (iii)	3,421,487	2,880,407	2,562,333	2,667,644	2,267,330	1,976,283
		3,945,157	4,144,849	3,925,134	3,169,259	3,529,683	3,082,944
Total investment securities		19,011,409	14,905,859	10,928,813	17,470,368	13,265,996	9,410,768

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

9. Investment securities (cont'd)

c. Available-for-sale investment securities (cont'd)

(i) Subsidiaries

	Country of Incorporation and Operation	Business Activity	Issued Capital	Effective % holding		
				2009	2008	2007
Details of subsidiaries and Associates are as follows:-						
<i>Subsidiaries</i>						
Banque SBM Madagascar SA	Madagascar	Banking	MGA 7.4Bn	100	100	100
SBM Lease Limited	Mauritius	Leasing	MRs 200 M	100	100	100
SBM Mauritius Asset Managers Ltd	Mauritius	Asset Management	MRs 1M	100	100	100
SBM Securities Limited	Mauritius	Stockbroking	MRs 0.5 M	100	100	100
SBM Financials Ltd	Mauritius	Fiduciary services	MRs 0.5 M	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	100	-
SBM Asset Management Limited*	Mauritius	Asset Management	USD 10,000	100	100	-
SBM Capital Management Limited*	Mauritius	Asset Management	USD 10,000	100	100	-
<i>Associates</i>						
State Insurance Company of Mauritius Ltd	Mauritius	Insurance		20	20	20

The issued share capital of all subsidiaries have remained the same over the 3 years, except for :

- Banque SBM Madagascar SA (2009 and 2008: MGA 7.4Bn and 2007: MGA 3Bn)
- SBM Lease Limited (2009 and 2008: MRs 200 M and 2007: MRs 25 M)

* These companies have not yet started operation.

(ii) Associates

	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Summarised financial information in respect of the Group's associates is set out below:			
Total assets	12,535,034	11,358,522	10,154,075
Total liabilities	9,895,325	9,026,617	8,056,077
Total revenue	1,155,825	810,473	693,750
Total profit for the year	307,953	294,314	249,000
Share of profit	64,517	61,019	49,800
Share of net assets	523,670	477,281	406,526

(iii) Other equity investments

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
AFS investment securities						
- Quoted	123,427	129,038	66,375	-	-	-
- Unquoted (at fair value)	2,865,189	2,474,201	2,145,001	2,636,469	2,224,655	1,933,081
- Unquoted (at cost)	432,871	277,168	350,957	31,175	42,675	43,202
	3,421,487	2,880,407	2,562,333	2,667,644	2,267,330	1,976,283

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

10. Property and equipment

	Freehold land and buildings MRs' 000	Leasehold buildings MRs' 000	Other tangible fixed assets MRs' 000	Motor vehicles MRs' 000	Total MRs' 000
Group					
<u>Cost or Valuation</u>					
At 1 July 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
Exchange difference	12,114	-	583	(46)	12,651
Additions	4,111	-	110,138	5,370	119,619
Disposals	-	-	(78,228)	(3,864)	(82,092)
At 30 June 2009	619,873	1,574,540	1,619,971	27,805	3,842,189
<u>Accumulated depreciation</u>					
At 1 July 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
Exchange difference	514	-	711	(39)	1,186
Disposals	-	-	(73,494)	(3,634)	(77,128)
Charge for the year	11,179	38,880	117,584	4,744	172,387
At 30 June 2009	39,856	192,977	1,317,269	8,675	1,558,777
<u>Net Book Value</u>					
At 30 June 2009	580,017	1,381,563	302,702	19,130	2,283,412
Progress payments on tangible fixed assets					10,343
					2,293,755
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

10. Property and equipment (cont'd)

	Freehold land and buildings MRs' 000	Leasehold buildings MRs' 000	Other tangible fixed assets MRs' 000	Motor vehicles MRs' 000	Total MRs' 000
Bank					
<u>Cost or Valuation</u>					
At 1 July 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
Exchange difference	12,114	-	1,852	36	14,002
Additions	4,111	-	109,413	3,385	116,909
Disposals	-	-	(78,228)	(3,449)	(81,677)
At 30 June 2009	619,873	1,574,540	1,550,260	12,824	3,757,497
<u>Accumulated depreciation</u>					
At 1 July 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
Exchange difference	514	-	1,698	29	2,241
Disposals	-	-	(73,494)	(3,219)	(76,713)
Charge for the year	11,179	38,880	107,225	2,515	159,799
At 30 June 2009	39,856	192,977	1,281,675	4,401	1,518,909
<u>Net Book Value</u>					
At 30 June 2009	580,017	1,381,563	268,585	8,423	2,238,588
Progress payments on tangible fixed assets					10,346
					2,248,934
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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Freehold land and buildings	275,659	271,315	288,521
Leasehold buildings	486,060	499,151	512,242
	761,719	770,466	800,763

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 in 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:

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Computer Equipment	28,449	60,074	124,216
Plant and Equipment	8,497	10,736	12,541
Motor Vehicles	279	430	582
	37,225	71,240	137,339

The net book value of assets subject to operating lease included in property and equipment is as follows:

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Plant and Equipment	26,486	31,342	-
Motor Vehicles	9,285	10,115	-
	35,771	41,457	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

11. Intangible assets

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Cost						
At 1 July	829,762	822,494	850,312	842,724	836,045	824,333
Exchange difference	648	(2,428)	9,467	648	(2,426)	1,729
Additions	24,219	22,152	47,073	20,620	21,561	47,073
Disposals	(4,975)	(12,456)	(84,358)	(4,975)	(12,456)	(37,090)
At 30 June	849,654	829,762	822,494	859,017	842,724	836,045
Accumulated amortisation						
At 1 July	638,060	517,926	438,163	640,336	521,376	429,707
Exchange difference	540	(1,572)	4,033	541	(1,570)	488
Disposals	(4,692)	(12,456)	(59,871)	(4,692)	(12,456)	(37,090)
Charge for the year	137,471	134,162	135,601	135,926	132,986	128,271
At 30 June	771,379	638,060	517,926	772,111	640,336	521,376
Net book value	78,275	191,702	304,568	86,906	202,388	314,669
Progress payments on software	713	4,368	493	401	-	-
	78,988	196,070	305,061	87,307	202,388	314,669

Intangible assets disclosed above consist of acquired computer software. The net book value of intangible assets held under finance leases by the Bank amounted to MRs 23.4M (2008:MRs 55.6M and 2007: MRs 177.3M).

12. Other assets

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Mandatory balances with Central Bank ¹	2,822,563	2,196,603	1,922,086	2,499,819	1,918,884	1,695,586
Accounts receivable ²	75,888	163,714	268,525	62,924	147,449	255,633
Balances due in clearing	170,169	221,454	219,528	155,540	209,828	211,097
Tax paid in advance ³	159,231	134,218	166,101	111,366	100,991	165,743
Pension Asset (Note 13)	7,324	6,072	26,211	7,324	6,072	26,211
Balances with Clearing Corporation In India	20,982	14,180	16,620	20,982	14,180	16,620
Others ⁴	72,076	32,960	50,283	67,924	28,884	41,884
	3,328,233	2,769,201	2,669,354	2,925,879	2,426,288	2,412,774

¹ Balances to be maintained with central bank as cash reserve requirement

² Amounts receivable from other parties included in other assets are generally receivable within 3 months

³ The tax paid in advance is incurred by the Indian Operations and Banque SBM Madagascar. The amount is shown net of current tax payable.

⁴ Included in other assets of the Group and the Bank is an amount of MRs 0.07m (2008:MRs 0.03m and 2007:MRs 8.5m) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

13. Pension asset

Amount recognised in the Balance Sheet:

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Present value of funded obligations	479,064	385,352	318,494
Fair value of plan assets	(513,550)	(572,488)	(518,247)
	(34,486)	(187,136)	(199,753)
Unrecognised actuarial gain	27,162	181,064	173,542
Asset recognised in the Balance Sheet	(7,324)	(6,072)	(26,211)

At 30 June 2009, about 17.6% (2008: 19.7% and 2007: 11.7%) 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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Current service cost	25,953	21,836	14,147
Interest cost	39,655	35,269	34,390
Expected return on plan assets	(59,444)	(53,838)	(39,947)
Actuarial gain recognised	(4,953)	(4,869)	(170)
Past service cost recognised	-	24,237	-
Total included in staff costs	1,211	22,635	8,420
Actual return on plan assets	(48,743)	66,206	119,594

Movements in the asset recognised in the Balance Sheet:

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
At 1 July	(6,072)	(26,211)	(18,641)
Contributions paid	(2,463)	(2,496)	(15,990)
Total expense as above	1,211	22,635	8,420
At 30 June	(7,324)	(6,072)	(26,211)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

13. Pension asset (cont'd)

Movements in the fair value of the plan assets were as follows:

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Fair value of plan assets at start of year	572,488	518,247	395,581
Expected return on plan assets	59,444	53,838	39,947
Employer contributions	2,463	2,496	15,990
Benefits paid	(12,658)	(14,461)	(12,918)
Asset (loss) / gain	(108,187)	12,368	79,647
Fair value of plan assets at end of year	513,550	572,488	518,247

The main categories of plan assets at the balance sheet date for each category are as follows:

	Group and Bank		
	2009 %	2008 %	2007 %
Percentage of assets at end of year:			
Local equities	43	51	41
Local bonds	27	22	15
Loan	-	-	13
Overseas bonds and equities	30	26	30
Other	-	1	1
	100	100	100

The history of experience adjustments is as follows:

	Group and Bank			
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2006 MRs' 000
Fair value of plan assets	513,550	572,488	518,247	395,581
Present value of defined benefit obligation	(479,064)	(385,352)	(318,494)	(348,996)
Surplus	34,486	187,136	199,753	46,585
Asset experience (loss) / gain during the year	(108,187)	12,368	79,647	-
Liability experience gain during the year	-	-	55,201	-

The Group expects to make a contribution of around MRs 15.7m to the SBM Group Pension Fund during the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

13. Pension asset (cont'd)

The principal actuarial assumptions used for accounting purposes were:

	Group and Bank		
	<u>2009</u> %	<u>2008</u> %	<u>2007</u> %
Discount rate	10.0	10.5	10.5
Expected rate of return on plan assets	10.0	10.5	10.5
Future salary cost increases	9.0	9.0	9.0
Future pension increases	3.0	3.0	-

Pension amounts and disclosures have been based on the report dated August 13, 2009 submitted by an independent firm of Actuaries and Consultants.

14. Deposits from banks

	Group			Bank		
	<u>2009</u> MRs' 000	<u>2008</u> MRs' 000	<u>2007</u> MRs' 000	<u>2009</u> MRs' 000	<u>2008</u> MRs' 000	<u>2007</u> MRs' 000
Demand deposits	151,725	46,758	93,650	271,771	155,910	119,892

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

15. Deposits from customers

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Retail customers						
Current accounts	5,359,662	4,074,992	2,106,645	5,227,925	3,945,915	1,997,774
Savings accounts	19,850,402	17,784,808	16,843,838	19,779,041	17,713,082	16,788,525
Time deposits with remaining term to maturity						
Up to 3 months	2,047,465	2,297,262	2,579,479	1,864,732	2,087,727	2,223,813
Over 3 months and up to 6 months	1,299,498	1,241,024	1,306,134	1,176,795	1,003,574	1,060,759
Over 6 months and up to 12 months	2,704,788	2,154,230	1,929,882	2,398,735	1,875,500	1,694,750
Over 1 year and up to 5 years	5,377,453	5,731,023	4,659,738	4,653,330	5,181,505	4,038,440
Over 5 years	19,430	-	-	-	-	-
Corporate customers						
Current accounts	10,034,199	5,728,150	863,864	9,872,346	5,556,980	723,385
Savings accounts	3,652,535	4,855,931	7,580,216	3,674,330	4,856,322	7,578,326
Time deposits with remaining term to maturity						
Up to 3 months	3,955,556	4,440,913	5,220,301	3,892,168	4,318,863	4,989,031
Over 3 months and up to 6 months	1,415,058	614,226	847,921	1,375,763	493,274	674,297
Over 6 months and up to 12 months	1,705,556	1,317,994	1,505,856	1,676,684	1,181,138	1,306,641
Over 1 year and up to 5 years	1,370,250	1,373,509	216,258	2,662,080	1,243,309	130,260
Over 5 years	-	98	909	-	98	909
Government						
Current accounts	2,584,613	1,045,932	544,798	2,400,322	976,632	544,798
Savings accounts	1,506,972	1,648,881	1,553,034	1,382,806	1,563,208	1,553,034
Time deposits with remaining term to maturity						
Up to 3 months	3,136	220,267	232,793	3,136	16,720	232,793
Over 3 months and up to 6 months	146,432	186,542	194,534	335	100,461	194,533
Over 6 months and up to 12 months	127,799	113,955	264,460	5,178	4,451	226,712
Over 1 year and up to 5 years	408,571	5,761	24,520	14,650	5,760	24,522
	63,569,375	54,835,498	48,475,180	62,060,356	52,124,519	45,983,302

16. Other borrowed funds

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Borrowings from central banks	143,245	184,196	216,919	143,245	184,196	216,919
Borrowings from banks						
in Mauritius	4,648	177,019	218,129	4,648	177,019	218,129
abroad	3,118	5,592	430,763	3,118	33	430,763
Obligations under finance leases	-	-	-	72,062	144,689	296,282
Other	906,495	-	116,376	906,495	-	116,376
	1,057,506	366,807	982,187	1,129,568	505,937	1,278,469

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

Borrowings from banks have a maturity of up to 3 months for the 3 years, whilst other borrowings have a maturity of more than 5 years (2008: Nil and 2007: up to 3 months)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

16. Other borrowed funds (cont'd)

a. Details of obligations under finance leases, included in the above schedule, are disclosed below:

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.

	6-12 months MRs' 000	1-2 years MRs' 000	2-5 years MRs' 000	Total MRs' 000
Bank				
<u>2009</u>				
Minimum lease payments	13,818	67,276	-	81,094
Less: future finance charges	(892)	(8,140)	-	(9,032)
Present value of minimum lease payments	12,926	59,136	-	72,062
<u>2008</u>				
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
<u>2007</u>				
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

17. Taxation

a. Tax expense

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Accounting profit	2,344,619	2,397,008	1,739,606	2,072,293	2,261,853	1,708,637
Tax on accounting profit at the applicable tax rate	351,693	359,551	391,411	310,844	339,278	384,443
Net tax effect of non-taxable and other items	50,141	(86,166)	(110,281)	83,059	(76,175)	(121,140)
Current tax provision for the year	401,834	273,385	281,130	393,903	263,103	263,303

The applicable tax rate for the Bank in Mauritius is 15% (2008:15% and 2007: 22.5%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

17. Taxation (cont'd)

a. Tax expense (cont'd)

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Current tax provision for the year	401,834	273,385	281,130	393,903	263,103	263,303
Exchange difference	(564)	3,453	(584)	(793)	3,291	(470)
(Over) / Under provision in previous years	(12,400)	43,292	(43,151)	(12,501)	45,046	(43,585)
Withholding tax on dividend	-	-	1,060	-	-	-
Current Tax Expense	388,870	320,130	238,455	380,609	311,440	219,248
Deferred tax Income	(69,589)	(37,095)	(4,737)	(70,037)	(38,528)	(5,036)
Total Tax expense	319,281	283,035	233,718	310,572	272,912	214,212

The Group's total tax expense can also be analysed as being incurred as follows:-

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
In Mauritius	293,736	220,440	210,932
Overseas	25,545	62,595	22,786
Total tax expense	319,281	283,035	233,718

b. Deferred taxation

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
<u>Deferred tax liability</u>						
At 1 July	199,227	241,102	286,714	198,982	242,290	288,202
Exchange difference	4,179	(14,018)	5,506	4,179	(14,018)	5,506
Effect of change in deferred tax rate	-	9,238	(75,181)	-	9,238	(75,181)
Deferred tax income	(69,589)	(37,095)	(9,055)	(70,037)	(38,528)	(9,355)
Deferred tax element on revaluation of tangible assets	-	-	33,118	-	-	33,118
At 30 June	133,817	199,227	241,102	133,124	198,982	242,290
Analysed as resulting from:						
Accelerated capital allowances	55,208	74,718	100,611	52,742	72,845	100,307
Pension asset and other employee benefits	(2,201)	(2,574)	420	(2,201)	(2,574)	420
Allowances for credit impairment	(113,147)	(73,094)	(63,538)	(111,374)	(71,466)	(62,046)
Revaluation of fixed assets	198,590	200,177	203,609	198,590	200,177	203,609
Other provisions	(4,633)	-	-	(4,633)	-	-
	133,817	199,227	241,102	133,124	198,982	242,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

18. Other liabilities

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Bills payable	96,909	154,836	99,623	84,060	150,749	88,560
Accruals for operating and non-operating expenses	214,236	138,809	103,414	232,438	136,381	101,818
Accounts payable	71,412	76,657	63,053	56,961	104,044	86,245
Deferred income	13,846	15,517	16,874	13,912	15,256	54,927
Balance due in clearing	184,317	245,330	163,275	149,758	206,649	121,709
Balances in transit	290,812	194,491	61,434	290,812	123,909	-
Specific allowance on off-balance sheet advances	-	105	-	-	105	-
Others	57,323	8,231	12,621	31,141	14,878	8,516
	928,855	833,976	520,294	859,082	751,971	461,775

19. Dividend declared

	Group and Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Dividend declared after the balance sheet date of Rs 2.75 (2008: Rs 2.55 and 2007: Rs 2.10) per share	709,993	658,357	542,176

Dividend declared after the balance sheet date is not included as a liability in the financial statements.

20. Share capital

Group and Bank	2009		2008		2007	
	Number	MRs' 000	Number	MRs' 000	Number	MRs' 000
<u>Issued, subscribed and paid up share capital</u>						
At 1 July	303,740,223	303,740	303,740,223	303,740	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	303,740,223	303,740
<u>Treasury shares held</u>						
At 1 July	45,561,033	45,561	45,561,033	45,561	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	45,561,033	45,561

The number of shares relates to ordinary shares of MRe 1 each. Fully paid ordinary shares carry one vote per share and the right to dividend, except for treasury shares which have no such rights.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

21. Memorandum items

a. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers, and spot foreign exchange contracts

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Acceptances on account of customers	209,233	247,687	397,439	207,280	219,234	362,815
Guarantees on account of customers	2,730,620	2,692,973	2,708,136	2,699,001	2,654,882	2,690,138
Letters of credit and other obligations on account of customers	495,783	829,314	1,543,658	401,988	770,104	1,494,377
Spot foreign exchange contracts	1,058,274	1,445,465	2,662,533	1,003,610	1,406,677	2,644,985
Other contingent items	813,362	-	97,619	813,362	-	97,618
	5,307,272	5,215,439	7,409,385	5,125,241	5,050,897	7,289,933

b. Credit commitments

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Undrawn credit facilities	5,043,907	3,802,679	3,545,754	4,919,452	3,555,717	3,198,699

c. 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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Treasury bills / government bonds	147,180	155,275	1,236,946
Deposits	20,982	-	-
	168,162	155,275	1,236,946

d. Capital commitments

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Approved and contracted for	19,898	24,331	24,604	19,898	24,331	24,160
Approved and not contracted for	17,250	25,646	100	17,250	25,646	1,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

e. Operating lease

Leasing arrangements - The Group as lessee

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Operating lease expense	29,326	26,907	40,458	17,393	15,753	27,479

Operating lease expense represents rentals payable for property and equipment. Operating lease contracts contain renewal clauses in the event that the Group exercises its option to renew the contracts. 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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Up to 1 year	6,585	25,452	15,503	6,585	13,702	15,503
After 1 year and before 5 years	16,759	40,164	17,569	16,759	13,320	17,569
After 5 years	4,270	188	340	4,270	188	340
	27,614	65,804	33,412	27,614	27,210	33,412

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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Up to 1 year	11,186	11,122	-
After 1 year and before 5 years	28,606	38,779	-
After 5 years	-	790	-
	39,792	50,691	-
Operating lease income	11,237	6,462	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

22. Net interest income

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Interest income						
Cash and cash equivalents	213,894	457,143	467,448	207,416	394,547	452,436
Loans to and placements with banks	35,308	47,248	20,767	35,308	47,248	20,766
Loans and advances to customers	3,782,802	3,851,210	3,353,509	3,600,415	3,717,745	3,220,873
Investment securities	1,247,514	966,733	708,628	1,145,399	851,070	631,745
Trading assets	53,756	6,368	14,412	53,756	6,367	14,304
Total interest income	5,333,274	5,328,702	4,564,764	5,042,294	5,016,977	4,340,124
Interest expense						
Deposits from banks	(2,612)	(110)	(66)	(2,612)	(110)	(66)
Deposits from customers	(2,889,179)	(3,263,321)	(2,681,977)	(2,750,166)	(3,098,104)	(2,516,991)
Lease finance charges	-	-	-	(14,547)	(32,938)	(59,046)
Other borrowed funds	(41,545)	(20,930)	(75,651)	(43,521)	(22,285)	(78,950)
Other	-	(174)	(647)	-	(174)	(549)
Total interest expense	(2,933,336)	(3,284,535)	(2,758,341)	(2,810,846)	(3,153,611)	(2,655,602)
Net interest income	2,399,938	2,044,167	1,806,423	2,231,448	1,863,366	1,684,522

23. Net fee and commission income

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Fee and commission income						
Retail banking customer fees	209,165	176,052	181,175	199,080	168,691	173,262
Corporate banking customer fees	207,653	133,433	115,030	183,891	114,840	104,405
Brokerage	4,962	6,042	3,848	-	-	-
Asset management fees	17,398	26,659	20,884	-	-	-
Card income	317,684	304,465	277,315	317,684	304,465	277,315
Other	-	-	2,898	-	-	-
Total fee and commission income	756,862	646,651	601,150	700,655	587,996	554,982
Fee and commission expense						
Interbank transaction fees	(9,205)	(7,512)	(10,540)	(9,205)	(7,512)	(10,540)
Other	(791)	(403)	(306)	(791)	(403)	(306)
Total fee and commission expense	(9,996)	(7,915)	(10,846)	(9,996)	(7,915)	(10,846)
Net fee and commission income	746,866	638,736	590,304	690,659	580,081	544,136

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

24. Dividend income

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Available-for-sale securities	310,245	846,796	294,564	209,330	822,413	406,045
Trading securities	39	45	78	39	45	78
	310,284	846,841	294,642	209,369	822,458	406,123

25. Net trading income

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Fixed income securities	12,366	1,680	3,392	12,366	1,632	3,304
Equities	(2,437)	17,201	4,516	(2,437)	17,201	4,574
Other	(8,395)	(274)	(304)	(8,395)	(274)	(304)
	1,534	18,607	7,604	1,534	18,559	7,574

26. Other operating income

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Gain on sale of available-for-sale securities:						
Equity shares of companies	-	93,552	28,677	-	92,785	26,377
Foreign exchange gain	519,340	466,158	385,779	479,878	437,214	364,209
Other	3,833	(2,656)	12,411	3,742	(2,656)	12,267
	523,173	557,054	426,867	483,620	527,343	402,853

27. Personnel expenses

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Wages and salaries	557,162	456,462	351,883	539,676	441,389	341,899
Other social security obligations	6,455	5,192	4,364	6,297	5,128	4,317
Contributions to defined contribution plans	33,448	26,580	18,178	31,370	25,426	17,229
Cash-settled share-based payments	(6,420)	26,256	10,596	(6,495)	26,256	10,596
Increase in liability for defined benefit plans	1,211	22,635	8,420	1,211	22,635	8,420
Other personnel expenses	73,580	75,676	44,657	69,811	71,481	41,565
	665,436	612,801	438,098	641,870	592,315	424,026

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

28. Other expenses

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Software licensing and other information technology cost	117,088	127,554	111,104	111,218	122,287	106,289
Auditors' remuneration (audit fee):						
- Principal auditors	4,612	4,393	3,939	4,175	4,001	3,643
- Other auditors	588	637	458	338	307	216
Other	325,374	333,990	292,473	291,873	308,730	251,443
	447,662	466,574	407,974	407,604	435,325	361,591

29. Net impairment loss on financial assets

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Portfolio and specific provisions:						
- On balance sheet advances	190,974	435,633	338,128	110,926	280,259	312,683
- Off balance sheet exposure	-	105	-	-	105	-
Interest accrued on impaired advances	(17,128)	(33,993)	(10,045)	(17,128)	(33,993)	(10,045)
Bad debts written off for which no provisions were made	5	11	7	5	11	7
Recoveries of advances written off	(15,114)	(14,856)	(25,917)	(14,665)	(11,256)	(25,917)
Other loss	120,000	5,000	-	120,000	-	-
	278,737	391,900	302,173	199,138	235,126	276,728
Of which:						
Loans and advances to customers	158,737	386,900	302,173	79,138	235,126	276,728
Other financial assets ¹	120,000	5,000	-	120,000	-	-
	278,737	391,900	302,173	199,138	235,126	276,728

¹In 2009, a loss of Rs120m has been booked in respect of other receivables, which continue to be actively pursued for recovery. In 2008, a loss of Rs5m arose on the impairment of an equity investment made by the Group in an unquoted company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

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		
	2009	2008	2007
Profit attributable to equity holders of the parent (MRs' 000)	2,025,338	2,113,973	1,505,680
Weighted average number of shares entitled to dividend (thousands)	258,179	258,179	299,597
Earnings per share (MRs)	7.84	8.19	5.03

31. Related party transactions

	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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Group									
(a) Credit facilities									
(i) Loans									
Balance at beginning of year	2,268	4,582	1,375	3	2	2	1,475,995	97,132	44,560
Loans of directors / entities who ceased to be related parties during the year	(1,056)	(2,198)	-	-	-	-	-	-	-
Existing loans of new related parties	2,739	-	3,423	-	-	-	-	-	-
Other net movements	(599)	(116)	(217)	(3)	1	-	162,507	1,377,863	52,572
Balance at end of year	3,352	2,268	4,582	-	3	2	1,637,502	1,474,995	97,132
(ii) Off balance sheet obligations									
Balance at end of year	-	-	-	1,054	1,321	1,061	253,899	214,129	875,137
(b) Deposits at end of year	45,417	94,678	84,914	425,824	450,597	744,585	775,107	20,059	12,636
(c) Interest income	295	284	394	3	-	1	214,462	189,471	106,816
(d) Interest expense	1,636	5,479	4,122	17,220	47,029	25,204	14,081	39,571	53,665
(e) Other income	42	38	30	1,172	1,804	1,153	49,421	15,412	15,360
(f) Purchase of goods and services	-	-	-	8,286	2,602	3,221	-	-	-
(g) Emoluments	47,504	82,006	52,148	-	-	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

31. Related party transactions (cont'd)

Amount netted are shown below:

	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Loans	1,465,070	1,253,382	156,250
Other advances	711,139	-	1,037,955
Off-balance sheet obligations	-	-	259,928
Deposits	2,176,209	1,253,382	1,454,133

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

	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Deposits at end of year	6,747	11,617	10,124
Interest expense	992	2,914	842
Other income	11	110	6
Contributions paid	27,214	42,325	20,417

Bank

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

	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Loans and advances	-	98,823	125,201
Deposits	1,672,020	232,518	125,020
Obligations under finance leases	72,062	144,689	296,282
Interest income	1,543	12,323	52,743
Interest expense	49,762	42,675	85,247
Non interest income	1,063	21,440	119,250
Non interest expense	423	2,126	2,051

32. 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) 150,000 of the options issued in 2009 are exercisable after one year, with 50% of these options exercisable as from the second year and the balance exercisable at the end of the third year.
- (ii) The remaining options are exercisable after two or three years and within seven or ten years of the date of allocation. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

32. Phantom share options (cont'd)

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		
	2009	2008	2007	2009	2008	2007
Outstanding at beginning of the year	2,231,750	1,793,205	1,206,710	2,146,750	1,768,205	1,196,710
Allocated during the year	1,335,000	1,020,000	685,000	1,295,000	960,000	670,000
Lapsed during the year	(249,000)	(450,250)	-	(249,000)	(450,250)	-
Exercised during the year	(132,450)	(131,205)	(98,505)	(130,950)	(131,205)	(98,505)
Outstanding at end of the year	3,185,300	2,231,750	1,793,205	3,061,800	2,146,750	1,768,205

Terms of the phantom share options outstanding as at June 30, 2009:

	Group Number	Bank Number	Option Price (MRs)
Lapse Date			
August 2009	3,000	3,000	13.00
August 2010	10,000	10,000	10.00
July 2011	27,000	27,000	10.00
May 2012	150,000	150,000	80.00
August 2012	52,750	52,750	10.00
August 2014	153,550	153,550	20.00
August 2014	890,000	830,000	55.90
August 2015	1,110,000	1,070,000	85.00
October 2015	324,000	315,500	25.00
August 2016	465,000	450,000	37.60
	3,185,300	3,061,800	

As at June 30, 2009, the potential liability relating to the phantom share options was MRs 22.0M (2008: MRs 35.4M and 2007: MRs 14.8M).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

33. Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Group are disclosed in the Statement of Changes in Equity.

All banking and deposit-taking entities within the Group have met the minimum capital requirements set out by the respective regulatory body and where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of yearly profits.

The banking entities within the Group have all met their respective minimum capital adequacy ratio requirements. Banks in Mauritius are required to maintain a ratio of eligible capital to weighted risk assets of at least 10%, whereas for India and Madagascar, the minimum ratio is set at 9% and 8% respectively. As from March 2009, capital adequacy ratio was calculated based on Basel II methodology, as advocated by the Bank of Mauritius.

The eligible capital and capital adequacy ratios for the Group and Bank, computed as per the prevailing Bank of Mauritius guidelines, are shown below:

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Tier 1 Capital	8,723,978	7,671,539	6,073,470	6,080,536	5,085,236	3,612,478
Eligible Capital Base	10,683,317	9,356,925	8,071,256	8,116,242	7,218,109	5,817,985
Risk Weighted Assets	44,437,427	43,292,404	39,211,414	41,526,028	40,685,575	37,000,681
Capital adequacy ratio (%)	24.04	21.61	20.58	19.54	17.74	15.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management

The Board of Directors is ultimately responsible for risk management. It approves the risk policies and sets risk tolerance limits within which the Group should operate. Details of risk management framework is 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) Financial assets and liabilities

Financial assets and liabilities of the Group and Bank are shown in the tables below, grouped by categories.

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Financial assets						
Loans and receivables	71,768,480	60,267,323	52,814,993	68,689,192	56,366,776	49,106,606
Held-to-maturity	747,891	284,840	263,968	696,994	111,150	213,060
Available-for-sale	3,421,487	3,667,568	3,518,608	2,667,644	3,054,491	2,746,053
FVTPL - Held-for-trading	196,280	136,801	236,094	196,280	136,801	236,094
	76,134,138	64,356,532	56,833,663	72,250,110	59,669,218	52,301,813
Financial liabilities						
Measured at amortised cost	65,693,610	56,067,417	50,054,439	64,306,863	53,378,287	47,492,229
FVTPL - Held-for-trading	49,071	54,495	103,753	49,071	54,495	103,753
	65,742,681	56,121,912	50,158,192	64,355,934	53,432,782	47,595,982

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

(ii) Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the balance sheet date.

	Valuation Models	Group		Bank	
		Carrying value MRs' 000	Fair Value MRs' 000	Carrying value MRs' 000	Fair Value MRs' 000
2009					
Financial assets					
Cash and cash equivalents		11,764,439	11,764,439	11,481,860	11,481,860
Trading assets	Market price	196,280	196,280	196,280	196,280
Loans to and placements with banks		2,766,726	2,766,726	2,766,726	2,766,726
Loans and advances to customers	Discounted cash flow	39,793,808	39,943,599	38,062,324	38,202,801
Investment securities					
- Quoted equities	Market price	123,427	123,427	-	-
- Unquoted equities	Net asset value/ Dividend growth model/ Price earnings ratio	3,298,060	3,298,060	2,667,644	2,667,644
- Gilt-edged securities	Market price/ Discounted cash flow	15,066,252	15,454,093	14,301,109	14,688,950
Other assets		3,125,146	3,125,146	2,774,167	2,774,167
		76,134,138	76,671,770	72,250,110	72,778,428
Financial liabilities					
Deposits from banks		151,725	151,725	271,771	271,771
Deposits from customers	Discounted cash flow	63,569,375	64,200,040	62,060,356	62,593,640
Trading liabilities	Discounted cash flow	49,071	49,071	49,071	49,071
Other borrowed funds		1,057,506	1,057,506	1,129,568	1,129,568
Other liabilities		915,004	915,004	845,168	845,168
		65,742,681	66,373,346	64,355,934	64,889,218
2008					
Cash and cash equivalents		11,534,748	11,534,748	10,093,606	10,093,606
Trading assets	Market price	136,801	136,801	136,801	136,801
Loans to and placements with banks		464,404	464,404	464,404	464,404
Loans and advances to customers	Discounted cash flow	35,185,082	35,265,667	33,882,993	33,908,650
Investment securities					
- Quoted equities	Market price	129,038	129,038	-	-
- Unquoted equities	Net asset value/ Dividend growth model/ Price earnings ratio	2,751,369	2,751,369	2,267,330	2,267,330
- Gilt edged securities	Market price/ Discounted cash flow	11,548,171	11,606,699	10,523,474	10,581,634
Other assets		2,606,919	2,606,919	2,300,610	2,300,610
		64,356,532	64,495,645	59,669,218	59,753,035
Financial liabilities					
Deposits from banks		46,758	46,758	155,910	155,910
Deposits from customers	Discounted cash flow	54,835,498	54,894,743	52,124,519	52,165,062
Trading liabilities	Discounted cash flow	54,495	54,495	54,495	54,495
Other borrowed funds		366,807	366,807	505,937	505,937
Other liabilities		818,354	818,354	591,921	591,921
		56,121,912	56,181,157	53,432,782	53,473,325

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

(ii) Fair values (cont'd)

	Valuation Models	Group		Bank	
		Carrying value MRs' 000	Fair Value MRs' 000	Carrying value MRs' 000	Fair Value MRs' 000
<u>2007</u>					
Financial assets					
Cash and cash equivalents		13,788,759	13,788,759	12,134,389	12,134,389
Trading assets	Market price	236,094	236,094	236,094	236,094
Loans to and placements with banks		92,711	92,711	92,711	92,711
Loans and advances to customers	Discounted cash flow	29,762,405	29,776,388	28,581,327	28,559,822
Investment securities					
- Quoted equities	Market price	66,375	66,375	-	-
- Unquoted equities	Net asset value/ Dividend growth model/ Price earnings ratio	2,495,958	2,495,958	1,976,283	1,976,283
- Gilt edged securities	Market price/ Discounted cash flow	7,959,954	7,824,152	7,097,594	6,962,822
Other assets		2,431,407	2,431,407	2,183,415	2,183,415
		56,833,663	56,711,844	52,301,813	52,145,536
Financial liabilities					
Deposits from banks		93,650	93,650	119,892	119,892
Deposits from customers	Discounted cash flow	48,475,180	48,425,930	45,983,302	45,947,325
Trading liabilities	Discounted cash flow	103,753	103,753	103,753	103,753
Other borrowed funds		982,187	982,187	1,278,469	1,278,469
Other liabilities		503,422	503,422	110,566	110,566
		50,158,192	50,108,942	47,595,982	47,560,005

It is assumed that the carrying amounts of demand deposits, savings accounts, short term financial instruments and variable rate instruments approximate their fair value.

The fair value of financial instruments is based on quoted market prices where available.

The fair value of unquoted equity investments is determined using a hybrid of valuation models including net asset values and dividend growth model and/or price earnings ratio where information is available.

The fair value of fixed rate advances and term deposits have been estimated by discounting the expected future cash flows at 'current' interest rates . The 'current' interest rates have been derived by using a benchmark interest (the Group's prime lending rate or savings rate), holding the spread constant, and adjusting for the change in the benchmark interest rate from the origination date.

The fair value of gilt-edged securities have been estimated by discounting the expected future cash flows at market rates .

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

(iii) Profit for the year includes the following:

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Net fee income from financial assets or financial liabilities that are not measured at fair value through profit or loss:						
- Fee Income	714,115	627,868	557,595	682,786	587,710	525,591
- Fee Expense	(9,996)	(7,915)	(10,846)	(9,996)	(7,915)	(10,846)
Fees earned on trust and other fiduciary activities where the Group holds or invests assets on behalf of its customers:						
- Fee Income	13,775	18,501	14,164	134	-	-
Impairment Loss on Available-for-sale 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 assessment. 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 JUNE 30, 2009 (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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
<u>Fund-based exposures:</u>						
Cash and cash equivalents	11,225,578	11,052,409	13,388,270	10,988,381	9,646,404	11,757,630
Trading assets	119,174	33,375	176,297	119,174	33,375	176,297
Loans to and placements with banks	2,766,726	464,404	92,711	2,766,726	464,404	92,711
Loans and advances to customers	40,716,207	36,071,379	30,372,231	38,632,115	34,486,278	29,014,350
Investment securities	19,011,409	14,905,859	10,928,813	17,470,368	13,265,996	9,410,768
Other assets	2,822,563	2,104,124	1,922,086	2,499,819	1,826,405	1,695,586
	76,661,657	64,631,550	56,880,408	72,476,583	59,722,862	52,147,342
<u>Non-fund based exposures:</u>						
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	3,435,636	3,769,974	4,651,233	3,308,269	3,644,219	4,547,331
Credit commitments	5,043,907	3,802,679	3,545,754	4,919,452	3,555,717	3,198,699
	8,479,543	7,572,653	8,196,987	8,227,721	7,199,936	7,746,030

(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/ shares
- Government guarantee/ bank guarantee/ corporate guarantee/ personal guarantee
- Lien on vehicle
- Letter of comfort

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

b. Credit risk (cont'd)

(iii) Credit quality (cont'd)

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

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Grades:						
1 to 3 - Strong	24,854,252	24,660,930	18,598,981	23,586,508	23,724,681	17,999,732
4 to 6 - Satisfactory	15,197,251	10,002,216	9,874,524	14,922,497	9,567,955	9,482,042
7 to 10 (including unrated) - Weak	7,366,047	7,461,010	8,569,813	6,933,288	7,160,690	8,071,297
	47,417,550	42,124,156	37,043,318	45,442,293	40,453,326	35,553,071

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.

(iv) Credit exposure by portfolio

Advances that are neither past due nor impaired:

Portfolio	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Agriculture	914,020	859,218	716,970	863,265	827,167	673,883
Commerce	5,831,262	4,904,755	5,860,913	5,298,614	4,384,618	5,406,749
Consumer	12,222,790	10,267,372	8,353,190	12,130,728	10,119,753	8,282,735
Infrastructure	1,732,453	2,050,679	1,937,974	1,717,104	2,008,013	1,909,221
Job contractors	839,114	1,036,413	1,323,371	794,195	997,931	1,296,129
Manufacturing	8,218,475	7,017,685	5,227,746	7,681,627	6,535,527	4,714,523
New economy	644,769	672,640	702,227	644,562	672,336	700,332
Real estate	2,341,516	1,128,518	1,079,973	2,220,017	1,091,086	1,062,578
Services	6,805,544	5,845,059	4,654,883	6,358,240	5,542,123	4,416,068
Tourism	7,867,607	8,341,817	7,186,071	7,733,941	8,274,772	7,090,853
	47,417,550	42,124,156	37,043,318	45,442,293	40,453,326	35,553,071

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

b. Credit risk (cont'd)

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

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Up to 1 month	812,650	486,580	394,279	804,994	480,594	387,347
Over 1 month and up to 3 months	128,424	87,516	280,676	83,579	87,484	280,387
Over 3 months	20,111	33	716	-	33	716
	961,185	574,129	675,671	888,573	568,111	668,450

(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 allowance held are shown below:

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Loans and advances	817,016	877,880	850,230	528,969	596,903	538,855
Specific provision held in respect of impaired advances	628,049	708,690	465,283	358,314	490,230	318,183
Fair value of collaterals of impaired advances	303,045	176,956	364,696	203,136	112,569	307,889

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 8(d).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (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 of contractual undiscounted cashflows for financial liabilities of 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.

	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
Group								
Financial liabilities								
Deposits	43,139,945	6,136,258	3,472,957	5,208,443	5,380,591	3,603,438	14,166	66,955,798
Other borrowed funds	-	23,321	9,487	19,296	39,912	560,544	401,224	1,053,784
June 30, 2009	43,139,945	6,159,579	3,482,444	5,227,739	5,420,503	4,163,982	415,390	68,009,582
June 30, 2008	35,185,453	7,393,220	2,164,788	3,949,652	3,907,020	4,637,252	141	57,237,526
June 30, 2007	29,586,045	8,922,261	2,455,588	4,029,737	2,762,790	3,449,915	1,257	51,207,593
Bank								
Financial liabilities								
Deposits	42,608,377	5,879,067	3,154,183	4,723,499	4,684,648	4,365,183	-	65,414,957
Other borrowed funds	-	34,923	21,089	42,991	74,135	560,544	401,224	1,134,906
June 30, 2009	42,608,377	5,913,990	3,175,272	4,766,490	4,758,783	4,925,727	401,224	66,549,863
June 30, 2008	34,768,050	6,851,953	1,716,879	3,421,219	3,548,089	4,311,613	141	54,617,944
June 30, 2007	29,305,733	8,357,098	2,053,878	3,593,809	2,101,886	3,466,363	1,257	48,880,024

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 3 (Accounting policies) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

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 risk is 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.

GROUP June 30, 2009	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 cash equivalents	2,782,985	6,528,766	-	-	-	-	-	2,452,688	11,764,439
Trading assets	-	-	900	32,916	-	71,073	-	91,391	196,280
Loans to and placements with banks	-	2,076,958	680,375	-	-	-	-	9,393	2,766,726
Loans and advances to customers	32,846,927	3,992,887	1,252,559	258,318	310,236	594,803	781,182	(243,104)	39,793,808
Investment securities	-	3,930,284	2,132,531	4,223,150	2,320,000	2,501,736	468	3,903,240	19,011,409
Property and equipment	-	-	-	-	-	-	-	2,293,755	2,293,755
Intangible assets	-	-	-	-	-	-	-	78,988	78,988
Other assets	-	-	-	-	-	-	-	3,328,233	3,328,233
TOTAL ASSETS	35,629,912	16,528,895	4,066,365	4,514,384	2,630,236	3,167,612	781,650	11,914,584	79,233,638
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from banks	11,795	-	-	-	-	-	-	139,930	151,725
Deposits from customers	42,090,371	4,900,732	2,504,231	3,671,688	2,318,219	2,008,301	-	6,075,833	63,569,375
Trading liabilities	-	-	-	-	-	-	-	49,071	49,071
Other borrowed funds	3,733	910,380	-	-	-	143,245	-	148	1,057,506
Current tax liabilities	-	-	-	-	-	-	-	400,615	400,615
Deferred tax liabilities	-	-	-	-	-	-	-	133,817	133,817
Other liabilities	-	-	-	-	-	-	-	928,855	928,855
Shareholders' equity	-	-	-	-	-	-	-	12,942,674	12,942,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	42,105,899	5,811,112	2,504,231	3,671,688	2,318,219	2,151,546	-	20,670,943	79,233,638
Interest rate repricing gap	(6,475,987)	10,717,783	1,562,134	842,696	312,017	1,016,066	781,650	(8,756,359)	
Cumulative interest rate repricing gap	(6,475,987)	4,241,796	5,803,930	6,646,626	6,958,643	7,974,709	8,756,359	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(i) Interest rate risk (cont'd)

GROUP June 30, 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 cash equivalents	3,158,376	3,680,756	-	-	-	-	-	4,695,616	11,534,748
Trading assets	-	5,200	10,600	17,000	-	1,600	-	102,401	136,801
Loans to and placements with banks	-	-	295,829	168,575	-	-	-	-	464,404
Loans and advances to customers	28,100,204	4,654,344	547,308	733,360	307,912	628,503	784,237	(570,786)	35,185,082
Investment securities	-	2,572,675	1,402,996	2,851,018	1,292,208	3,328,800	-	3,458,162	14,905,859
Property and equipment	-	-	-	-	-	-	-	2,364,729	2,364,729
Intangible assets	-	-	-	-	-	-	-	196,070	196,070
Other assets	-	-	-	-	-	-	-	2,769,201	2,769,201
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 from banks	5,385	-	-	-	-	-	-	41,373	46,758
Deposits from customers	35,224,349	6,336,958	1,611,216	2,544,624	2,390,030	2,895,481	94	3,832,746	54,835,498
Trading liabilities	-	-	-	-	-	-	-	54,495	54,495
Other borrowed funds	19,084	163,359	25,564	-	-	158,632	-	168	366,807
Current tax liabilities	-	-	-	-	-	-	-	246,624	246,624
Deferred tax liabilities	-	-	-	-	-	-	-	199,227	199,227
Other liabilities	-	-	-	-	-	-	-	833,976	833,976
Shareholders' equity	-	-	-	-	-	-	-	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 JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(i) Interest rate risk (cont'd)

GROUP June 30, 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 cash equivalents	869,397	11,151,268	-	-	-	-	-	1,768,094	13,788,759
Trading assets	-	108,900	6,300	10,000	-	-	-	110,894	236,094
Loans to and placements with banks	-	-	88,218	4,493	-	-	-	-	92,711
Loans and advances to customers	25,072,419	2,743,288	293,885	373,794	813,679	543,299	215,036	(292,995)	29,762,405
Investment securities	-	862,970	1,434,459	1,838,405	1,369,279	2,490,363	-	2,933,337	10,928,813
Property and equipment	-	-	-	-	-	-	-	2,446,685	2,446,685
Intangible assets	-	-	-	-	-	-	-	305,061	305,061
Other assets	-	-	-	-	-	-	-	2,669,354	2,669,354
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 from banks	48,614	-	-	-	-	-	-	45,036	93,650
Deposits from customers	29,430,984	7,551,624	1,781,764	2,868,425	1,457,315	2,032,713	909	3,351,446	48,475,180
Trading liabilities	-	-	-	-	-	-	-	103,753	103,753
Other borrowed funds	-	765,494	-	-	58,060	158,633	-	-	982,187
Current tax liabilities	-	-	-	-	-	-	-	298,335	298,335
Deferred tax liabilities	-	-	-	-	-	-	-	241,102	241,102
Other liabilities	-	-	-	-	-	-	-	520,294	520,294
Shareholders' equity	-	-	-	-	-	-	-	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	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(i) Interest rate risk (cont'd)

BANK June 30, 2009	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 cash equivalents	3,380,161	6,203,182	-	-	-	-	-	1,898,517	11,481,860
Trading assets	-	-	900	32,916	-	71,073	-	91,391	196,280
Loans to and placements with banks	-	2,076,958	680,375	-	-	-	-	9,393	2,766,726
Loans and advances to customers	32,165,875	3,258,671	1,202,488	222,059	240,456	486,973	780,480	(294,678)	38,062,324
Investment securities	-	3,754,272	1,988,607	3,785,093	2,320,000	2,501,736	468	3,120,192	17,470,368
Property and equipment	-	-	-	-	-	-	-	2,248,934	2,248,934
Intangible assets	-	-	-	-	-	-	-	87,307	87,307
Other assets	-	-	-	-	-	-	-	2,925,879	2,925,879
TOTAL ASSETS	35,546,036	15,293,083	3,872,370	4,040,068	2,560,456	3,059,782	780,948	10,086,935	75,239,678
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from banks	11,795	108,706	-	-	-	-	-	151,270	271,771
Deposits from customers	43,609,000	4,263,656	2,083,212	3,010,617	2,005,308	1,801,286	-	5,287,277	62,060,356
Trading liabilities	-	-	-	-	-	-	-	49,071	49,071
Other borrowed funds	75,795	910,380	-	-	-	143,244	-	149	1,129,568
Current tax liabilities	-	-	-	-	-	-	-	392,220	392,220
Deferred tax liabilities	-	-	-	-	-	-	-	133,124	133,124
Other liabilities	-	-	-	-	-	-	-	859,082	859,082
Shareholders' equity	-	-	-	-	-	-	-	10,344,486	10,344,486
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	43,696,590	5,282,742	2,083,212	3,010,617	2,005,308	1,944,530	-	17,216,679	75,239,678
Interest rate repricing gap	(8,150,554)	10,010,341	1,789,158	1,029,451	555,148	1,115,252	780,948	(7,129,744)	
Cumulative interest rate repricing gap	(8,150,554)	1,859,787	3,648,945	4,678,396	5,233,544	6,348,796	7,129,744	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(i) Interest rate risk (cont'd)

BANK June 30, 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 cash equivalents	3,266,252	2,191,858	-	-	-	-	-	4,635,496	10,093,606
Trading assets	-	5,200	10,600	17,000	-	1,600	-	102,401	136,801
Loans to and placements with banks	-	-	295,829	168,575	-	-	-	-	464,404
Loans and advances to customers	27,220,884	4,266,767	531,834	635,895	246,045	508,760	758,043	(285,235)	33,882,993
Investment securities	-	2,242,487	1,225,194	2,388,779	1,241,300	3,328,800	-	2,839,436	13,265,996
Property and equipment	-	-	-	-	-	-	-	2,309,732	2,309,732
Intangible assets	-	-	-	-	-	-	-	202,388	202,388
Other assets	-	-	-	-	-	-	-	2,426,288	2,426,288
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 from banks	5,385	106,453	-	-	-	-	-	44,072	155,910
Deposits from customers	35,342,014	5,168,703	1,171,815	2,026,974	2,037,941	2,606,080	94	3,770,898	52,124,519
Trading liabilities	-	-	-	-	-	-	-	54,495	54,495
Other borrowed funds	163,773	157,800	25,564	-	-	158,632	-	168	505,937
Current tax liabilities	-	-	-	-	-	-	-	235,448	235,448
Deferred tax liabilities	-	-	-	-	-	-	-	198,982	198,982
Other liabilities	-	-	-	-	-	-	-	751,971	751,971
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	94	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	757,949	(1,580,474)	
Cumulative interest rate repricing gap	(5,024,036)	(1,750,680)	(884,602)	298,673	(251,923)	822,525	1,580,474	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(i) Interest rate risk (cont'd)

BANK June 30, 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 cash equivalents	926,076	9,519,757	-	-	-	-	-	1,688,556	12,134,389
Trading assets	-	108,900	6,300	10,000	-	-	-	110,894	236,094
Loans to and placements with banks	-	-	88,218	4,493	-	-	-	-	92,711
Loans and advances to customers	24,233,979	2,736,451	284,985	350,424	500,966	402,382	215,036	(142,896)	28,581,327
Investment securities	-	753,524	1,365,423	1,640,390	934,323	2,439,456	-	2,277,652	9,410,768
Property and equipment	-	-	-	-	-	-	-	2,427,656	2,427,656
Intangible assets	-	-	-	-	-	-	-	314,669	314,669
Other assets	-	-	-	-	-	-	-	2,412,774	2,412,774
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 from banks	76,914	-	-	-	-	-	-	42,978	119,892
Deposits from customers	29,473,507	6,613,552	1,362,764	2,396,330	750,020	2,032,713	910	3,353,506	45,983,302
Trading liabilities	-	-	-	-	-	-	-	103,753	103,753
Other borrowed funds	296,282	765,495	-	-	58,060	158,632	-	-	1,278,469
Current tax liabilities	-	-	-	-	-	-	-	280,272	280,272
Deferred tax liabilities	-	-	-	-	-	-	-	242,290	242,290
Other liabilities	-	-	-	-	-	-	-	461,775	461,775
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	(4,686,648)	5,739,585	382,162	(391,023)	627,209	650,493	214,126	(2,535,904)	
Cumulative interest rate repricing gap	(4,686,648)	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 JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(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 2% higher and all other variables were held constant, the Group's and the Bank's profit would have been increased as follows:

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Increase in profit	72,674	11,293	41,162	39,682	(26,455)	9,532

(iii) Currency risk

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. The Bank exercises strict control over its foreign currency exposures. The Bank reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits for Mauritius, Madagascar and Indian Operations are reviewed annually by the Board/Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

The tables below show the carrying amounts of the Non-Mauritian Rupee denominated assets and liabilities at the reporting date.

GROUP June 30, 2009	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHER MRs' 000
ASSETS					
Cash and cash equivalents	992,185	2,431,141	3,227,329	697,030	1,029,507
Trading assets	2,589	5,311	-	157,590	-
Loans to and placements with banks	2,574,193	10,638	90,588	-	91,307
Loans and advances to customers	6,643,158	1,753	2,374,822	1,730,986	789,780
Investment securities	399,540	-	90,958	871,778	690,183
Property and equipment	-	-	-	203,162	8,415
Intangible assets	-	-	-	564	-
Other assets	14,055	8,398	9,206	309,168	396,571
TOTAL ASSETS	10,625,720	2,457,241	5,792,903	3,970,278	3,005,763
LIABILITIES					
Deposits from customers	8,788,576	2,842,178	4,652,204	2,607,884	2,863,081
Trading liabilities	-	-	-	39,121	-
Other borrowed funds	-	310	906,495	-	2,809
Current tax liabilities	266	-	-	-	-
Deferred tax liabilities	-	-	-	73,487	-
Other liabilities	5,451	8,380	3,626	43,102	58,167
TOTAL LIABILITIES	8,794,293	2,850,868	5,562,325	2,763,594	2,924,057
Net assets	1,831,427	(393,627)	230,578	1,206,684	81,706
Off balance sheet net notional position	(1,436,259)	393,063	(152,016)	-	(37,666)

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 subsidiary in Madagascar.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

GROUP June 30, 2008	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHER MRs' 000
ASSETS					
Cash and cash equivalents	3,262,994	2,458,847	1,659,506	84,816	261,880
Trading assets	-	-	-	25,147	-
Loans to and placements with banks	271,500	54,064	-	-	138,840
Loans and advances to customers	3,492,158	273,850	2,410,076	1,630,184	884,334
Investment securities	420,216	-	85,930	935,177	851,402
Property and equipment	-	-	-	199,120	13,279
Intangible assets	-	-	-	2,761	-
Other assets	7,997	419	16,840	283,066	331,770
TOTAL ASSETS	7,454,865	2,787,180	4,172,352	3,160,271	2,481,505
LIABILITIES					
Deposits from banks	-	-	-	710	-
Deposits from customers	5,221,608	2,566,439	3,712,945	1,594,943	2,315,135
Trading liabilities	-	-	-	15,728	-
Other borrowed funds	5,559	-	-	158,001	-
Current tax liabilities	2,015	-	-	-	-
Deferred tax liabilities	-	-	-	70,213	-
Other liabilities	2,163	727	572	23,785	63,303
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 sheet net notional position	(315,995)	(225,172)	(389,752)	-	27,577

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

GROUP June 30, 2007	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHER MRs' 000
ASSETS					
Cash and cash equivalents	6,508,407	2,612,850	2,243,072	218,141	488,813
Trading assets	-	-	-	101,311	-
Loans to and placements with banks	-	60,164	-	-	32,547
Loans and advances to customers	2,081,028	4,827	566,372	1,500,595	638,470
Investment securities	143,821	-	85,678	1,024,319	625,338
Property and equipment	-	-	-	252,950	5,660
Intangible assets	-	-	-	6,257	-
Other assets	178,763	5,351	14,633	322,948	243,642
TOTAL ASSETS	8,912,019	2,683,192	2,909,755	3,426,521	2,034,470
LIABILITIES					
Deposits from banks	1,517	13	-	91	17,044
Deposits from customers	6,486,391	2,346,557	2,703,767	1,475,549	1,877,178
Trading liabilities	-	-	-	58,931	-
Other borrowed funds	218,653	-	8,534	242,520	295,560
Current tax liabilities	2,892	-	-	-	-
Deferred tax liabilities	-	-	-	75,083	-
Other liabilities	1,510	1,122	2,605	27,384	49,975
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 sheet net notional position	(419,437)	(324,828)	(29,247)	-	295,692

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

BANK June 30, 2009	<u>USD</u> MRs' 000	<u>GBP</u> MRs' 000	<u>EURO</u> MRs' 000	<u>INR</u> MRs' 000	<u>OTHER</u> MRs' 000
ASSETS					
Cash and cash equivalents	2,341,560	2,431,090	3,199,521	699,910	797,000
Trading assets	2,589	5,311	-	157,590	-
Loans to and placements with banks	2,574,193	10,638	90,588	-	91,307
Loans and advances to customers	6,615,411	1,753	2,368,755	1,730,986	20,407
Investment securities	123,386	-	370	696,994	-
Property and equipment	-	-	-	203,162	-
Intangible assets	-	-	-	564	-
Other assets	13,767	8,398	9,133	309,168	9,026
TOTAL ASSETS	11,670,906	2,457,190	5,668,367	3,798,374	917,740
LIABILITIES					
Deposits from banks	-	-	108,265	-	-
Deposits from customers	10,094,766	2,842,178	4,502,283	2,607,884	952,416
Trading liabilities	-	-	-	39,121	-
Other borrowed funds	-	310	906,495	-	2,809
Deferred tax liabilities	-	-	-	73,487	-
Other liabilities	5,422	8,380	3,626	43,102	2,845
TOTAL LIABILITIES	10,100,188	2,850,868	5,520,669	2,763,594	958,070
Net assets	1,570,718	(393,678)	147,698	1,034,780	(40,330)
Off balance sheet net notional position	(1,455,004)	393,063	(157,998)	-	(37,666)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

BANK June 30, 2008	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHER MRs' 000
ASSETS					
Cash and cash equivalents	1,910,366	2,458,847	1,632,464	84,816	200,795
Trading assets	-	-	-	25,147	-
Loans to and placements with banks	271,500	54,064	-	-	138,840
Loans and advances to customers	3,452,770	273,850	2,408,702	1,630,184	317,839
Investment securities	261,373	-	370	787,161	-
Property and equipment	-	-	-	199,120	-
Intangible assets	-	-	-	2,761	-
Other assets	7,388	419	16,840	283,066	6,533
TOTAL ASSETS	5,903,397	2,787,180	4,058,376	3,012,255	664,007
LIABILITIES					
Deposits from banks	33,958	4,055	68,477	3,370	-
Deposits from customers	5,142,680	2,562,581	3,613,677	1,592,282	672,985
Trading liabilities	-	-	-	15,728	-
Other borrowed funds	-	-	-	158,002	-
Deferred tax liabilities	-	-	-	70,213	-
Other liabilities	2,057	727	572	23,785	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 sheet net notional position	(330,615)	(225,172)	(392,400)	-	27,577

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

BANK June 30, 2007	USD MRs' 000	GBP MRs' 000	EURO MRs' 000	INR MRs' 000	OTHER MRs' 000
ASSETS					
Cash and cash equivalents	4,928,937	2,612,833	2,234,111	218,142	423,055
Trading assets	-	-	-	101,311	-
Loans to and placements with banks	-	60,164	-	-	32,547
Loans and advances to customers	2,079,525	4,827	548,168	1,500,595	29,469
Investment securities	131,212	-	370	852,042	-
Property and equipment	-	-	-	252,950	-
Intangible assets	-	-	-	6,257	-
Other assets	177,392	5,352	14,633	322,948	240
TOTAL ASSETS	7,317,066	2,683,176	2,797,282	3,254,245	485,311
LIABILITIES					
Deposits from banks	44,803	13	-	92	-
Deposits from customers	6,444,314	2,346,671	2,678,982	1,475,549	468,491
Trading liabilities	-	-	-	58,931	-
Other borrowed funds	218,653	-	8,534	242,521	295,560
Deferred tax liabilities	-	-	-	75,083	-
Other liabilities	1,369	1,122	2,605	27,382	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 sheet net notional position	(419,437)	(324,829)	(29,246)	-	295,685

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

34. Risk management (cont'd)

d. Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Group uses 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 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 recommendation.

The Group's and the Bank's VAR as at reporting date amounted to:

	Group			Bank		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Minimum	121	120	148	120	115	146
Maximum	6,434	3,215	2,579	6,352	3,202	2,565
Year - End	955	588	775	930	575	763

(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		
	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Equity	149,431	130,162	110,569	156,904	134,992	113,499
Statement of Income	617	-	779	617	-	779
	150,048	130,162	111,348	157,521	134,992	114,278

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

35. Segment information

a. Primary reporting format – Business segments

2009	Banking MRs'000	Leasing MRs'000	Others MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
External gross income	6,650,308	128,041	136,782	-	6,915,131
Gross income from other segments	11,107	19,459	49,726	(80,292)	-
Total gross income	6,661,415	147,500	186,508	(80,292)	6,915,131
Interest expense and non interest expense	(4,296,128)	(100,521)	(15,664)	56,021	(4,356,292)
Profit before net impairment loss on financial assets	2,365,287	46,979	170,844	(24,271)	2,558,839
Net impairment loss on financial assets (Note 29)	(277,775)	(962)	-	-	(278,737)
Operating profit	2,087,512	46,017	170,844	(24,271)	2,280,102
Share of profit of associates					64,517
Profit before income tax					2,344,619
Tax expense					(319,281)
Profit for the year					2,025,338
Segment assets	77,249,889	1,217,284	2,308,052	(2,224,489)	78,550,736
Unallocated assets					159,232
Investment in associates					523,670
Total assets					79,233,638
Segment liabilities	64,669,558	1,217,284	2,308,052	(2,438,362)	65,756,532
Unallocated liabilities					534,432
Shareholders' equity					12,942,674
Total liabilities and shareholders' equity					79,233,638
Capital expenditure	138,906	910	4,022	-	143,838
Depreciation / amortisation	301,668	7,757	433	-	309,858

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

35. Segment information (cont'd)

a. Primary reporting format – Business segments (cont'd)

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 net impairment loss on financial assets	2,558,258	57,321	128,004	(20,694)	2,722,889
Net impairment loss on financial assets (Note 29)	(372,832)	(14,068)	-	-	(386,900)
Operating profit	2,185,426	43,253	128,004	(20,694)	2,335,989
Share of profit of associates					61,019
Profit before income tax					2,397,008
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
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	56	-	298,141

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

35. Segment information (cont'd)

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

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 net impairment loss on financial assets	2,011,173	78,639	3,620,610	(3,718,443)	1,991,979
Net impairment loss on financial assets (Note 29)	(304,730)	2,557	-	-	(302,173)
Operating profit	1,706,443	81,196	3,620,610	(3,718,443)	1,689,806
Share of profit of associates					49,800
Profit before income tax					1,739,606
Tax expense					(233,718)
Profit for the year					1,505,888
Minority interest					(208)
Profit attributable to equity holders of the parent					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
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

35. Segment information (cont'd)

b. Secondary reporting format - Geographical segments

	Mauritius MRs'000	India MRs'000	Madagascar MRs'000	Consolidation Adjustments MRs'000	Group MRs'000
<u>2009</u>					
External gross income	6,477,765	284,890	232,768	(80,292)	6,915,131
Segment assets	74,593,280	3,965,965	2,302,662	(2,311,171)	78,550,736
Unallocated assets					159,232
Investment in associates					523,670
Total assets					79,233,638
Capital expenditure	142,356	107	1,375	-	143,838
<u>2008</u>					
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
Investment in associates					477,281
Total assets					67,556,894
Capital expenditure	141,708	1,066	297	-	143,071
<u>2007</u>					
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)	59,657,255
Unallocated assets					166,101
Investment in associates					406,526
Total assets					60,229,882
Capital expenditure	114,020	745	11,124	-	125,889

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius

a. Balance Sheet

	Note	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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 and cash equivalents		2,183,496	9,298,364	11,481,860	3,800,198	6,293,408	10,093,606	2,233,510	9,900,879	12,134,389
Trading assets	36l	27,290	168,990	196,280	104,199	32,602	136,801	131,874	104,220	236,094
Loans to and placements with banks	36m	-	2,766,726	2,766,726	-	464,404	464,404	-	92,711	92,711
Loans and advances to customers	36n	29,402,799	8,659,525	38,062,324	28,279,846	5,603,147	33,882,993	25,401,510	3,179,817	28,581,327
Investment securities	36o	16,649,619	820,749	17,470,368	12,217,093	1,048,903	13,265,996	8,427,165	983,603	9,410,768
Property and equipment	36p	2,044,233	204,701	2,248,934	2,108,128	201,604	2,309,732	2,171,616	256,040	2,427,656
Intangible assets	36q	84,177	3,130	87,307	194,998	7,390	202,388	301,866	12,803	314,669
Other assets	36r	2,594,663	331,216	2,925,879	2,128,620	297,668	2,426,288	1,899,037	513,737	2,412,774
TOTAL ASSETS		52,986,277	22,253,401	75,239,678	48,833,082	13,949,126	62,782,208	40,566,578	15,043,810	55,610,388
LIABILITIES										
Deposits from banks	36s	11,795	259,976	271,771	5,387	150,523	155,910	23,221	96,671	119,892
Deposits from customers	36t	50,345,387	11,714,969	62,060,356	45,432,289	6,692,230	52,124,519	38,681,896	7,301,406	45,983,302
Trading liabilities	36l	3,177	45,894	49,071	28,065	26,430	54,495	39,874	63,879	103,753
Other borrowed funds		219,954	909,614	1,129,568	347,936	158,001	505,937	607,117	671,352	1,278,469
Current tax liabilities		392,220	-	392,220	235,448	-	235,448	280,272	-	280,272
Deferred tax liabilities		59,637	73,487	133,124	128,769	70,213	198,982	167,208	75,082	242,290
Other liabilities	36u	786,410	72,672	859,082	728,938	23,033	751,971	434,712	27,063	461,775
TOTAL LIABILITIES		51,818,580	13,076,612	64,895,192	46,906,832	7,120,430	54,027,262	40,234,300	8,235,453	48,469,753
Shareholders' equity										
Share capital				303,740			303,740			303,740
Retained earnings				7,760,462			6,640,520			5,175,808
Other reserves				2,280,284			1,810,686			1,661,087
Total equity attributable to equity holders of the parent				10,344,486			8,754,946			7,140,635
TOTAL EQUITY AND LIABILITIES				75,239,678			62,782,208			55,610,388
MEMORANDUM ITEMS										
Acceptances, guarantees, letters of credit, endorsements, other obligations on account of customers and spot foreign exchange contracts	36v	2,730,360	2,394,881	5,125,241	3,061,676	1,989,221	5,050,897	4,533,086	2,756,847	7,289,933
Credit commitments		4,740,013	179,439	4,919,452	3,365,184	190,533	3,555,717	3,097,532	101,167	3,198,699
Inward bills held for collection		215,064	-	215,064	167,202	-	167,202	191,175	-	191,175
Outward bills sent for collection		83,956	65,883	149,839	119,390	182,824	302,214	142,713	198,541	341,254
		7,769,393	2,640,203	10,409,596	6,713,452	2,362,578	9,076,030	7,964,506	3,056,555	11,021,061

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

b. Statement of Income

	Note	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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		4,275,408	766,886	5,042,294	4,172,276	844,701	5,016,977	3,525,867	814,257	4,340,124
Interest expense		(2,410,572)	(400,274)	(2,810,846)	(2,772,244)	(381,367)	(3,153,611)	(2,277,252)	(378,350)	(2,655,602)
Net interest income	36c	1,864,836	366,612	2,231,448	1,400,032	463,334	1,863,366	1,248,615	435,907	1,684,522
Fee and commission income		415,575	285,080	700,655	349,710	238,286	587,996	357,345	197,637	554,982
Fee and commission expense		-	(9,996)	(9,996)	-	(7,915)	(7,915)	(9,457)	(1,389)	(10,846)
Net fee and commission income	36d	415,575	275,084	690,659	349,710	230,371	580,081	347,888	196,248	544,136
Dividend income	36e	208,181	1,188	209,369	822,164	294	822,458	405,894	229	406,123
Net trading income	36f	10,553	(9,019)	1,534	1,498	17,061	18,559	2,172	5,402	7,574
Other operating income	36g	364,962	118,658	483,620	321,738	205,605	527,343	283,289	119,564	402,853
Non interest income		999,271	385,911	1,385,182	1,495,110	453,331	1,948,441	1,039,243	321,443	1,360,686
Operating income		2,864,107	752,523	3,616,630	2,895,142	916,665	3,811,807	2,287,858	757,350	3,045,208
Personnel expenses	36i	(578,648)	(63,222)	(641,870)	(533,372)	(58,943)	(592,315)	(388,803)	(35,223)	(424,026)
Depreciation and amortisation		(263,616)	(32,109)	(295,725)	(256,771)	(30,417)	(287,188)	(244,102)	(30,124)	(274,226)
Other expenses	36j	(358,597)	(49,007)	(407,604)	(389,513)	(45,812)	(435,325)	(325,248)	(36,343)	(361,591)
Non interest expense		(1,200,861)	(144,338)	(1,345,199)	(1,179,656)	(135,172)	(1,314,828)	(958,153)	(101,690)	(1,059,843)
Profit before net impairment loss on financial assets		1,663,246	608,185	2,271,431	1,715,486	781,493	2,496,979	1,329,705	655,660	1,985,365
Net impairment loss on financial assets	36h	(64,015)	(135,123)	(199,138)	(225,307)	(9,819)	(235,126)	(296,249)	19,521	(276,728)
Operating profit		1,599,231	473,062	2,072,293	1,490,179	771,674	2,261,853	1,033,456	675,181	1,708,637
Tax expense	36k	(263,232)	(47,340)	(310,572)	(177,828)	(95,084)	(272,912)	(192,017)	(22,195)	(214,212)
Profit for the year		1,335,999	425,722	1,761,721	1,312,351	676,590	1,988,941	841,439	652,986	1,494,425

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

c. Net interest income

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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. Interest income									
Cash and cash equivalents	14,489	192,927	207,416	12,981	381,566	394,547	15,117	437,319	452,436
Loans to and placements with banks	-	35,308	35,308	1,089	46,159	47,248	1,100	19,666	20,766
Loans and advances to customers	3,142,741	457,674	3,600,415	3,366,651	351,094	3,717,745	2,923,756	297,117	3,220,873
Investment securities	1,101,721	43,678	1,145,399	787,195	63,875	851,070	578,754	52,991	631,745
Trading assets	16,457	37,299	53,756	4,360	2,007	6,367	7,140	7,164	14,304
Total interest income	4,275,408	766,886	5,042,294	4,172,276	844,701	5,016,977	3,525,867	814,257	4,340,124
b. Interest expense									
Deposits from banks	-	(2,612)	(2,612)	-	(110)	(110)	-	(66)	(66)
Deposits from customers	(2,385,416)	(364,750)	(2,750,166)	(2,722,853)	(375,251)	(3,098,104)	(2,185,584)	(331,407)	(2,516,991)
Lease finance charges	(14,547)	-	(14,547)	(32,938)	-	(32,938)	(59,046)	-	(59,046)
Other borrowed funds	(10,609)	(32,912)	(43,521)	(16,453)	(5,832)	(22,285)	(32,622)	(46,328)	(78,950)
Other	-	-	-	-	(174)	(174)	-	(549)	(549)
Total interest expense	(2,410,572)	(400,274)	(2,810,846)	(2,772,244)	(381,367)	(3,153,611)	(2,277,252)	(378,350)	(2,655,602)
Net interest income	1,864,836	366,612	2,231,448	1,400,032	463,334	1,863,366	1,248,615	435,907	1,684,522

d. Net fee and commission income

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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. Fee and commission income									
Retail banking customer fees	193,610	5,470	199,080	163,622	5,069	168,691	168,695	4,567	173,262
Corporate banking customer fees	83,133	100,758	183,891	95,378	19,462	114,840	92,754	11,651	104,405
Card Income	138,832	178,852	317,684	90,710	213,755	304,465	95,896	181,419	277,315
Total fee and commission income	415,575	285,080	700,655	349,710	238,286	587,996	357,345	197,637	554,982
b. Fee and commission expense									
Interbank transaction fees	-	(9,205)	(9,205)	-	(7,512)	(7,512)	(9,457)	(1,083)	(10,540)
Other	-	(791)	(791)	-	(403)	(403)	-	(306)	(306)
Total fee and commission expense	-	(9,996)	(9,996)	-	(7,915)	(7,915)	(9,457)	(1,389)	(10,846)
Net fee and commission income	415,575	275,084	690,659	349,710	230,371	580,081	347,888	196,248	544,136

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

e. Dividend income

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Available-for-sale securities	208,181	1,149	209,330	822,164	249	822,413	405,894	151	406,045
Trading securities	-	39	39	-	45	45	-	78	78
	208,181	1,188	209,369	822,164	294	822,458	405,894	229	406,123

f. Net trading income

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Fixed income securities	20,109	(7,743)	12,366	1,498	134	1,632	2,172	1,132	3,304
Equities	(2,783)	346	(2,437)	-	17,201	17,201	-	4,574	4,574
Other	(6,773)	(1,622)	(8,395)	-	(274)	(274)	-	(304)	(304)
	10,553	(9,019)	1,534	1,498	17,061	18,559	2,172	5,402	7,574

g. Other operating income

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Gain on sale of available-for-sale securities:									
Equity shares of companies	-	-	-	64	92,721	92,785	26,377	-	26,377
Foreign exchange gain	361,038	118,840	479,878	324,322	112,892	437,214	244,641	119,568	364,209
Other	3,924	(182)	3,742	(2,648)	(8)	(2,656)	12,271	(4)	12,267
	364,962	118,658	483,620	321,738	205,605	527,343	283,289	119,564	402,853

h. Net impairment loss on financial assets

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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:									
- On balance sheet advances	88,780	22,146	110,926	268,556	11,703	280,259	313,060	(377)	312,683
- Off balance sheet exposure	-	-	-	105	-	105	-	-	-
Interest accrued on impaired advances	(17,128)	-	(17,128)	(33,993)	-	(33,993)	(10,045)	-	(10,045)
Bad debts written off for which no provisions were made	5	-	5	11	-	11	7	-	7
Recoveries of advances written off	(7,642)	(7,023)	(14,665)	(9,372)	(1,884)	(11,256)	(6,773)	(19,144)	(25,917)
Other loss	-	120,000	120,000	-	-	-	-	-	-
	64,015	135,123	199,138	225,307	9,819	235,126	296,249	(19,521)	276,728

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

i. Personnel expenses

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Wages and salaries	485,276	54,400	539,676	393,917	47,472	441,389	315,838	26,061	341,899
Other social security obligations	5,832	465	6,297	4,787	341	5,128	4,139	178	4,317
Contributions to defined contribution plans	28,904	2,466	31,370	23,826	1,600	25,426	17,223	6	17,229
Cash-settled share-based payments	(5,966)	(529)	(6,495)	24,956	1,300	26,256	10,248	348	10,596
Increase in liability for defined benefit plans	1,112	99	1,211	21,217	1,418	22,635	8,042	378	8,420
Other personnel expenses	63,490	6,321	69,811	64,669	6,812	71,481	33,313	8,252	41,565
	578,648	63,222	641,870	533,372	58,943	592,315	388,804	35,223	424,026

j. Other expenses

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Software licensing and other information technology cost	92,227	18,991	111,218	98,555	23,732	122,287	92,656	13,633	106,289
Auditors' remuneration (audit fee):									
-Principal auditors	4,010	165	4,175	3,841	160	4,001	3,547	96	3,643
-Other auditors	-	338	338	-	307	307	-	216	216
Other	262,360	29,513	291,873	287,117	21,613	308,730	229,045	22,398	251,443
	358,597	49,007	407,604	389,513	45,812	435,325	325,248	36,343	361,591

k.. Tax expense

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Income tax expense	332,364	48,245	380,609	216,268	95,172	311,440	209,899	9,349	219,248
Deferred tax expense	(69,132)	(905)	(70,037)	(38,440)	(88)	(38,528)	(17,882)	12,846	(5,036)
	263,232	47,340	310,572	177,828	95,084	272,912	192,017	22,195	214,212

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

l. Trading assets

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Government bonds / treasury bills / treasury notes	1,557	105,282	106,839	32,507	-	32,507	121,082	-	121,082
Bank of Mauritius bills	-	-	-	868	-	868	-	-	-
Securities of Government bodies	-	-	-	-	-	-	-	39,640	39,640
Equities and other securities	-	12,335	12,335	-	-	-	-	15,574	15,574
Derivative assets	25,733	51,373	77,106	70,824	32,602	103,426	10,792	49,006	59,798
	27,290	168,990	196,280	104,199	32,602	136,801	131,874	104,220	236,094

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Trading liabilities									
Derivative liabilities	3,177	45,894	49,071	28,065	26,430	54,495	39,874	63,879	103,753

m. Loans to and placements with banks

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Loans to and placements with banks outside Mauritius	-	2,766,726	2,766,726	-	464,404	464,404	-	92,711	92,711

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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. Remaining term to maturity									
Up to 3 months	-	2,086,144	2,086,144	-	-	-	-	-	-
Over 3 months and up to 6 months	-	39,175	39,175	-	295,829	295,829	-	88,218	88,218
Over 6 months and up to 12 months	-	641,407	641,407	-	168,575	168,575	-	4,493	4,493
	-	2,766,726	2,766,726	-	464,404	464,404	-	92,711	92,711

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

n. Loans and advances to customers

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Retail customers									
Credit cards	271,394	-	271,394	265,770	-	265,770	250,462	-	250,462
Mortgages	6,450,892	-	6,450,892	5,845,996	-	5,845,996	5,355,737	-	5,355,737
Other retail loans	5,055,743	-	5,055,743	4,246,929	-	4,246,929	3,539,953	-	3,539,953
Corporate customers	18,284,473	2,420,047	20,704,520	18,683,664	1,233,255	19,916,919	16,792,284	944,938	17,737,222
Governments	2,203	-	2,203	3,506	-	3,506	6,215	-	6,215
Entities outside Mauritius	-	6,285,746	6,285,746	-	4,393,090	4,393,089	-	2,248,812	2,248,812
	30,064,705	8,705,793	38,770,498	29,045,865	5,626,345	34,672,210	25,944,651	3,193,750	29,138,401
Less allowance for credit impairment	(661,906)	(46,268)	(708,174)	(766,019)	(23,198)	(789,217)	(543,141)	(13,933)	(557,074)
	29,402,799	8,659,525	38,062,324	28,279,846	5,603,147	33,882,993	25,401,510	3,179,817	28,581,327

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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. Remaining term to maturity									
Up to 3 months	5,035,188	2,090,363	7,125,551	6,236,911	2,329,957	8,566,868	3,454,292	1,413,997	4,868,289
Over 3 months and up to 6 months	997,224	1,071,265	2,068,489	757,439	448,826	1,206,265	1,319,414	139,679	1,459,093
Over 6 months and up to 12 months	1,727,834	814,826	2,542,660	1,724,413	652,786	2,377,199	2,632,801	274,142	2,906,943
Over 1 year and up to 5 years	6,704,908	2,952,726	9,657,634	5,808,149	924,311	6,732,460	6,598,201	593,581	7,191,782
Over 5 years	15,599,551	1,776,613	17,376,164	14,518,953	1,270,465	15,789,418	11,939,943	772,351	12,712,294
	30,064,705	8,705,793	38,770,498	29,045,865	5,626,345	34,672,210	25,944,651	3,193,750	29,138,401

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
b. Credit concentration of risk by industry sectors									
Agriculture and Fishing	721,381	-	721,381	685,575	-	685,575	555,098	-	555,098
Manufacturing	3,225,459	2,934,689	6,160,148	3,414,843	2,476,550	5,891,393	2,438,363	1,059,270	3,497,633
of which EPZ	1,954,496	760,135	2,714,631	2,243,818	991,328	3,235,146	1,119,516	704,599	1,824,115
Tourism	6,108,638	888,924	6,997,562	7,019,075	439,841	7,458,916	6,057,213	-	6,057,213
Transport	792,407	-	792,407	362,374	-	362,374	236,497	-	236,497
Construction	1,318,890	265,514	1,584,404	1,499,396	226,139	1,725,535	1,543,804	188,851	1,732,655
Financial and business services	1,107,347	1,528,934	2,636,281	1,330,425	731,982	2,062,407	1,510,935	166,755	1,677,690
Traders	3,731,698	168,394	3,900,092	2,944,717	101,413	3,046,130	3,814,160	11,974	3,826,134
Personal	10,546,048	477,350	11,023,398	9,098,755	375,576	9,474,331	7,833,278	129,491	7,962,769
of which credit cards	271,394	-	271,394	265,771	-	265,771	250,462	-	250,462
Professional	177,446	22	177,468	99,042	-	99,042	154,951	-	154,951
Global Business Licence holders	-	1,637,870	1,637,870	-	208,773	208,773	-	254,963	254,963
Others	2,335,391	804,096	3,139,487	2,591,663	1,066,071	3,657,734	1,800,352	1,382,446	3,182,798
	30,064,705	8,705,793	38,770,498	29,045,865	5,626,345	34,672,210	25,944,651	3,193,750	29,138,401

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

n. Loans and advances to customers (cont'd)

	2009					2008	2007
	Gross amount of loans MRs' 000	Impaired loans MRs' 000	Specific allowance for credit impairment MRs' 000	Portfolio allowance for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000	Total allowances for credit impairment MRs' 000
c. Allowance for credit impairment by industry sectors							
Segment A							
Agriculture and Fishing	721,381	2,888	2,068	4,422	6,490	3,339	4,222
Manufacturing	3,225,459	29,645	16,897	71,218	88,115	262,025	72,413
<i>of which EPZ</i>	1,954,496	1,576	18	26,514	26,532	211,949	26,677
Tourism	6,108,638	8,966	7,978	69,354	77,332	11,941	8,396
Transport	792,407	5,319	4,267	1,462	5,729	10,930	12,848
Construction	1,318,890	146,364	48,345	22,766	71,111	55,225	72,398
Financial and business services	1,107,347	-	-	11,797	11,797	3,833	3,083
Traders	3,731,698	44,747	35,604	42,695	78,299	68,335	82,408
Personal	10,546,048	280,678	224,144	61,472	285,616	226,155	167,236
<i>of which credit cards</i>	271,394	16,393	16,403	6,670	23,073	26,813	22,849
Professional	177,446	-	11,978	907	12,885	7,384	7,962
Others	2,335,391	10,362	7,033	17,497	24,530	23,158	19,581
Additional provision held	-	-	-	-	-	93,694	92,594
	30,064,705	528,969	358,314	303,590	661,904	766,019	543,141
Segment B							
Manufacturing	2,934,689	-	-	23,581	23,581	11,456	6,208
<i>of which EPZ</i>	760,135	-	-	-	-	-	-
Tourism	888,924	-	-	3	3	6	-
Construction	265,514	-	-	1,285	1,285	1,321	2,498
Financial and business services	1,528,934	-	-	5,853	5,853	3,106	905
Traders	168,394	-	-	-	-	1,000	23
Personal	477,350	-	-	1,776	1,776	1,357	1,710
Professional	22	-	-	-	-	-	-
Global Business Licence holders	1,637,870	-	-	8,028	8,028	-	-
Others	804,096	-	-	4,100	4,100	4,952	2,589
Additional provision held	-	-	-	1,644	1,644	-	-
	8,705,793	-	-	46,270	46,270	23,198	13,933

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

o. Investment securities

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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-to-maturity investment securities									
Government bonds	-	-	-	-	56,304	56,304	-	149,856	149,856
Treasury bills / notes	-	695,771	695,771	-	-	-	-	-	-
Corporate bonds	-	1,222	1,222	-	54,846	54,846	-	63,204	63,204
	-	696,993	696,993	-	111,150	111,150	-	213,060	213,060

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
b. Investment securities - loans and receivables									
Government bonds	6,183,351	-	6,183,351	5,479,602	-	5,479,602	3,446,382	-	3,446,382
Treasury bills / notes	7,420,765	-	7,420,765	4,145,561	-	4,145,561	2,668,382	-	2,668,382
	13,604,116	-	13,604,116	9,625,163	-	9,625,163	6,114,764	-	6,114,764

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
c. Available-for-sale investment securities									
Treasury bills / notes	-	-	-	-	787,161	787,161	-	769,770	769,770
Subsidiaries	212,876	47	212,923	192,384	47	192,431	105,486	25	105,511
Associates	288,692	-	288,692	282,761	-	282,761	231,380	-	231,380
Other	2,543,935	123,709	2,667,644	2,116,785	150,545	2,267,330	1,975,535	748	1,976,283
	3,045,503	123,756	3,169,259	2,591,930	937,753	3,529,683	2,312,401	770,543	3,082,944

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

p. 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 June 30, 2009						
Segment A	378,277	1,381,563	265,667	8,380	10,346	2,044,233
Segment B	201,740	-	2,918	43	-	204,701
Bank	580,017	1,381,563	268,585	8,423	10,346	2,248,934
Net Book Value at June 30, 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
Net Book Value at June 30, 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

q. Intangible assets

	2009 MRs' 000	2008 MRs' 000	2007 MRs' 000
Software			
Net Book Value			
Segment A	84,177	194,998	301,866
Segment B	3,130	7,390	12,803
Bank	87,307	202,388	314,669

r. Other assets

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Mandatory balances with Central Bank	2,358,125	141,694	2,499,819	1,754,761	164,123	1,918,884	1,562,284	133,302	1,695,586
Accounts Receivable	43,690	19,234	62,924	132,108	15,341	147,449	62,860	192,773	255,633
Balances due in Clearing	142,566	12,974	155,540	209,828	-	209,828	211,097	-	211,097
Tax Paid in Advance	-	111,366	111,366	-	100,991	100,991	-	165,743	165,743
Pension Asset	7,324	-	7,324	6,072	-	6,072	26,211	-	26,211
Balances with Clearing Corporation in India	-	20,982	20,982	-	14,180	14,180	-	16,620	16,620
Others	42,958	24,966	67,924	25,851	3,033	28,884	36,585	5,299	41,884
	2,594,663	331,216	2,925,879	2,128,620	297,668	2,426,288	1,899,037	513,737	2,412,774

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

s. Deposits from banks

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Demand deposits	11,795	259,976	271,771	5,387	150,523	155,910	23,221	96,671	119,892

t. Deposits from customers

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Retail customers									
Current accounts	4,093,256	1,134,669	5,227,925	3,231,960	713,955	3,945,915	1,986,769	11,005	1,997,774
Savings accounts	19,227,496	551,545	19,779,041	17,249,065	464,017	17,713,082	15,442,364	1,346,161	16,788,525
Time deposits with remaining term to maturity									
Up to 3 months	1,304,205	560,527	1,864,732	1,188,343	899,384	2,087,727	1,365,716	858,097	2,223,813
Over 3 months and up to 6 months	853,343	323,452	1,176,795	776,018	227,556	1,003,574	811,336	249,423	1,060,759
Over 6 months and up to 12 months	2,022,828	375,907	2,398,735	1,550,758	324,742	1,875,500	1,393,640	301,110	1,694,750
Over 1 year and up to 2 years	2,309,587	281,846	2,591,433	2,065,945	199,754	2,265,699	1,388,833	143,462	1,532,295
Over 2 years and up to 5 years	1,770,845	291,052	2,061,897	2,609,706	306,100	2,915,806	2,269,128	237,017	2,506,145
Corporate customers									
Current accounts	6,675,859	3,196,487	9,872,346	4,126,168	1,430,812	5,556,980	540,164	183,221	723,385
Savings accounts	3,674,280	50	3,674,330	4,856,275	47	4,856,322	5,728,516	1,849,810	7,578,326
Time deposits with remaining term to maturity									
Up to 3 months	2,597,569	1,294,599	3,892,168	3,583,062	735,801	4,318,863	4,118,260	870,771	4,989,031
Over 3 months and up to 6 months	382,067	993,696	1,375,763	367,294	125,980	493,274	454,041	220,256	674,297
Over 6 months and up to 12 months	805,432	871,252	1,676,684	328,256	852,882	1,181,138	290,377	1,016,264	1,306,641
Over 1 year and up to 2 years	762,196	28,324	790,520	774,881	9,208	784,089	48,554	5,157	53,711
Over 2 years and up to 5 years	59,997	1,811,563	1,871,560	57,326	401,894	459,220	67,806	8,743	76,549
Over 5 years	-	-	-	-	98	98	-	909	909
Government									
Current accounts	2,400,322	-	2,400,322	976,632	-	976,632	544,798	-	544,798
Savings accounts	1,382,806	-	1,382,806	1,563,208	-	1,563,208	1,553,034	-	1,553,034
Time deposits with remaining term to maturity									
Up to 3 months	3,136	-	3,136	16,720	-	16,720	232,793	-	232,793
Over 3 months and up to 6 months	335	-	335	100,461	-	100,461	194,533	-	194,533
Over 6 months and up to 12 months	5,178	-	5,178	4,451	-	4,451	226,712	-	226,712
Over 1 year and up to 2 years	10,532	-	10,532	1,730	-	1,730	19,958	-	19,958
Over 2 years and up to 5 years	4,118	-	4,118	4,030	-	4,030	4,564	-	4,564
	50,345,387	11,714,969	62,060,356	45,432,289	6,692,230	52,124,519	38,681,896	7,301,406	45,983,302

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 (cont'd)

36. Supplementary information as required by Bank of Mauritius (cont'd)

u. Other liabilities

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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	77,690	6,370	84,060	142,657	8,092	150,749	85,397	3,163	88,560
Accruals for operating and non-operating expenses	202,259	30,179	232,438	133,163	3,218	136,381	98,213	3,605	101,818
Accounts payable	44,236	12,725	56,961	95,300	8,744	104,044	75,456	10,789	86,245
Deferred income	13,734	178	13,912	15,147	109	15,256	54,862	65	54,927
Balance due in clearing	149,410	348	149,758	206,461	188	206,649	116,110	5,599	121,709
Balances in transit	290,812	-	290,812	123,909	-	123,909	-	-	-
Specific allowance on Off Balance Sheet exposure	-	-	-	105	-	105	-	-	-
Others	8,269	22,872	31,141	12,196	2,682	14,878	4,674	3,842	8,516
	786,410	72,672	859,082	728,938	23,033	751,971	434,712	27,063	461,775

v. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers, and spot foreign exchange contracts

	SEGMENT A 2009 MRs' 000	SEGMENT B 2009 MRs' 000	BANK 2009 MRs' 000	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
Acceptances on account of customers	191,851	15,429	207,280	215,223	4,011	219,234	349,957	12,858	362,815
Guarantees on account of customers	2,136,739	562,262	2,699,001	2,317,050	337,832	2,654,882	2,409,847	280,291	2,690,138
Letters of credit and other obligations on account of customers	385,810	16,178	401,988	527,904	242,200	770,104	1,450,213	44,164	1,494,377
Spot foreign exchange contracts	15,960	987,650	1,003,610	1,499	1,405,178	1,406,677	225,451	2,419,534	2,644,985
Other contingent items	-	813,362	813,362	-	-	-	97,618	-	97,618
	2,730,360	2,394,881	5,125,241	3,061,676	1,989,221	5,050,897	4,533,086	2,756,847	7,289,933
Credit commitments									
Undrawn credit facilities	4,740,013	179,439	4,919,452	3,365,184	190,533	3,555,717	3,097,532	101,167	3,198,699