



The Mauritius Commercial Bank Limited
Financial Statements
30th June 2014

Report of the Auditors

TO THE SHAREHOLDERS OF THE MAURITIUS COMMERCIAL BANK LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of The Mauritius Commercial Bank Ltd. (the "bank"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the bank's members those matters we are required to state to them in an auditors' 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 members 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 Mauritius Commercial Bank Ltd. on pages 3 to 74 which comprise the statement of financial position at June 30, 2014 and the statement of profit or loss, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Report of the Auditors

TO THE SHAREHOLDERS OF THE MAURITIUS COMMERCIAL BANK LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

In our opinion, the financial statements on pages 3 to 74 give a true and fair view of the financial position of the bank at June 30, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the bank, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Banking Act 2004

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

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

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

30th September 2014
Port Louis
Mauritius

		2014	2013	2012
		RS'000	RS'000	RS'000
	Notes		(Restated)	(Restated)
ASSETS				
Cash and cash equivalents	4	17,703,617	14,614,633	9,638,627
Derivative financial instruments	5	121,901	120,955	32,057
Loans to and placements with banks	6(a)	6,534,225	3,659,498	3,193,675
Loans and advances to customers	6(b)	140,369,013	138,981,434	127,396,940
Investment securities	7	30,614,589	17,274,855	12,385,486
Investments in associates	8	-	876,156	861,635
Investments in subsidiaries	9	-	3,679,902	3,537,307
Intangible assets	10	523,084	691,896	818,676
Property, plant and equipment	11	5,202,509	5,442,042	5,543,947
Deferred tax assets	12	194,292	113,786	81,018
Non-current assets held for distribution	13(b)	1,331,216	-	-
Other assets	14	14,037,530	10,739,181	9,881,197
Total assets		216,631,976	196,194,338	173,370,565
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits from banks	15(a)	3,698,038	3,408,512	2,776,618
Deposits from customers	15(b)	171,021,910	150,918,634	138,032,675
Derivative financial instruments	5	528,795	560,742	334,954
Other borrowed funds	16	7,565,608	13,103,722	7,008,400
Subordinated liabilities	17	5,409,081	-	-
Current tax liabilities		368,440	241,946	202,738
Other liabilities	19	5,941,038	5,267,613	4,737,208
Total liabilities		194,532,910	173,501,169	153,092,593
Shareholders' Equity				
Stated capital		2,379,602	2,615,838	2,593,395
Retained earnings		16,322,961	16,585,299	14,401,121
Other components of equity		3,396,503	3,852,089	3,648,221
		22,099,066	23,053,226	20,642,737
Less treasury shares		-	(360,057)	(364,765)
Equity attributable to the ordinary equity holders of the bank		22,099,066	22,693,169	20,277,972
Total equity and liabilities		216,631,976	196,194,338	173,370,565
CONTINGENT LIABILITIES				
Guarantees, letters of credit, endorsements and other obligations on account of customers		62,112,445	46,549,986	37,482,964
Commitments		4,355,291	5,022,227	4,519,999
Tax assessments		272,057	121,584	68,042
Other	21	1,504,788	1,632,122	1,289,436
		68,244,581	53,325,919	43,360,441

These financial statements were approved for issue by the Board of Directors on the 30th September 2014.

The notes on pages 13 to 74 form part of these financial statements.
Auditors' report on pages 1 and 2.

Antony R. WITHERS
Director
Chief Executive

Jean-François DESVAUX DE MARIGNY
Director
Deputy Chief Executive

Jean-Philippe COULIER
Director
President of the Board

Gilles GUFFLET
Director
Chairperson Audit Committee

		2014 RS'000	2013 RS'000 (Restated)	2012 RS'000 (Restated)
Continuing operations				
Interest income	22	10,865,841	10,474,716	10,023,674
Interest expense	23	(4,319,193)	(4,141,301)	(4,277,744)
Net interest income		6,546,648	6,333,415	5,745,930
Fee and commission income	24	2,949,355	2,599,851	2,202,639
Fee and commission expense	25	(550,459)	(411,373)	(342,108)
Net fee and commission income		2,398,896	2,188,478	1,860,531
Other income				
Profit arising from dealing in foreign currencies		974,196	775,743	1,231,954
Net gain/(loss) from financial instruments carried at fair value	26	46,446	206,333	(251,783)
Dividend income	27	13,520	7,184	29,333
Net gain on sale of securities		422,237	19,916	-
Other operating income		46,686	56,304	10,534
Operating income		1,503,085	1,065,480	1,020,038
Non-interest expense				
Salaries and human resource development	28(a)	(2,140,599)	(2,030,463)	(1,878,725)
Employee benefits	18	(265,038)	(240,833)	(188,556)
Depreciation		(410,318)	(406,897)	(399,238)
Amortisation of intangible assets		(215,688)	(201,030)	(196,879)
Other	28(b)	(1,421,062)	(1,245,027)	(1,199,375)
Operating profit before impairment		(4,452,705)	(4,124,250)	(3,862,773)
Allowance for credit impairment	29	5,995,924	5,463,123	4,763,726
Impairment of intangible assets		(1,843,056)	(1,055,277)	(509,241)
Profit before tax		-	-	(1,206)
Income tax expense	30	4,152,868	4,407,846	4,253,279
Profit for the year from continuing operations		(811,771)	(700,676)	(671,281)
		3,341,097	3,707,170	3,581,998
Discontinuing operations				
Profit for the year from discontinuing operations	13(d)	345,484	84,298	887,772
Profit for the year attributable to the owners of the bank		3,686,581	3,791,468	4,469,770
Earnings per share (Rs):				
Continuing operations	32	14.04	15.59	15.08
Discontinuing operations	32	1.45	0.35	3.74

The notes on pages 13 to 74 form part of these financial statements.
Auditors' report on pages 1 and 2.

	2014 RS'000	2013 RS'000 (Restated)	2012 RS'000 (Restated)
Profit for the year	3,686,581	3,791,468	4,469,770
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plan net of deferred tax	(229,412)	(134,639)	(334,057)
Items that may be reclassified subsequently to profit or loss:			
Reclassification adjustments	(320,766)	(3,206)	-
Net fair value gain on available-for-sale investments	101,416	184,631	188,580
Other comprehensive (expense)/income for the year	(219,350)	181,425	188,580
Total comprehensive income for the year	3,237,819	3,838,254	4,324,293
Total comprehensive income attributable to the owners of the bank:			
Continuing operations	2,892,335	3,753,956	3,436,521
Discontinuing operations	345,484	84,298	887,772
	3,237,819	3,838,254	4,324,293

The notes on pages 13 to 74 form part of these financial statements.
Auditors' report on pages 1 and 2.

	Share Capital RS'000	Share Premium RS'000	Treasury Shares RS'000	Retained Earnings RS'000	Capital Reserve RS'000	Statutory Reserve RS'000	General Banking Reserve RS'000	Total Equity RS'000
At 30th June 2011								
As previously stated	2,503,756	77,953	(367,183)	12,164,060	332,666	2,581,709	533,580	17,826,541
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	-	(496,905)	-	-	-	(496,905)
As restated	2,503,756	77,953	(367,183)	11,667,155	332,666	2,581,709	533,580	17,329,636
Profit for the year - restated	-	-	-	4,469,770	-	-	-	4,469,770
Other comprehensive (expense)/income for the year - restated	-	-	-	(334,057)	188,580	-	-	(145,477)
Total comprehensive income for the year - restated	-	-	-	4,135,713	188,580	-	-	4,324,293
Dividends in cash	-	-	-	(1,390,061)	-	-	-	(1,390,061)
Transfer to statutory reserve	-	-	-	(11,686)	-	11,686	-	-
Employee share options exercised	-	11,686	2,418	-	-	-	-	14,104
At 30th June 2012 - restated	2,503,756	89,639	(364,765)	14,401,121	521,246	2,593,395	533,580	20,277,972
Profit for the year - restated	-	-	-	3,791,468	-	-	-	3,791,468
Other comprehensive (expense)/income for the year - restated	-	-	-	(134,639)	181,425	-	-	46,786
Total comprehensive income for the year - restated	-	-	-	3,656,829	181,425	-	-	3,838,254
Dividends in cash	-	-	-	(1,450,208)	-	-	-	(1,450,208)
Transfer to statutory reserve	-	-	-	(22,443)	-	22,443	-	-
Employee share options exercised	-	22,443	4,708	-	-	-	-	27,151
At 30th June 2013 - restated	2,503,756	112,082	(360,057)	16,585,299	702,671	2,615,838	533,580	22,693,169
Profit for the year	-	-	-	3,686,581	-	-	-	3,686,581
Other comprehensive expense for the year	-	-	-	(229,412)	(219,350)	-	-	(448,762)
Total comprehensive income/(expense) for the year	-	-	-	3,457,169	(219,350)	-	-	3,237,819
Dividends in cash	-	-	-	(1,522,573)	-	-	-	(1,522,573)
Dividends in specie	-	-	-	(2,339,812)	-	-	-	(2,339,812)
Transfer from statutory reserve	-	-	-	236,236	-	(236,236)	-	-
Employee share options exercised	-	26,101	4,362	-	-	-	-	30,463
Cancellation of treasury shares	(124,154)	(138,183)	355,695	(93,358)	-	-	-	-
At 30th June 2014	2,379,602	-	-	16,322,961	483,321	2,379,602	533,580	22,099,066

The notes on pages 13 to 74 form part of these financial statements.
Auditors' report on pages 1 and 2.

	2014 RS'000	2013 RS'000 (Restated)	2012 RS'000 (Restated)
Net cash flows from trading activities	34 3,371,424	5,335,863	5,105,161
Net cash flows from other operating activities	35 3,450,043	(1,847,226)	(784,053)
Dividends paid	(1,510,165)	(1,425,893)	(1,389,787)
Income tax paid	(725,299)	(670,476)	(713,825)
Net cash flows from operating activities	4,586,003	1,392,268	2,217,496
Investing activities			
Purchase of available-for-sale investments	(835,678)	(35,000)	(261,845)
Proceeds from sale of available-for-sale investments	429,960	415,014	185,040
Proceeds on disposal of shares in subsidiaries	251,392	-	-
Investment in subsidiaries	(1,512)	-	(39,597)
Investment in associate	(185)	-	-
Purchase of property, plant and equipment	(196,214)	(346,165)	(809,044)
Purchase of intangible assets	(47,207)	(74,250)	(97,497)
Proceeds from sale of intangible assets	331	-	-
Proceeds from sale of property, plant and equipment	60,118	79,605	17,866
Net cash flows before financing activities	(338,995)	39,204	(1,005,077)
Financing activities	4,247,008	1,431,472	1,212,419
Employee share options exercised	26,595	25,509	12,183
Subordinated liabilities issued/(refunded)	5,415,567	-	(1,298,672)
Net debt securities issued	145,800	354,900	1,783,500
Net refund/(grant) of subordinated loan from/to subsidiaries	12,500	(142,313)	(50,000)
	5,600,462	238,096	447,011
Increase in cash and cash equivalents	9,847,470	1,669,568	1,659,430
Net cash and cash equivalents at 1st July	7,850,594	6,181,026	4,521,596
Net cash and cash equivalents at 30th June	36 17,698,064	7,850,594	6,181,026

The notes on pages 13 to 74 form part of these financial statements.
Auditors' report on pages 1 and 2.

The Mauritius Commercial Bank Limited ("the bank") is a public company incorporated by Royal Charter in 1838 and registered as limited liability company on 18th August 1955. Its registered office is situated at 9-15, Sir William Newton Street, Port Louis, Mauritius.

The main activities of the bank consist of providing a whole range of banking and financial services. The bank is wholly owned by the MCB Investment Holding Limited.

The ultimate holding company is the MCB Group Limited which is listed on The Stock Exchange of Mauritius Ltd.

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1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

On 17th February 2014, The Supreme Court (Bankruptcy Division) approved the Scheme of Arrangement (the "Scheme") under Sections 261 to 264 of the Companies Act 2001, effective on 21st February 2014. Accordingly, the shareholders of The Mauritius Commercial Bank Limited exchanged their ordinary shares held in The Mauritius Commercial bank Limited for ordinary shares in MCB Group Limited on a 1:1 ratio.

These separate financial statements contain information about The Mauritius Commercial Bank Limited as an individual company. All remaining investments in subsidiaries and investments in associates held at 30th June 2014 have been reclassified as "Non-current assets held for distribution" as shown in note 13, in accordance with IFRS 5.

The financial statements of The Mauritius Commercial Bank Limited comply with The Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and instructions, Guidelines and Guidance notes issued by the Bank of Mauritius, in so far as the operations of the bank are concerned.

Where necessary, comparative figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The financial statements have been prepared under the historical cost convention except for available-for-sale investment securities, financial assets and liabilities held-for-trading and all derivative contracts.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is not expected to have any impact on the bank's financial statements.

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. The standard has no impact on the bank's financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Accounting for an interest in a joint venture using the proportionate consolidation method is not permitted under IFRS 11. The standard is not expected to have any impact on the bank's financial statements.

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well.

IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The standard has no impact on the bank's financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard has no impact on the bank's financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the bank's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. See note 38 for the impact on the financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures and is not expected to have any impact on the bank's financial statements.

Amendment to IFRS 1 (Government Loans) has no impact on the bank's financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), 'First time adoption of IFRS', has no impact on the bank's operations.

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

IAS 16 (Amendment), 'Property, plant and equipment', clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment does not have an impact on the bank's operations.

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. The amendment does not have an impact on the bank's operations.

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which the bank has not early adopted. At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

IFRIC 21: Levies

Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from contracts with customers

Where relevant, the bank is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency

These financial statements are prepared in Mauritian Rupees (Rs.), which is the bank's functional and presentation currency. Except as indicated, financial information presented in Mauritian rupees has been rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Trading transactions denominated in foreign currencies are accounted for at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the rate of exchange ruling at the end of the reporting date. Differences arising from reporting monetary items are dealt with through profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Derivative financial instruments

Derivative financial instruments include mainly foreign exchange contracts and currency swaps. These are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. Fair values of forwards involving Mauritian Rupees are based on treasury bills rate or LIBOR. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

The bank's derivative transactions, while providing effective economic hedges under the bank's risk management policies, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in profit or loss.

The fair values of derivative financial instruments held for trading are disclosed in note 5.

(d) Offsetting financial instruments

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

(e) Interest income and expense

Interest income and expense are recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(f) Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan processing fees are deferred and recognised accordingly.

(g) Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as Government securities and Treasury bills and the counterparty liability is included in amount due to other banks or deposits, as appropriate.

Securities purchased under agreements to resell ("reverse repos") are recorded as amount due from other banks or loans and advances, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repos agreements using the effective yield method.

(h) Investment securities

The bank classifies its investment securities as fair value through profit or loss, held-to-maturity or available-for-sale assets. Management determines the appropriate classification of its investments at the time of the purchase. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale, which may be sold.

Investment securities are initially recognised at fair value plus, in the case of those not at fair value through profit or loss, transaction costs. Available-for-sale listed financial assets are subsequently remeasured at fair value based on quoted bid prices. Fair values for unlisted equity securities are estimated using maintainable earnings or net assets bases refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in statement of other comprehensive income. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investment securities (continued)

Financial assets at fair value through profit or loss are financial assets held for trading.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment.

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

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably measured. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instruments original effective interest rate. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Interest earned while holding investment securities is reported as interest income. Dividends receivable are included separately in 'dividend income' in profit or loss when the entity's right to receive payment is established.

All regular way purchases and sales of investment securities are recognised at trade date which is the date that the bank commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward transactions until settlement.

(i) Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at fair value (which includes transaction costs) and measured at subsequent reporting dates at fair value. All related realised and unrealised gains and losses are recognised in statement of profit or loss for the year.

(j) Loans and provisions for loan impairment

Loans originated by the bank by providing money directly to the borrower (at draw-down) are categorised as loans by the bank and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

All loans and advances are recognised when cash is advanced to borrowers. An allowance for loan impairment is established if there is the objective evidence that the bank will not be able to collect all amounts due according to the original contractual terms of the loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loans.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the end of the reporting date. These have been estimated upon the historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the provision for loan losses in profit or loss.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking reserve as an appropriation of retained earnings.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for loan losses.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Property, plant and equipment**

Property, plant and equipment are carried at deemed cost less accumulated depreciation.

Land and buildings are revalued on a regular basis by qualified independent valuers. Depreciation is calculated to write down the cost or amount of the valuation of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Computer and other equipment	5-10 years
Other fixed assets	5-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

(l) Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the bank and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of eight years.

(m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with Central Bank and amounts due to and from other banks. A further breakdown of cash and cash equivalents is given in notes 4 and 36 to the financial statements.

(n) Provisions

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Employee benefits**

The bank operates a number of defined benefit plans throughout the region. The defined benefit plan is fully funded. The assets of the funded plan are held independently and administered by the MCB Superannuation Fund.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The bank determines the net interest expense/(income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

(p) Non-current assets held for distribution

Non-current assets classified as held for distribution are measured at the lower of carrying amount and fair value less costs to distribute if their carrying amount is recovered principally through a distribution rather than through a continuing use. This condition is regarded as met only, when the distribution is highly probable and the asset is available for immediate distribution in its present condition.

(q) Deferred tax

Deferred tax is provided for, using the liability method, on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for impairment losses on loans and advances and provisions for employee benefits. The rates enacted or subsequently enacted at the end of the reporting period are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in statement of profit or loss over the period of the borrowings using the effective yield method.

(s) Dividend distribution

Dividend distribution to the bank's shareholders is recognised as a liability in the period in which dividends are declared.

(t) Acceptances

Acceptances comprise undertakings by the bank to pay bills of exchange drawn on customers. The bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are disclosed as liabilities with corresponding contra-assets.

(u) Operating segments

An operating segment is a component of the bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the bank's other components. All operating segments' operating results are reviewed regularly by the Supervisory and Monitoring Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Detailed analysis of segment reporting are shown in note 40 to the financial statements.

(v) Share capital

Ordinary shares are classified as equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Treasury shares

Where the bank purchases its 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.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

(x) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates 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 are discussed below.

(a) Held-to-maturity investments

The bank follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the bank evaluates its intention and ability to hold such investments to maturity.

If the bank fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

(b) Impairment of available-for-sale financial assets

The bank follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the bank evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

The value of the pension obligations is based on the report submitted by an independent actuarial firm on an annual basis.

(d) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the bank using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The bank would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the bank's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the bank's view of possible near-term market changes that cannot be predicted with any certainty.

(f) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(g) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the bank would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(h) Impairment of assets

Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

3. FINANCIAL RISK MANAGEMENT
(a) Strategy in using financial instruments

The use of financial instruments is a major feature of the Bank's operations. It has been the Bank's policy to take deposits from customers at variable rates mostly by investing these funds in a wide range of assets.

The Bank also seeks to raise its interest margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. The Bank's exposures are not restricted to just on-balance sheet loans and advances but, also, to guarantees and other commitments such as letters of credit, performance and other bonds

(b) Credit risk

Credit risk arises when customers or counterparties are not able to fulfill their contractual obligations. Credit Risk Management at the Bank is under the responsibility of the Credit Risk Business Unit (CRBU). The CRBU has the task of reviewing the Bank's credit policies and guidelines to ensure that best lending practices are upheld at all times. Risk assessments are carried out to assist in portfolio management decisions including exposure levels and the constitution of required provisions.

Credit related commitments

The main purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank to pay a third party, on behalf of its customers up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

Credit Quality of Loans And Advances

	Bank		
	2014 RS'M	2013 RS'M	2012 RS'M
Neither past due nor impaired	140,537	134,278	120,602
Past due but not impaired	1,577	5,290	6,461
Impaired	10,672	7,132	5,885
Gross	152,786	146,700	132,948
Less Allowances for credit impairment	(5,882)	(4,059)	(3,140)
Net	146,904	142,641	129,808
Fair Value of collaterals of past due but not impaired loans	5,555	5,290	6,461
Fair Value of collaterals of impaired loans	6,496	5,144	3,937

Loans and advances negotiated

	Bank		
	2014 RS'M	2013 RS'M	2012 RS'M
Loans and advances negotiated	12,720	11,789	13,920
Fair value of collaterals	12,720	11,789	13,920

Maximum exposure to credit risk before collateral and other credit risk enhancements :

	Bank		
	2014 RS'M	2013 RS'M	2012 RS'M
Credit risk exposures relating to on - balance sheet assets are as follows :			
Cash and cash equivalents	17,704	14,615	9,639
Derivatives financial instruments	122	121	32
Loans and advances to banks	6,534	3,659	3,194
Loans and advances to customers	140,369	138,981	127,397
Investment securities	30,615	17,275	12,385
Other assets	14,038	10,739	9,881
Credit risk exposures relating to off - balance sheet assets are as follows :			
Financial guarantees	62,112	46,550	37,483
Loans committed and other credit related liabilities	4,355	5,022	4,520
Total	275,849	236,962	204,531

(c) Market risk

Market risk arises from activities undertaken in or impacted by financial markets generally. This includes the risk of gain or loss arising from the movement in market price of a financial asset or liability as well as ancillary risks such as liquidity and funding risk. The market risk management policies at the Bank are set by the Risk Committee of the Board and executive management of this class of risk is delegated to the Asset and Liability Committee (ALCO). The Market Risk Business Unit (MRBU) plays a central role in monitoring and controlling market risk activities. It is the aim of MRBU to ensure that market risk policies and guidelines are being effectively complied with and that limits are being observed.

A major methodology which MCB uses for the measurement of market price risk is Value-at-Risk (VaR). VaR is the statistical representation of financial risk, expressed as a number, based on consistent modelling of past data and/or simulation of possible future movements, applied to a particular risk position, asset, or portfolio.

The VaR model used by the Bank is based upon a 99 percent one-tailed confidence level and assumes a ten-day holding period, with market data taken from the previous one year.

VaR Analysis - Foreign Exchange Risk

	As at 30 June	Average	Maximum	Minimum
2014 (RS 'M)	(10.16)	(10.10)	(21.59)	(7.48)
2013 (RS 'M)	(11.32)	(10.70)	(13.79)	(8.41)

(d) Price risk

The Bank is exposed to equity securities price risk because of investments held and classified as available-for-sale financial assets. The table below summarises the impact of increases/decreases in fair value of the investments on the Bank's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Bank		
	2014 RS'M	2013 RS'M	2012 RS'M
Available-for-sale financial assets	98	68	77

3. FINANCIAL RISK MANAGEMENT (CONTINUED)
(e) Currency risk
Concentration of assets, liabilities and off-balance sheet items

Bank						
At June 30, 2014						
Assets	EURO	USD	GBP	MUR	OTHER	TOTAL
	RS '000	RS '000	RS '000	RS '000	RS '000	RS '000
Cash and cash equivalents	3,958,598	2,146,589	2,123,233	4,128,627	5,346,570	17,703,617
Derivative financial instruments	21,658	-	-	100,243	-	121,901
Loans to and placements with banks	1,301,352	4,533,385	-	4,038	712,850	6,551,625
Loans and advances to customers	12,622,528	37,407,904	994,233	94,970,700	238,500	146,233,865
Investment securities	-	598,476	-	29,978,095	38,018	30,614,589
Intangible assets	-	-	-	523,084	-	523,084
Property, plant and equipment	-	-	-	5,202,509	-	5,202,509
Deferred tax assets	-	-	-	194,292	-	194,292
Non-current assets held for distribution	-	-	-	1,331,216	-	1,331,216
Other assets	627,497	1,584,208	142,588	11,542,577	140,660	14,037,530
	18,531,633	46,270,562	3,260,054	147,975,381	6,476,598	222,514,228
Less allowances for credit impairment						(5,882,252)
Total assets						216,631,976
Liabilities						
Deposits from banks	731,275	2,594,353	93,137	90,401	188,872	3,698,038
Deposits from customers	21,838,777	22,866,774	3,193,216	115,752,484	7,370,659	171,021,910
Derivative financial instruments	20,470	414,624	-	93,701	-	528,795
Other borrowed funds	3,501,246	2,178,570	-	23,189	1,862,603	7,565,608
Subordinated liabilities	-	909,081	-	4,500,000	-	5,409,081
Current tax liabilities	-	-	-	368,440	-	368,440
Other liabilities	147,174	1,187,333	13,331	4,539,546	53,654	5,941,038
Total liabilities	26,238,942	30,150,735	3,299,684	125,367,761	9,475,788	194,532,910
Net on-balance sheet position	(7,707,309)	16,119,827	(39,630)	22,607,620	(2,999,190)	27,981,318
Less allowances for credit impairment						(5,882,252)
						22,099,066
Off balance sheet net notional position	4,606,621	19,977,023	1,204,381	-	871,141	26,659,167
Credit commitments	5,346,577	46,590,357	132,678	13,007,444	1,390,680	66,467,736

3. FINANCIAL RISK MANAGEMENT (CONTINUED)
(e) Currency risk (continued)
Concentration of assets, liabilities and off-balance sheet items

Bank	EURO	USD	GBP	MUR	OTHER	TOTAL
At June 30, 2013 (Restated)	RS '000	RS '000	RS '000	RS '000	RS '000	RS '000
Total assets	16,749,530	42,349,015	3,280,848	133,324,138	4,549,624	200,253,155
Total liabilities	20,225,963	31,243,939	3,098,792	112,941,442	5,991,033	173,501,169
Net on-balance sheet position	(3,476,433)	11,105,076	182,056	20,382,696	(1,441,409)	26,751,986
Less allowances for credit impairment						(4,058,817)
						22,693,169
Off balance sheet net notional position	5,042,438	13,425,365	482,495		1,762,064	20,712,362
Credit commitments	3,580,662	33,749,021	18,844	13,551,022	672,664	51,572,213
Bank						
At June 30, 2012 (Restated)						
Total assets	11,671,242	35,434,567	2,918,759	122,837,770	3,648,217	176,510,555
Total liabilities	16,454,925	23,124,120	3,023,786	105,353,110	5,136,652	153,092,593
Net on-balance sheet position	(4,783,683)	12,310,447	(105,027)	17,484,660	(1,488,435)	23,417,962
Less allowances for credit impairment						(3,139,990)
						20,277,972
Off balance sheet net notional position	4,613,856	13,043,054	253,841	-	1,096,629	19,007,380
Credit commitments	3,357,376	24,002,199	107,429	13,549,968	985,991	42,002,963

(f) Interest rate risk

Interest rate risk refers to the potential variability in the Bank's financial condition owing to changes in the level of interest rates. It is the Bank's policy to apply variable interest rates to lending and deposit taking. Fixed interest rates are applied to deposits in foreign currencies; however maturities in this regard are only short-term.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)
(f) Interest rate risk (continued)
Interest sensitivity of assets and liabilities- repricing analysis

Bank At June 30, 2014	Up to 1 month RS '000	1-3 months RS '000	3-6 months RS '000	6-12 months RS '000	1-3 years RS '000	Over 3 years RS '000	Non-interest bearing RS '000	Total RS '000
Assets								
Cash and cash equivalents	9,770,055	57,140	-	-	-	50,008	7,826,414	17,703,617
Derivative financial instruments	-	-	-	-	-	-	121,901	121,901
Loans to and placements with banks	2,119,071	2,818,669	1,025,658	588,227	-	-	-	6,551,625
Loans and advances to customers	101,994,828	29,799,997	3,692,028	4,994,739	1,903,920	3,183,179	665,174	146,233,865
Investment securities	2,061,003	3,380,053	4,607,305	4,838,117	8,439,874	5,509,813	1,778,424	30,614,589
Intangible assets	-	-	-	-	-	-	523,084	523,084
Property, plant and equipment	-	-	-	-	-	-	5,202,509	5,202,509
Deferred tax assets	-	-	-	-	-	-	194,292	194,292
Non-current assets held for distribution	-	-	-	-	-	-	1,331,216	1,331,216
Other assets	-	-	-	-	-	-	14,037,530	14,037,530
	115,944,957	36,055,859	9,324,991	10,421,083	10,343,794	8,743,000	31,680,544	222,514,228
Less allowances for credit impairment								(5,882,252)
Total assets								216,631,976
Liabilities								
Deposits from banks	2,636,677	528,830	243,275	176,780	-	16,596	95,880	3,698,038
Deposits from customers	148,714,368	3,389,126	3,424,379	1,239,359	43,604	728,496	13,482,578	171,021,910
Derivative financial instruments	12,186	-	393,591	-	-	-	123,018	528,795
Other borrowed funds	695,549	2,189,437	3,521,488	23,189	-	1,130,392	5,553	7,565,608
Subordinated liabilities	909,081	4,500,000	-	-	-	-	-	5,409,081
Current tax liabilities	-	-	-	-	-	-	368,440	368,440
Other liabilities	705,199	-	-	-	-	-	5,235,839	5,941,038
Total liabilities	153,673,060	10,607,393	7,582,733	1,439,328	43,604	1,875,484	19,311,308	194,532,910
On balance sheet interest sensitivity gap	(37,728,103)	25,448,466	1,742,258	8,981,755	10,300,190	6,867,516	12,369,236	27,981,318
Less allowances for credit impairment								(5,882,252)
								22,099,066

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Interest rate risk (continued)

Interest sensitivity of assets and liabilities- repricing analysis

Bank At June 30, 2013 (Restated)	Up to 1 month RS '000	1-3 months RS '000	3-6 months RS '000	6-12 months RS '000	1-3 years RS '000	Over 3 years RS '000	Non-interest bearing RS '000	Total RS '000
Total assets	114,347,845	23,803,497	15,909,545	9,707,122	3,282,714	4,795,129	28,407,303	200,253,155
Total liabilities	136,205,453	9,088,359	6,185,609	3,096,345	92,816	1,333,946	17,498,641	173,501,169
On balance sheet interest sensitivity gap	(21,857,608)	14,715,138	9,723,936	6,610,777	3,189,898	3,461,183	10,908,662	26,751,986
Less allowances for credit impairment								(4,058,817)
								22,693,169
Bank At June 30, 2012 (Restated)								
Total assets	101,958,309	17,983,866	16,494,468	8,057,341	3,830,639	3,564,623	24,621,309	176,510,555
Total liabilities	120,682,336	8,365,661	3,411,406	3,386,258	8,684	52,238	17,186,010	153,092,593
On balance sheet interest sensitivity gap	(18,724,027)	9,618,205	13,083,062	4,671,083	3,821,955	3,512,385	7,435,299	23,417,962
Less allowances for credit impairment								(3,139,990)
								20,277,972

3. FINANCIAL RISK MANAGEMENT (CONTINUED)
(g) Liquidity risk (continued)
Maturities of assets and liabilities

Bank At June 30, 2014	Up to 1 month RS '000	1-3 months RS '000	3-6 months RS '000	6-12 months RS '000	1-3 years RS '000	Over 3 years RS '000	Non-maturity items RS '000	Total RS '000
Assets								
Cash and cash equivalents	17,307,924	57,140	-	-	-	-	338,553	17,703,617
Derivative financial instruments	70,612	19,023	9,749	559	-	-	21,958	121,901
Loans to and placements with banks	1,967,557	2,396,789	1,025,658	588,227	421,880	151,514	-	6,551,625
Loans and advances to customers	36,956,504	8,854,721	3,227,931	4,639,738	12,083,056	79,601,334	870,581	146,233,865
Investment securities	2,022,985	3,380,053	4,629,517	4,930,180	8,463,581	5,718,674	1,469,599	30,614,589
Intangible assets	-	-	-	-	-	-	523,084	523,084
Property, plant and equipment	-	-	-	-	-	-	5,202,509	5,202,509
Deferred tax assets	-	-	-	-	-	-	194,292	194,292
Non-current assets held for distribution	-	-	-	-	-	-	1,331,216	1,331,216
Other assets	-	-	-	-	-	-	14,037,530	14,037,530
	58,325,582	14,707,726	8,892,855	10,158,704	20,968,517	85,471,522	23,989,322	222,514,228
Less allowances for credit impairment								(5,882,252)
Total assets								216,631,976
Liabilities								
Deposits from banks	2,640,584	528,830	243,275	285,349	-	-	-	3,698,038
Deposits from customers	142,457,912	4,244,599	4,661,964	5,771,105	10,957,622	2,928,708	-	171,021,910
Derivative financial instruments	66,633	19,033	401,162	12,649	-	-	29,318	528,795
Other borrowed funds	5,553	-	1,285,650	1,468,885	1,274,919	3,530,601	-	7,565,608
Subordinated liabilities	-	-	-	-	-	5,409,081	-	5,409,081
Current tax liabilities	-	-	368,440	-	-	-	-	368,440
Other liabilities	705,199	-	-	-	-	-	5,235,839	5,941,038
Total liabilities	145,875,881	4,792,462	6,960,491	7,537,988	12,232,541	11,868,390	5,265,157	194,532,910
Net liquidity gap	(87,550,299)	9,915,264	1,932,364	2,620,716	8,735,976	73,603,132	18,724,165	27,981,318
Less allowances for credit impairment								(5,882,252)
								22,099,066

3. FINANCIAL RISK MANAGEMENT (CONTINUED)
(g) Liquidity risk (continued)
Maturities of assets and liabilities

Bank	Up to	1-3	3-6	6-12	1-3	Over 3	Non-maturity	Total
At June 30, 2013 (Restated)	1 month	months	months	months	years	years	items	Total
	RS '000	RS '000	RS '000	RS '000	RS '000	RS '000	RS '000	RS '000
Total assets	53,139,507	16,402,344	7,489,822	7,071,043	13,331,588	79,830,920	22,987,931	200,253,155
Total liabilities	125,790,616	13,400,637	4,560,731	6,461,828	9,658,703	9,854,022	3,774,632	173,501,169
Net liquidity gap	(72,651,109)	3,001,707	2,929,091	609,215	3,672,885	69,976,898	19,213,299	26,751,986
Less allowances for credit impairment								(4,058,817)
								22,693,169

Bank
At June 30, 2012 (Restated)

Total assets	40,343,602	9,782,940	7,490,815	8,089,798	12,629,944	76,061,714	22,111,742	176,510,555
Total liabilities	109,075,254	12,632,431	5,179,250	6,926,957	8,188,913	6,925,500	4,164,288	153,092,593
Net liquidity gap	(68,731,652)	(2,849,491)	2,311,565	1,162,841	4,441,031	69,136,214	17,947,454	23,417,962
Less allowances for credit impairment								(3,139,990)
								20,277,972

3. Financial Risk Management (continued)

(h) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant input required to fair value on instrument is observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

Specific techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of foreign exchange contracts is determined using foreign exchange rates at the end of the reporting period, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Bank for similar financial instruments.

4. CASH AND CASH EQUIVALENTS

	2014 RS'000	2013 RS'000	2012 RS'000
Cash in hand	2,296,253	2,253,708	1,267,257
Foreign currency notes and coins	80,972	46,882	40,649
Unrestricted balances with Central Bank	1,450,185	2,179,531	577,982
Balances due in clearing	338,761	429,180	385,541
Balances with local banks	2,127	2,315	1,468
Interbank loans	90,000	300,000	100,000
Money market placements	4,903,195	5,294,329	5,473,719
Balances with banks abroad	8,542,124	4,108,688	1,792,011
	17,703,617	14,614,633	9,638,627

5. DERIVATIVE FINANCIAL INSTRUMENTS

The bank utilises the following derivative instruments to manage its exposure to foreign currency risk and interest rate risk:

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.

Currency swaps and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies, or interest rates, or a combination of all these.

Except for certain currency swaps, no exchange of principal takes place. The bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the bank assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative instruments held are set out below:

	Contractual/ Nominal Amount RS'000	Fair value assets RS'000	Fair value liabilities RS'000
Derivatives held-for-trading			
Year ended 30th June 2014			
Foreign Exchange & Interest Rate Derivatives			
Currency forwards	3,180,349	59,688	58,725
Cross currency interest rate swaps	2,262,827	-	413,472
Interest rate swaps	970,186	21,658	21,621
Currency swaps	21,165,753	40,255	34,977
Others	41,383	300	-
	27,620,498	121,901	528,795
Year ended 30th June 2013			
Foreign Exchange & Interest Rate Derivatives			
Currency forwards	2,827,737	28,138	30,727
Cross currency interest rate swaps	2,254,045	-	420,006
Interest rate swaps	831,201	25,518	23,837
Currency swaps	15,684,252	66,996	86,172
Others	81,093	303	-
	21,678,328	120,955	560,742
Year ended 30th June 2012			
Foreign Exchange & Interest Rate Derivatives			
Currency forwards	1,504,076	10,522	11,466
Cross currency interest rate swaps	1,949,586	-	92,951
Interest rate swaps	802,001	1,879	-
Currency swaps	15,087,424	19,656	230,537
	19,343,087	32,057	334,954

6. LOANS
(a) Loans to and placements with banks

(i) Loans to and placements with banks

in Mauritius
 outside Mauritius

Less:
 Loans and placements with original maturity less than
 3 months and included in cash and cash equivalents

Less:
 Allowances for credit impairment

(ii) Remaining term to maturity

Up to 3 months
 Over 3 months and up to 6 months
 Over 6 months and up to 1 year
 Over 1 year and up to 5 years
 Over 5 years

(iii) Allowances for credit impairment

Portfolio Provision :

At 30th June 2011
 Provision released during the year
 At 30th June 2012
 Provision for credit impairment for the year
 At 30th June 2013
 Provision for credit impairment for the year
At 30th June 2014

	2014 RS'000	2013 RS'000	2012 RS'000
(i) Loans to and placements with banks			
in Mauritius	93,194	302,315	101,468
outside Mauritius	19,995,877	13,072,515	10,467,405
	20,089,071	13,374,830	10,568,873
Less:			
Loans and placements with original maturity less than 3 months and included in cash and cash equivalents	(13,537,446)	(9,705,332)	(7,367,198)
	6,551,625	3,669,498	3,201,675
Less:			
Allowances for credit impairment	(17,400)	(10,000)	(8,000)
	6,534,225	3,659,498	3,193,675
(ii) Remaining term to maturity			
Up to 3 months	4,364,346	2,427,408	2,208,012
Over 3 months and up to 6 months	1,025,658	77,547	124,210
Over 6 months and up to 1 year	588,227	43,426	-
Over 1 year and up to 5 years	421,880	1,121,117	869,453
Over 5 years	151,514	-	-
	6,551,625	3,669,498	3,201,675

**2014
RS'000**

8,047
(47)
8,000
2,000
10,000
7,400
17,400

6. LOANS (continued)
(b) Loans and advances to customers

	2014 RS'000	2013 RS'000	2012 RS'000
(i) Loans and advances to customers			
Retail customers:			
Credit cards	619,236	752,714	629,732
Mortgages	16,935,623	15,827,003	14,456,023
Other retail loans	11,745,765	11,139,760	10,940,835
Corporate customers	91,276,818	86,063,359	85,580,648
Governments	428,745	450,738	306,003
Entities outside Mauritius	25,227,678	28,796,677	18,615,689
	146,233,865	143,030,251	130,528,930
Less:			
Allowances for credit impairment	(5,864,852)	(4,048,817)	(3,131,990)
	140,369,013	138,981,434	127,396,940
(ii) Remaining term to maturity			
Up to 3 months	45,811,225	49,146,037	35,987,725
Over 3 months and up to 6 months	3,227,931	3,049,683	5,425,794
Over 6 months and up to 1 year	4,639,738	2,196,567	4,259,401
Over 1 year and up to 5 years	26,950,307	25,773,840	24,433,684
Over 5 years	65,604,664	62,864,124	60,422,326
	146,233,865	143,030,251	130,528,930
(iii) Allowances for credit impairment			
	Specific	Portfolio	Total
	RS'000	RS'000	RS'000
At 1st July 2011	1,572,637	804,653	2,377,290
Provision for credit impairment for the year	345,146	103,947	449,093
Provision released during the year	(31,067)	-	(31,067)
Amounts written off	(463,523)	-	(463,523)
At 30th June 2012	1,423,193	908,600	2,331,793
Interest suspense	800,197	-	800,197
Provision and interest suspense at 30th June 2012	2,223,390	908,600	3,131,990
At 1st July 2012	1,423,193	908,600	2,331,793
Provision for credit impairment for the year	924,655	88,400	1,013,055
Provision released during the year	(29,152)	-	(29,152)
Amounts written off	(145,413)	-	(145,413)
At 30th June 2013	2,173,283	997,000	3,170,283
Interest suspense	878,534	-	878,534
Provision and interest suspense at 30th June 2013	3,051,817	997,000	4,048,817
At 1st July 2013	2,173,283	997,000	3,170,283
Provision for credit impairment for the year	1,769,341	26,900	1,796,241
Provision released during the year	(9,857)	-	(9,857)
Amounts written off	(89,151)	-	(89,151)
At 30th June 2014	3,843,616	1,023,900	4,867,516
Interest suspense	997,336	-	997,336
Provision and interest suspense at 30th June 2014	4,840,952	1,023,900	5,864,852

6. LOANS (continued)
(b) Loans and advances to customers (continued)
(iv) Allowances for credit impairment by industry sectors

	2014				2013	2012	
	Gross amount of loans RS'000	Non performing loans RS'000	Specific provision RS'000	Portfolio provision RS'000	Total provision RS'000	Total provision RS'000	
Agriculture and fishing	7,271,386	50,128	18,459	7,170	25,629	54,549	73,119
Manufacturing	9,903,135	641,743	405,379	66,180	471,559	340,864	331,621
<i>of which EPZ</i>	3,687,708	86,140	76,401	20,780	97,181	110,739	114,590
Tourism	32,314,737	1,088,464	178,720	77,600	256,320	222,223	163,379
Transport	3,208,061	729,187	347,208	36,900	384,108	48,673	48,716
Construction	14,739,909	1,931,123	505,857	188,800	694,657	614,013	403,692
Financial and business services	14,211,059	199,224	60,389	53,770	114,159	123,014	79,681
Traders	16,313,605	1,496,809	921,935	150,000	1,071,935	441,264	526,106
Personal	27,001,232	2,553,306	1,038,149	182,230	1,220,379	1,195,660	1,097,107
<i>of which credit cards</i>	609,150	73,438	55,586	13,390	68,976	68,150	52,015
<i>of which housing</i>	16,935,623	1,071,803	157,256	79,300	236,556	191,831	81,201
Professional	910,240	282,881	43,423	12,650	56,073	52,672	49,077
Foreign governments	428,745	-	-	1,500	1,500	1,600	1,600
Global Business Licence holders	12,071,202	1,355,086	1,178,659	202,760	1,381,419	736,219	144,816
Others	7,860,554	343,781	142,774	44,340	187,114	218,066	213,076
	146,233,865	10,671,732	4,840,952	1,023,900	5,864,852	4,048,817	3,131,990

(v) Credit concentration of risk by industry sectors

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

	2014 RS'000	2013 RS'000	2012 RS'000
Agriculture and fishing	2,390,858	1,842,681	3,899,116
Manufacturing	3,225,296	2,164,474	2,302,694
<i>of which EPZ</i>	1,652,056	875,888	788,832
Tourism	17,662,724	14,959,946	15,901,988
Transport	53,889	110,888	168,861
Construction	1,813,951	3,201,793	3,944,314
Financial and business services	19,966,767	9,245,340	5,586,120
Traders	14,101,600	7,756,834	9,203,082
Global Business Licence holders	7,243,028	2,264,230	4,963,374
Foreign governments	-	-	3,213,000
Others	2,960,333	3,527,255	4,605,826
	69,418,446	45,073,441	53,788,375

7. INVESTMENT SECURITIES

	2014	2013	2012
	RS'000	RS'000	RS'000
At fair value through profit or loss	-	-	78,202
Held-to-maturity	28,656,695	15,921,035	10,774,392
Available-for-sale	1,957,894	1,353,820	1,532,892
	30,614,589	17,274,855	12,385,486

(a) At fair value through profit or loss

Treasury bills held for trading :

Over 3 months and up to 12 months

-	-	78,202
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(b) (i) Held-to-maturity

Mauritius Development Loan Stocks

Government of Mauritius & Bank of Mauritius bonds

Treasury bills

Foreign bonds

Other

-	200,310	368,321
15,108,443	3,413,044	3,734,912
13,191,774	12,278,428	6,639,532
327,088	29,253	31,627
29,390	-	-
28,656,695	15,921,035	10,774,392

(ii) Remaining term to maturity

	2014					Total RS'000
	Up to 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	
	RS'000	RS'000	RS'000	RS'000	RS'000	
Government of Mauritius & Bank of Mauritius bonds	272,150	755,009	274,836	10,385,364	3,421,084	15,108,443
Treasury bills	5,130,888	3,649,119	4,411,767	-	-	13,191,774
Foreign bonds	-	38,018	151,514	137,556	-	327,088
Other	-	-	-	29,390	-	29,390
	5,403,038	4,442,146	4,838,117	10,552,310	3,421,084	28,656,695

(c) Available-for-sale
Quoted - Level 1

Official list : shares

Foreign shares

Unquoted - Level 3

Shares

Inflation - indexed Government of Mauritius bonds

	2014	2013	2012
	RS'000	RS'000	RS'000
Official list : shares	754,514	6,773	7,030
Foreign shares	421,501	686,715	494,088
Shares	573,018	451,562	822,958
Inflation - indexed Government of Mauritius bonds	208,861	208,770	208,816
	1,957,894	1,353,820	1,532,892

8. INVESTMENTS IN ASSOCIATES
(a) The bank's interest in its principal associates were as follows:

	Country of incorporation	Assets RS'000	Liabilities RS'000	Revenues RS'000	Profit RS'000	Holding %	Cost RS'000
Year ended 30th June 2014 (see note 8(b) below)							
Year ended 30th June 2013							
Banque Française Commerciale O.I.	France	61,554,233	56,676,426	4,386,013	473,170	49.99	447,184
Credit Guarantee Insurance Co Ltd	Mauritius	77,939	52,757	35,383	4,929	40.00	12,000
							459,184
Subordinated loans to associates							416,972
							<u>876,156</u>
Year ended 30th June 2012							
Banque Française Commerciale O.I.	France	61,789,804	57,549,249	4,441,905	322,017	49.99	447,184
Credit Guarantee Insurance Co Ltd	Mauritius	50,240	29,987	17,860	4,089	40.00	12,000
							459,184
Subordinated loans to associates							402,451
							<u>861,635</u>

(b) Movements in investment in associates

	2014 RS'000	2013 RS'000	2012 RS'000
At 1st July	876,156	861,635	879,012
Increase in shareholding during the year	185	-	-
Exchange adjustment on subordinated loan	8,528	14,521	(17,377)
Subordinated loan converted into shares and disposed thereafter	(3,600)	-	-
Distributed by way of dividend in specie (see note 13(c))	(12,000)	-	-
Transferred to non-current assets held for distribution (see note 13(b))	(447,369)	-	-
<hr/>			
	421,900	876,156	861,635
Subordinated loans to associates reclassified to loans to banks/customers where applicable	(421,900)	-	-
At 30th June	-	876,156	861,635

9. INVESTMENTS IN SUBSIDIARIES
(a) The bank's interest in its subsidiaries were as follows:

	Country of incorporation/ operation	Principal activities	Stated capital RS'000	Effective holding			2014 RS'000	2013 RS'000	2012 RS'000
				2014 %	2013 %	2012 %			
** MCB (Maldives) Private Ltd	Republic of Maldives	Banking & Financial services	298,843	100.00	100.00	100.00	-	347,963	347,963
** MCB Moçambique SA	Mozambique	Banking & Financial services	120,250	95.00	95.00	95.00	-	260,040	260,040
** MCB Seychelles Ltd	Seychelles	Banking & Financial services	49,173	100.00	100.00	100.00	-	211,522	211,522
** MCB Madagascar SA	Madagascar	Banking & Financial services	149,152	85.00	85.00	85.00	-	64,322	64,322
* MCB Equity Fund Ltd	Mauritius	Private Equity Fund	-	N/A	100.00	100.00	-	2,334,637	2,334,637
* International Card Processing Services Ltd	Mauritius	Providing card system facilities, card embossing and encoding services	-	N/A	80.00	80.00	-	80,000	80,000
* MCB Capital Markets Ltd	Mauritius	Investment Holding Company	-	N/A	96.00	96.00	-	71,858	71,858
* MCB Factors Ltd	Mauritius	Factoring	-	N/A	100.00	100.00	-	50,000	50,000
* Fincorp Investment Ltd	Mauritius	Investment Company	-	N/A	57.56	57.56	-	24,736	24,736
* MCB Properties Ltd	Mauritius	Property ownership & development	-	N/A	100.00	100.00	-	14,625	14,625
* Blue Penny Museum	Mauritius	Philatelic museum	-	N/A	97.88	97.88	-	950	950
							-	3,460,653	3,460,653
Subordinated loans to subsidiaries							-	219,249	76,654
							-	3,679,902	3,537,307

(b) Movements in investment in subsidiaries

	2014 RS'000	2013 RS'000	2012 RS'000
At 1st July	3,679,902	3,537,307	3,447,710
Net (decrease)/increase in shareholding during the year	(248,994)	-	39,597
Exchange adjustment on subordinated loan	(3,581)	-	-
Distributed by way of dividend in specie	(2,327,812)	-	-
Transferred to non-current assets held for distribution	(883,847)	-	-
Subordinated loans (refunded by)/granted to subsidiaries	(12,500)	142,595	50,000
Subordinated loans reclassified to loans to banks/customers where applicable	(203,168)	-	-
At 30th June	-	3,679,902	3,537,307

* These subsidiaries have been distributed by way of dividend in specie (see note 13(c)).

** These subsidiaries have been transferred to non-current asset held for distribution (see note 13(b)).

10. INTANGIBLE ASSETS

	2014 RS'000	2013 RS'000	2012 RS'000
Computer Software			
Cost			
At 1st July	2,367,218	2,302,259	2,207,049
Additions	47,207	74,250	97,497
Scrap/Impairment	(21,082)	(9,291)	(2,287)
Disposal	(553)	-	-
At 30th June	2,392,790	2,367,218	2,302,259
Amortisation			
At 1st July	1,675,322	1,483,583	1,287,785
Scrap/Impairment	(21,082)	(9,291)	(1,081)
Disposal adjustment	(222)	-	-
Charge for the year	215,688	201,030	196,879
At 30th June	1,869,706	1,675,322	1,483,583
Net book value	523,084	691,896	818,676

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RS'000	Computer and other equipment RS'000	Other fixed assets RS'000	Work in progress RS'000	Total RS'000
Deemed cost					
At 1st July 2011	2,903,009	2,098,589	620,676	1,473,208	7,095,482
Additions	119,615	66,331	18,435	604,663	809,044
Disposals	(7,650)	(55,114)	(30,942)	-	(93,706)
Transfer	1,319,642	574,727	146,066	(2,040,435)	-
At 30th June 2012	4,334,616	2,684,533	754,235	37,436	7,810,820
Additions	104,447	72,058	22,788	146,872	346,165
Disposals	(25,987)	(150,133)	(37,685)	-	(213,805)
Transfer	22,223	94,123	33,317	(149,663)	-
At 30th June 2013	4,435,299	2,700,581	772,655	34,645	7,943,180
Additions	23,597	71,805	25,815	74,997	196,214
Disposals	(21,288)	(40,424)	(39,752)	-	(101,464)
Transfer	-	29,489	15,123	(44,612)	-
At 30th June 2014	4,437,608	2,761,451	773,841	65,030	8,037,930
Accumulated depreciation					
At 1st July 2011	369,824	1,293,603	284,457	-	1,947,884
Charge for the year	68,365	271,130	59,743	-	399,238
Disposal adjustment	(1,874)	(51,898)	(26,477)	-	(80,249)
At 30th June 2012	436,315	1,512,835	317,723	-	2,266,873
Charge for the year	70,622	277,915	58,360	-	406,897
Disposal adjustment	(3,413)	(137,310)	(31,909)	-	(172,632)
At 30th June 2013	503,524	1,653,440	344,174	-	2,501,138
Charge for the year	71,037	284,604	54,677	-	410,318
Disposal adjustment	(98)	(37,767)	(38,170)	-	(76,035)
At 30th June 2014	574,463	1,900,277	360,681	-	2,835,421
Net book values	3,863,145	861,174	413,160	65,030	5,202,509
At 30th June 2014	3,931,775	1,047,141	428,481	34,645	5,442,042
At 30th June 2013	3,898,301	1,171,698	436,512	37,436	5,543,947
At 30th June 2012					

12. DEFERRED TAX ASSETS

The movement on the deferred income tax account is as follows :-

	2014	2013	2012
	RS'000	RS'000	RS'000
At 1st July			
As previously stated			(13,095)
Tax charged directly to equity (see note 30 (c))			<u>87,689</u>
			<u>74,594</u>
At 1st July - restated	113,786	81,018	74,594
Statements of profit or loss credit/(charge)	40,022	9,008	(52,527)
Tax charged relating to components of other comprehensive income (see note 30(b))	40,484	23,760	58,951
At 30th June	<u>194,292</u>	<u>113,786</u>	<u>81,018</u>

The analysis of deferred tax assets and liabilities is as follows:
Deferred tax assets :-

Provisions and post retirement benefits	254,104	208,377	180,269
Provisions for credit impairment	117,432	94,689	78,351
Accelerated tax depreciation	(177,244)	(189,280)	(177,602)
	<u>194,292</u>	<u>113,786</u>	<u>81,018</u>

13. UNBUNDLING OF THE MAURITIUS COMMERCIAL BANK LIMITED'S SUBSIDIARIES AND ASSOCIATES
(a) Scheme of Arrangement

Following the resolutions voted by the shareholders of The Mauritius Commercial Bank Limited ("the bank") at the Special Meeting held in December 2013, the Supreme Court (Bankruptcy Division) has approved the Scheme of Arrangement (the "Scheme") on 17 February 2014 under Sections 261 to 264 of the Companies Act 2001, effective on 21 February 2014. Accordingly, the shareholders of The Mauritius Commercial Bank Limited ("the bank") exchanged their ordinary shares held in the bank for ordinary shares in MCB Group Limited ("MCBG") on a 1:1 ratio. Following the above exchange MCBG exchanged all its shares in the bank for ordinary shares held in MCB Investment Holding Limited (MCBIH).

(b) Non-current assets held for distribution

Upon the "Scheme" becoming effective and subject to obtaining relevant regulatory approvals, the banking subsidiaries and associate of the bank will be unbundled into MCB Investment Holding Limited.

As at 30th June 2014, the subsidiaries and associate not yet unbundled have been classified as non-current assets held for distribution and are as follows:

	Principal activities	Effective Holding %	Value Rs'000
Banking subsidiaries			
MCB (Maldives) Private Ltd	Banking & Financial services	100.00	347,963
MCB Moçambique SA	Banking & Financial services	95.00	260,040
MCB Seychelles Ltd	Banking & Financial services	100.00	211,522
MCB Madagascar SA	Banking & Financial services	85.00	64,322
			883,847
Banking associate			
Banque Française Commerciale O.I.	Banking & Financial services	49.99	447,369
Total			1,331,216

(c) Discontinued operations

The bank has obtained the relevant regulatory approval to unbundle its non-banking subsidiaries, other investments and associate as part of the "Scheme". Subsequently, on 20th June 2014, the Board of the bank approved and declared a dividend in specie to its shareholder, namely MCB Investment Holding Limited, as detailed hereunder.

	Principal activities	Effective Holding %	Value Rs'000
Non-Banking subsidiaries			
MCB Capital Markets Ltd	Investment Holding Company	96.00	72,862
MCB Equity Fund Ltd	Private Equity Fund	100.00	2,084,639
MCB Factors Ltd	Factoring	100.00	50,000
			2,207,501
Other investments			
Fincorp Investment Ltd	Investment Company	57.56	24,736
MCB Properties Ltd	Property ownership & development	100.00	14,625
International Card Processing Services Ltd	Providing card system facilities, card embossing and encoding services	80.00	80,000
Blue Penny Museum	Philatelic museum	97.88	950
			120,311
Non-Banking associate			
Credit Guarantee Insurance Co Ltd	Insurance	40.00	12,000
Total			2,339,812

(d) Discontinuing operations following unbundling of investments

Income recognised in profit or loss is as follows:

	2014 Rs'000	2013 Rs'000	2012 Rs'000
Dividend income	345,484	84,298	887,772

Cash flow information from discontinuing operations is as follows:

	2014 Rs'000	2013 Rs'000	2012 Rs'000
Dividend received during the year	284,264	71,298	798,729

	2014 RS'000	2013 RS'000	2012 RS'000
14. OTHER ASSETS			
Mandatory balances with Central Bank	10,646,314	8,039,278	7,588,498
Accrued interest receivable	1,034,304	1,034,790	929,635
Prepayments & other receivables	910,276	556,197	730,181
Margin deposit under Credit Support Annex	431,521	461,251	162,862
Receivable from Mauritius Union Assurance Co Ltd	50,000	75,000	100,000
Credit Card Clearing	238,605	87,828	85,100
Non-banking assets acquired in satisfaction of debts	55,792	51,433	35,369
Others	670,718	433,404	249,552
	14,037,530	10,739,181	9,881,197

15. DEPOSITS

	2014 RS'000	2013 RS'000	2012 RS'000
(a) Deposits from banks			
Other deposits	2,415,169	1,685,080	1,570,820
Money market deposits with remaining term to maturity:			
Up to 3 months	754,245	1,044,862	629,314
Over 3 months and up to 6 months	243,275	223,680	153,935
Over 6 months and up to 1 year	285,349	454,890	422,549
	1,282,869	1,723,432	1,205,798
	3,698,038	3,408,512	2,776,618
(b) Deposits from customers			
(i) Retail customers			
Demand deposits	15,508,233	12,012,604	10,838,105
Savings deposits	74,282,426	68,226,248	61,394,644
Time deposits with remaining term to maturity:			
Up to 3 months	3,280,785	4,106,179	4,350,159
Over 3 months and up to 6 months	2,703,635	2,339,617	2,496,911
Over 6 months and up to 1 year	4,219,592	4,630,251	4,764,562
Over 1 year and up to 5 years	9,218,134	9,037,608	9,032,424
Over 5 years	31,905	4,855	4,480
	19,454,051	20,118,510	20,648,536
	109,244,710	100,357,362	92,881,285
(ii) Corporate customers			
Demand deposits	43,706,020	32,425,132	27,006,803
Savings deposits	5,591,302	5,102,968	4,827,541
Time deposits with remaining term to maturity:			
Up to 3 months	4,311,127	6,116,391	6,700,517
Over 3 months and up to 6 months	1,958,329	1,208,104	838,812
Over 6 months and up to 1 year	1,551,513	1,376,295	1,739,809
Over 1 year and up to 5 years	1,739,488	1,438,877	1,241,330
Over 5 years	2,896,803	2,838,248	2,738,540
	12,457,260	12,977,915	13,259,008
	61,754,582	50,506,015	45,093,352
(iii) Government			
Demand deposits	3,715	3,997	7,253
Savings deposits	18,903	51,260	50,785
	22,618	55,257	58,038
	171,021,910	150,918,634	138,032,675

16. OTHER BORROWED FUNDS
(a) Other borrowed funds comprise the following:

	2014 RS'000	2013 RS'000	2012 RS'000
Borrowings from Central Bank	-	-	11,718
Borrowings from banks:			
in Mauritius	23,189	387,736	3,885
abroad	5,685,369	10,855,386	5,103,297
Debt securities*	1,857,050	1,860,600	1,889,500
	7,565,608	13,103,722	7,008,400
Other borrowed funds include borrowings with original maturity of less than 3 months as shown in note 36	5,553	6,764,039	3,457,601

The carrying amounts of other borrowed funds are not materially different from the fair value.

* The debt securities consist of senior unsecured floating rate notes as follows:

ZAR 200 million maturing in January 2015 at an average interest rate of 6.6%	571,400	-	-
ZAR 100 million maturing in December 2014 at an average interest rate of 6.8%	285,700	310,100	-
ZAR 350 million maturing in December 2014 at an average interest rate of 7.4%	999,950	1,085,350	1,322,650
ZAR 150 million matured in December 2013 at an average interest rate of 6.1%	-	465,150	566,850
	1,857,050	1,860,600	1,889,500

(b) Remaining term to maturity:

On demand or within a period not exceeding 1 year	2,760,088	7,234,064	4,942,407
Within a period of more than 1 year but not exceeding 2 years	1,274,919	2,057,668	3,885
Within a period of more than 2 years but not exceeding 3 years	-	-	1,322,650
Within a period of more than 3 years	3,530,601	3,811,990	739,458
	7,565,608	13,103,722	7,008,400

17. SUBORDINATED LIABILITIES

		2014
		RS'000
Rs4.5 billion floating rate subordinated note maturing in August 2023 at an average interest rate of 6% (Level 1)	(i)	4,500,000
USD30M subordinated debt maturing in August 2023 at an average interest rate of 3.5% (Level 3)	(ii)	909,081
		5,409,081

The carrying amounts of the subordinated liabilities are not materially different from the fair value.

- (i) As part of its capital-raising plans, the bank had made an offer to the public for the issue of Rs3 billion worth of floating rate subordinated notes due in 2023, with an option to issue up to Rs4.5 billion, in case of oversubscription. The notes are eligible as Tier II Capital. The offer closed on 19th July 2013 and applications were received for a total of Rs6.3 billion from which the bank decided to retain the maximum amount of Rs4.5 billion. These notes are quoted on the Official Market of the Stock Exchange of Mauritius Ltd and are presently available to individual and institutional investors for secondary trading.
- (ii) The bank obtained a USD30M 10-year subordinated debt from the African Development Bank. This facility forms part of a wider package of USD150M granted by the latter to allow the bank to increase its foreign currency lending to clients operating in the region and in mainland Africa.

18. EMPLOYEE BENEFITS LIABILITIES

Amounts recognised in the financial statements at end of year

	2014 Rs'000	2013 Rs'000	2012 Rs'000
Reconciliation of net defined benefit liability			
Opening balance - restated	846,178	658,795	273,656
Amount recognised in statements of profit or loss	265,038	240,833	188,556
Amount recognised in other comprehensive income	269,896	158,399	393,008
Less employer contributions	(230,086)	(211,849)	(196,425)
Liability as shown in note 19	1,151,026	846,178	658,795
Reconciliation of fair value of plan assets			
Opening balance - restated	4,326,598	3,824,012	3,786,181
Interest income	347,894	384,559	381,048
Employer contributions	230,086	211,849	196,425
Benefits paid	(185,062)	(167,630)	(146,634)
Return on plan assets excluding interest income	(16,237)	73,808	(393,008)
Closing balance	4,703,279	4,326,598	3,824,012
Reconciliation of present value of defined benefit obligation			
Opening balance - restated	5,172,776	4,482,807	4,059,837
Current service cost	206,370	185,293	170,777
Interest expense	406,562	440,099	398,827
Other benefits paid	(185,062)	(167,630)	(146,634)
Liability experience gain	(31,361)	-	-
Liability gain due to change in demographic assumptions	-	(247,028)	-
Liability loss due to change in financial assumptions	285,020	479,235	-
Closing balance	5,854,305	5,172,776	4,482,807
Components of amount recognised in statement of profit or loss			
Current service cost	206,370	185,293	170,777
Net interest on net defined benefit liability	58,668	55,540	17,779
Total	265,038	240,833	188,556
Components of amount recognised in other comprehensive income			
Return on plan assets below/(above) interest income	16,237	(73,808)	393,008
Liability experience gain	(31,361)	-	-
Liability gain due to change in demographic assumptions	-	(247,028)	-
Liability loss due to change in financial assumptions	285,020	479,235	-
Total	269,896	158,399	393,008

18. EMPLOYEE BENEFITS LIABILITIES (continued)

	2014	2013	2012
Allocation of plan assets at end of year	%	%	%
Equity - Local quoted	22	20	20
Equity - Local unquoted	2	2	2
Debt - Overseas quoted	11	13	12
Debt - Local quoted	3	0	0
Debt - Local unquoted	4	8	10
Property - Local	4	4	5
Investment funds	37	35	33
Cash and other	17	18	18
Total	100	100	100
Allocation of plan assets at end of period	%	%	%
Reporting entity's own transferable financial instruments	5	5	5
Property occupied by reporting entity	3	3	3
Other assets used by reporting entity	14	17	15
Principal assumptions used at end of period			
Discount rate	8.0%	8.0%	10.0%
Rate of salary increases	6.0%	6.5%	8.5%
Rate of pension increases	5.5%	4.5%	5.5%
Average retirement age (ARA)	62	62	62
Average life expectancy for:			
Male at ARA	18.0 years	18.0 years	18.0 years
Female at ARA	22.5 years	22.5 years	22.5 years
Sensitivity analysis on defined benefit obligation at end of period	2014	2013	2012
	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	1,152,747	N/A	N/A
Decrease due to 1% increase in discount rate	830,913	N/A	N/A

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

Future cash flows

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

Expected employer contribution for the next year	305,659
Weighted average duration of the defined benefit obligation	17 years

Note: Employee benefits obligations have been provided for based on the report from Aon Hewitt Ltd., Actuaries and Consultants.

	2014 RS'000	2013 RS'000	2012 RS'000
19. OTHER LIABILITIES			
Accrued interest payable	929,987	891,777	845,381
MCB Superannuation Fund	705,199	746,721	633,006
Employee benefit liability	1,151,026	846,178	658,795
Proposed dividend	809,065	796,657	772,342
Interest suspense, impersonal & other accounts	3,343,097	2,864,814	2,627,881
	6,938,374	6,146,147	5,537,405
Interest suspense as shown in note 6(b)(iii)	(997,336)	(878,534)	(800,197)
	5,941,038	5,267,613	4,737,208

20. SHARE CAPITAL, TREASURY SHARES AND RESERVES
(a) Share capital and treasury shares

	Number of shares		
	Share Capital	Treasury Shares	Total
At 1st July 2011	250,375,595	(12,816,339)	237,559,256
Exercise of share options	-	84,399	84,399
At 30th June 2012	250,375,595	(12,731,940)	237,643,655
Exercise of share options	-	164,344	164,344
At 30th June 2013	250,375,595	(12,567,596)	237,807,999
Exercise of share options	-	152,248	152,248
Cancellation of treasury shares	(12,415,348)	12,415,348	-
At 30th June 2014	237,960,247	-	237,960,247

As voted by the shareholders of the bank at the special meeting held on 27th December 2013, the 12,415,348 ordinary shares previously held as treasury shares were cancelled on 21st February 2014.

(b) Reserves
(i) Capital reserve

The capital reserve represents the cumulative net change in the fair value of available-for-sale investment securities until the securities are derecognised or impaired.

(ii) Statutory reserve

Statutory reserve represents accumulated transfers from retained earnings in accordance with relevant local banking legislations. These reserves are not distributable.

(iii) General banking reserve

The bank makes an appropriation to a general banking reserve for unforeseen risks and future losses.

21. CONTINGENT LIABILITIES

	2014 RS'000	2013 RS'000	2012 RS'000
(a) Instruments			
Guarantees on account of customers	15,931,937	16,901,250	15,089,948
Letters of credit and other obligations on account of customers	29,632,253	18,687,134	14,687,969
Other contingent items	16,548,255	10,961,602	7,705,047
	62,112,445	46,549,986	37,482,964
(b) Commitments			
Loans and other facilities, including undrawn credit facilities	4,355,291	5,022,227	4,519,999
(c) Tax assessments *	272,057	121,584	68,042
(d) Other			
Inward bills held for collection	461,794	454,499	391,883
Outward bills sent for collection	1,042,994	1,177,623	897,553
	1,504,788	1,632,122	1,289,436
	68,244,581	53,325,919	43,360,441

*In December 2011, 2012 and 2013, the bank received income tax assessments relating to the years ended 30th June 2007, 30th June 2008 and 30th June 2009 respectively against which the bank has objected.

In May and October 2012, the bank received assessments under the Value Added Tax Act for the periods April 2006 to December 2009 and January 2010 to January 2011 respectively against which the bank has also objected.

The above are pending in front of the Assessment Review Committee. The maximum liability that could arise from these assessments amounts to Rs 272 million, including penalties and interests.

22. INTEREST INCOME

	2014 RS'000	2013 RS'000	2012 RS'000
Loans to and placements with banks	186,503	170,839	156,313
Loans and advances to customers	9,747,799	9,708,287	9,211,199
Held to maturity investments	919,662	589,115	654,926
Other	11,877	6,475	1,236
	10,865,841	10,474,716	10,023,674

23. INTEREST EXPENSE

Deposits from banks	32,200	30,536	37,070
Deposits from customers	3,836,096	3,924,629	4,084,058
Subordinated liabilities	262,671	-	6,747
Other borrowed funds	188,226	186,136	149,869
	4,319,193	4,141,301	4,277,744

24. FEE AND COMMISSION INCOME

Retail banking fees	254,942	212,009	208,181
Corporate banking fees	565,018	387,979	364,699
Guarantee fees	217,778	222,582	177,869
Interbank transaction fees	46,398	41,492	32,709
Cards and other related fees	1,107,863	926,821	784,647
Trade finance fees	637,558	707,795	533,147
Others	119,798	101,173	101,387
	2,949,355	2,599,851	2,202,639

25. FEE AND COMMISSION EXPENSE

Interbank transaction fees	8,374	6,479	5,990
Cards and other related fees	490,788	392,239	314,951
Others	51,297	12,655	21,167
	550,459	411,373	342,108

**26. NET GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS
CARRIED AT FAIR VALUE**

Net gain/(loss) from derivatives	46,291	206,140	(251,957)
Investment securities at fair value through profit or loss	155	193	174
	46,446	206,333	(251,783)

27. DIVIDEND INCOME

Income from quoted investments	10,182	5,365	4,341
Income from unquoted investments	3,338	1,819	24,992
	13,520	7,184	29,333

28. NON - INTEREST EXPENSE
(a) Salaries and human resource development

	2014 RS'000	2013 RS'000	2012 RS'000
Wages and salaries	1,607,208	1,540,139	1,449,502
Compulsory social security obligations	50,646	46,257	43,273
Equity settled share-based payments	4,192	1,929	2,128
Other personnel expenses	478,553	442,138	383,822
	2,140,599	2,030,463	1,878,725
Number of employees at the end of the year	2,522	2,397	2,369

(b) Other non-interest expense

Software licensing and other information technology cost	179,326	156,988	146,611
Others	1,241,736	1,088,039	1,052,764
	1,421,062	1,245,027	1,199,375

(c) Share-based payments

On 26th December 2006, at the Annual General Meeting, the shareholders approved a scheme that entitles the employees of the bank to purchase shares at a discount. A further offer on similar terms was made to these employees on the 29th November 2013.

The number and weighted average exercise price of share options are as follows:

	2014		2013		2012	
	Weighted avg exercise price RS	Number of options	Weighted avg exercise price RS	Number of options	Weighted avg exercise price RS	Number of options
Outstanding and exercisable at 1st July	149.93	462,426	154.88	530,483	128.96	397,367
Expired during the year	149.96	(434,588)	154.97	(519,141)	129.02	(372,345)
Granted during the year	177.52	540,456	151.36	615,428	154.49	589,860
Exercised during the year	174.66	(152,248)	155.36	(164,344)	144.18	(84,399)
Cancelled during the year		(416,046)		-		-
Outstanding and exercisable at 30th June		-		462,426		530,483

The weighted average share price at the date the share options were exercised during F/Y 13/14 was Rs 212.37 (2013:Rs 180.60, 2012: Rs 167.66).

The fair value of services in return for share options granted is based on the fair value of the share options granted measured by the average market price of the share of the last three months, as may be adjusted by the Board of Directors of the bank. The fair value at measurement date is Rs 192.75 (2013: Rs 164, 2012: Rs 168).

During the year, the bank proposed to all employees who were entitled to participate in the above Employee Share Option Scheme ("ESOS"), a Group Employee Share Option Scheme ("GESOS") in replacement of the ESOS. All outstanding options under the ESOS were cancelled and replaced by options to subscribe for shares in MCB Group Limited under GESOS.

29. ALLOWANCE FOR CREDIT IMPAIRMENT

	2014 RS'000	2013 RS'000	2012 RS'000
Provision for bad and doubtful debts:			
Loans to and placements with banks	7,400	2,000	-
Loans and advances to customers	1,796,241	1,013,055	449,093
Bad debts written off for which no provisions were made	81,479	94,108	129,933
Provision released during the year:			
Loans to and placements with banks	-	-	(47)
Loans and advances to customers	(9,857)	(29,152)	(31,067)
Recoveries of advances written off	(32,207)	(24,734)	(38,671)
	1,843,056	1,055,277	509,241

30. INCOME TAX EXPENSE
(a) The tax charge related to statement of profit or loss is as follows:

	2014	2013	2012
	RS'000	RS'000	RS'000
Income tax based on the adjusted profits	526,365	510,488	474,036
Deferred tax	(40,022)	(9,008)	52,527
Special levy on banks	332,456	185,523	185,948
(Over)/Under provision in previous years	(7,028)	13,673	(41,230)
Charge for the year	811,771	700,676	671,281

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before tax:			
Continuing operations	4,152,868	4,407,846	4,253,279
Discontinuing operations	345,484	84,298	887,772
	4,498,352	4,492,144	5,141,051
Tax calculated at a rate of 15%	674,753	673,822	771,158
Impact of:			
Income not subject to tax	(69,039)	(31,630)	(73,408)
Expenses not deductible for tax purposes	133,970	90,298	152,090
Tax credits	(253,341)	(231,010)	(323,277)
Special levy on banks	332,456	185,523	185,948
(Over)/Under provision in previous years	(7,028)	13,673	(41,230)
Tax charge	811,771	700,676	671,281

(b) The tax charge related to statement of profit or loss and other comprehensive income is as follows:

Remeasurement of defined benefit pension plan	269,896	158,399	393,008
Deferred tax	(40,484)	(23,760)	(58,951)
	229,412	134,639	334,057

(c) The tax charge related to the statement of changes in equity is as follows:

Effect of adopting IAS 19 (revised)		584,594
Deferred tax		(87,689)
		496,905

31. DIVIDENDS IN CASH

Interim paid on 20th December 2013 at Rs 3.00 per share (F/Y 2013: Rs 2.75; F/Y 2012: Rs 2.60)	713,508	653,551	617,719
Final paid on 28th July 2014 at Rs 3.40 per share (F/Y 2013: Rs 3.35; F/Y 2012: Rs 3.25)	809,065	796,657	772,342
	1,522,573	1,450,208	1,390,061

32. EARNINGS PER SHARE

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

	2014	2013	2012
	RS'000	RS'000	RS'000
Profit from continuing operations attributable to the ordinary equity holders of the bank	3,341,097	3,707,170	3,581,998
Profit from discontinuing operations attributable to the ordinary equity holders of the bank	345,484	84,298	887,772
Weighted average number of ordinary shares (thousands)	237,887	237,718	237,606
Earnings per share (Rs)			
Continuing operations	14.04	15.59	15.08
Discontinuing operations	1.45	0.35	3.74

33. COMMITMENTS
(a) Capital commitments

	2014 RS'000	2013 RS'000	2012 RS'000
Expenditure contracted for but not incurred	79,776	77,053	112,488
Expenditure approved by the Board but not contracted for	25,911	22,679	40,668

(b) Securities pledged

The bank has pledged Government of Mauritius bonds as collateral for the purpose of overnight facility from the Bank of Mauritius:

	2014 RS'000	2013 RS'000	2012 RS'000
Government of Mauritius bonds	2,442,656	2,064,791	1,789,086

34. NET CASH FLOWS FROM TRADING ACTIVITIES

	2014 RS'000	2013 RS'000	2012 RS'000
Continuing operations			
Profit before tax	4,152,868	4,407,846	4,253,279
Increase in interest receivable and other assets	(3,233,620)	(844,938)	(1,750,706)
Increase in other liabilities	356,169	318,707	417,288
Net (increase)/decrease in derivatives	(32,893)	136,890	316,635
Decrease/(Increase) in investment securities at fair value through profit or loss	-	78,202	(78,202)
Employee share option expenses	3,868	1,642	1,921
Additional provision/(release) for employee benefits	34,952	28,984	(7,869)
Charge for credit impairment	1,803,641	1,015,055	449,093
Release of provision for credit impairment	(9,857)	(29,152)	(31,114)
Exchange (profit)/loss	(157,048)	(398,250)	143,193
Depreciation	410,318	406,897	399,238
Amortisation of intangible assets	215,688	201,030	196,879
Profit on disposal of property, plant and equipment	(34,689)	(38,432)	(4,409)
Impairment of intangible assets	-	-	1,206
Profit on disposal of available-for-sale investments	(421,351)	(19,916)	-
Profit on disposal of shares in subsidiaries	(886)	-	-
	3,087,160	5,264,565	4,306,432
Discontinuing operations			
Net cash flows from trading activities (see note 13(d))	284,264	71,298	798,729
	3,371,424	5,335,863	5,105,161

35. NET CASH FLOWS FROM OTHER OPERATING ACTIVITIES

	2014	2013	2012
	RS'000	RS'000	RS'000
Net increase in deposits	20,392,802	13,517,853	13,130,075
Net increase in loans and advances	(5,431,021)	(13,036,220)	(16,394,352)
(Increase)/Decrease in held to maturity investment securities	(12,735,660)	(5,146,643)	1,582,626
Net increase in other borrowed funds	1,223,922	2,817,784	897,598
	3,450,043	(1,847,226)	(784,053)

36. ANALYSIS OF NET CASH AND CASH EQUIVALENTS AS SHOWN IN THE STATEMENTS OF CASH FLOWS

	2014	2013	2012
	RS'000	RS'000	RS'000
Cash and cash equivalents (see note 4)	17,703,617	14,614,633	9,638,627
Other borrowed funds (see note 16(a))	(5,553)	(6,764,039)	(3,457,601)
NET CASH AND CASH EQUIVALENTS	17,698,064	7,850,594	6,181,026
CHANGE IN YEAR	9,847,470	1,669,568	1,659,430

37. OPERATING SEGMENTS

Operating segments are reported in accordance with the internal reporting provided to the Supervisory and Monitoring Committee, which is the Board Committee responsible for allocating capital and resources to the reportable segments and assessing their performance. All operating segments used by the bank meet the definition of a reportable segment under IFRS 8.

(a) Year ended 30th June 2014

	RS'000	Continuing operations			
		Net interest income RS'000	Net fee and commissions RS'000	Dividend income RS'000	Forex profit and others RS'000
Operating income	10,448,629	6,546,648	2,398,896	13,520	1,489,565
Non-interest expense	(4,452,705)				
Allowance for credit impairment	(1,843,056)				
Income tax expense	(811,771)				
Profit from discontinuing operations	345,484				
Profit for the year	3,686,581				
Segment assets	191,177,174	189,428,141	-	1,749,033	-
Intangible assets	523,084				
Deferred tax assets	194,292				
Non current assets held for distribution	1,331,216				
Unallocated assets	23,406,210				
Total assets	216,631,976				
Segment liabilities	188,223,432	188,223,432	-	-	-
Unallocated liabilities	6,309,478				
Total liabilities	194,532,910				

(b) Year ended 30th June 2013

	RS'000	Continuing operations			
		Net interest income RS'000	Net fee and commissions RS'000	Dividend income RS'000	Forex profit and others RS'000
Operating income	9,587,373	6,333,415	2,188,478	7,184	1,058,296
Non-interest expense	(4,124,250)				
Allowance for credit impairment	(1,055,277)				
Income tax expense	(700,676)				
Profit from discontinuing operations	84,298				
Profit for the year	3,791,468				
Segment assets	169,742,074	168,597,024	-	1,145,050	-
Investments in associates	876,156				
Investments in subsidiaries	3,679,902				
Intangible assets	691,896				
Deferred tax assets	113,786				
Unallocated assets	21,090,524				
Total assets	196,194,338				
Segment liabilities	167,991,610	167,991,610	-	-	-
Unallocated liabilities	5,509,559				
Total liabilities	173,501,169				

(c) Year ended 30th June 2012

	RS'000	Continuing operations			
		Net interest income RS'000	Net fee and commissions RS'000	Dividend income RS'000	Forex profit and others RS'000
Operating income	8,626,499	5,745,930	1,860,531	29,333	990,705
Non-interest expense	(3,862,773)				
Allowance for credit impairment	(509,241)				
Impairment of intangible assets	(1,206)				
Income tax expense	(671,281)				
Profit from discontinuing operations	887,772				
Profit for the year	4,469,770				
Segment assets	150,297,154	148,973,078	-	1,324,076	-
Investments in associates	861,635				
Investments in subsidiaries	3,537,307				
Intangible assets	818,676				
Deferred tax assets	81,018				
Unallocated assets	17,774,775				
Total assets	173,370,565				
Segment liabilities	148,152,647	148,152,647	-	-	-
Unallocated liabilities	4,939,946				
Total liabilities	153,092,593				

38. EFFECTS OF CHANGES IN ACCOUNTING POLICIES
Adoption of IAS 19 Employee Benefits (Revised 2011)

In the current year, the bank has adopted IAS 19 Employee Benefits (Revised 2011). The bank has applied IAS 19 (Revised 2011) retrospectively in accordance with the transitional provisions as set out in IAS 19 (Revised 2011), paragraph 173. These transitional provisions do not have an impact on future periods. The opening statement of financial position of the earliest comparative period presented (July 1, 2011) has been restated.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (Revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Impact of the application of IAS 19 (Revised 2011)

These 2014 financial statements are the first financial statements in which the bank has adopted IAS 19 (Revised 2011). IAS 19 (Revised 2011) has been adopted retrospectively in accordance with IAS 8. Consequently, the bank has adjusted opening equity as of July 1, 2011 and the figures for 2011 have been restated as if IAS 19 (Revised 2011) had always been applied.

The effect on the statements of financial position are as follows:

	Employee benefits (assets)/liabilities RS'000	Deferred tax (liabilities)/assets RS'000
Balance as reported at 30th June 2012		
As previously stated	(306,900)	(63,836)
Effect of early adopting IAS 19 (revised) on 2011 figures	584,594	87,689
Effect of early adopting IAS 19 (revised) on 2012 figures	381,101	57,165
As restated	658,795	81,018
Balance as reported at 30th June 2013		
As previously stated	(243,422)	(49,654)
Effect of early adopting IAS 19 (revised) on 2011 figures	584,594	87,689
Effect of early adopting IAS 19 (revised) on 2012 figures	381,101	57,165
Effect of early adopting IAS 19 (revised) on 2013 figures	123,905	18,586
As restated	846,178	113,786

The effect on statements of profit or loss is as follows:

	2013 RS'000	2012 RS'000
Increase of income tax expense	5,174	1,786
Increase in profit	29,320	10,121

The effect on total comprehensive income is as follows:

Remeasurement of defined benefit obligations	158,399	393,008
Decrease of deferred tax on remeasurement of defined benefit obligations	(23,760)	(58,951)
Decrease in other comprehensive income	134,639	334,057
Decrease in total comprehensive income for the year	105,319	323,936

Effect on earnings per share

The table below summarises the effect on earnings per share as a result of the change in accounting policy relating to the application of IAS 19.

Increase in profit for the year		Increase in earnings per share on continuing operations	
2013 RS'000	2012 RS'000	2013 RS'000	2012 RS'000
29,320	10,121	0.12	0.04

39. RELATED PARTY TRANSACTIONS

	Ultimate Holding Company	Entities under joint control	Associated companies and entities in which the Bank holds more than a 10% interest	Directors and Key Management Personnel	Enterprises in which Directors and Key Management Personnel have significant interest
	RS'000	RS'000	RS'000	RS'000	RS'000
Loans and Advances					
Balances at 30th June 2013	-	2,393,033	6,821,908	48,303	780,173
Net movements during the year	-	(120,276)	(4,117,827)	4,218	(780,159)
Transfer through dividend in specie	-	-	(1,125,783)	-	-
Balances at 30th June 2014	-	2,272,757	1,578,298	52,521	14
Leases receivable					
Balance at year end:					
30th June 2012	-	-	-	-	521
30th June 2013	-	-	-	-	365
30th June 2014	-	-	-	-	-
Deposits					
Balance at year end:					
30th June 2012	-	2,292,558	640,279	210,698	36,245
30th June 2013	-	2,384,060	620,684	177,832	90,730
30th June 2014	-	2,875,568	480,341	194,944	15,522
Amounts due from					
Balance at year end:					
30th June 2012	-	307,201	3,912	-	-
30th June 2013	-	258,003	3,352	-	-
30th June 2014	11,498	463,026	4,127	-	-
Off Balance sheet items					
Balance at year end:					
30th June 2012	-	467,320	1,060,275	250	444,861
30th June 2013	-	530,862	306,964	250	337,585
30th June 2014	-	692,829	-	-	7
Interest income					
For the year ended:					
30th June 2012	-	110,888	296,526	2,937	83,856
30th June 2013	-	116,827	441,218	1,775	2,696
30th June 2014	-	117,102	30,156	1,876	1
Interest expense					
For the year ended:					
30th June 2012	-	40,639	19,695	4,906	747
30th June 2013	-	38,141	12,246	3,237	1,116
30th June 2014	-	34,360	6,365	3,025	93
Other income/(expenses)					
For the year ended:					
30th June 2012	-	95,610	40,281	380	12,043
30th June 2013	-	86,127	24,172	430	3,545
30th June 2014	1,897	78,921	(953)	354	78

All the above related party transactions were carried out at least under market terms and conditions with the exception of loans to key Management Personnel who benefited from preferential rates as applicable to staff.

Comparative figures have been amended to reflect the current holding structure of the bank.

39. RELATED PARTY TRANSACTIONS (continued)

The figure for "other income" from Subsidiaries and Entities in which the bank holds more than a 10% interest includes an element, representing management fees charged to Entities in which the bank holds more than a 10% interest in respect of salaries, notional rental of office space and provision of technical, administrative and other assistance to local Group companies. It also includes an amount of Rs 4.1M, Rs 4.1M and Rs 3.9M respectively for 2014, 2013 and 2012 in respect of management fees charged to BFCOI.

Additionally, the bank has entered into management contracts with its foreign banking subsidiaries and charges management fees based on operating income. These fees also included in "other income" represent the re-invoicing of expatriate salaries and benefits, where applicable, as well as management, administrative and technical support provided by The Mauritius Commercial Bank Limited. Gross amounts claimed, net of withholding tax in the local jurisdiction, were as follows :

MCB Seychelles	5 % of Gross operating income	Rs 25.9 M
MCB Madagascar	5 % of operating income	Rs 9.6 M
MCB Moçambique	5 % of operating income	Rs 11.5 M
MCB Maldives	5 % of operating income	Rs 11.8 M

IT and Systems support to three of the above companies is provided by BFCOI who has claimed EUR 251,000, EUR 300,000 and EUR 50,000 from MCB Seychelles, MCB Madagascar and MCB Moçambique respectively. These amounts have been charged to the foreign banking fellow subsidiaries' profit or loss.

The IT support from BFCOI is being phased out as the foreign banking subsidiaries are gradually migrating to the Temenos T24 platform. During the year, MCB Seychelles moved over to this new system and, as part of the migration costs, project management fees of USD 1.1 million were charged by The Mauritius Commercial Bank Limited.

During the year, 50,110 share options were exercised by key management personnel, including executive directors, for an amount of Rs 9.7 million (FY 2012/13: 55,587 share options for Rs 9.1M).

Key Management Personnel compensation

	2014	2013	2012
	RS'000	RS'000	RS'000
Remuneration and other benefits relating to Key Management Personnel, including Directors, were as follows :			
Salaries and short term employee benefits	131,091	126,153	134,052
Post employment benefits	10,807	15,390	10,957
	141,898	141,543	145,009

40. Segmental Reporting

The bank classifies its assets and liabilities into two segments; Segment A and Segment B. Segment B activity is essentially directed to the provision of international financial services that give rise to "foreign source income".

Segment B assets will generally consist of placements with and advances to foreign financial institutions, notably associated companies and overseas correspondents.

Segment B liabilities will normally arise from deposits, borrowings and funds deposited by non-residents, global business companies and residents.

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

Expenditure incurred by the bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

Statement of financial position as at 30th June 2014

Note	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)
ASSETS									
	17,703,617	4,258,299	13,445,318	14,614,633	5,211,617	9,403,016	9,638,627	2,372,896	7,265,731
Cash and cash equivalents									
Derivative financial instruments	40(a) 121,901	83,949	37,952	120,955	80,487	40,468	32,057	19,913	12,144
Loans to and placements with banks	40(b) 6,534,225	1,067	6,533,158	3,659,498	-	3,659,498	3,193,675	626	3,193,049
Loans and advances to customers	40(c) 140,369,013	105,097,093	35,271,920	138,981,434	101,015,795	37,965,639	127,396,940	93,876,606	33,520,334
Investment securities	40(d) 30,614,589	29,546,543	1,068,046	17,274,855	16,365,917	908,938	12,385,486	11,658,712	726,774
Investments in associates	40(e) -	-	-	876,156	15,620	860,536	861,635	15,620	846,015
Investments in subsidiaries	40(f) -	-	-	3,679,902	2,640,961	1,038,941	3,537,307	2,653,460	883,847
Intangible assets	523,084	523,084	-	691,896	691,896	-	818,676	818,676	-
Property, plant and equipment	40(g) 5,202,509	5,202,509	-	5,442,042	5,442,042	-	5,543,947	5,543,947	-
Deferred tax assets	194,292	171,479	22,813	113,786	106,123	7,663	81,018	81,018	-
Non-current assets held for distribution	40(h) 1,331,216	-	1,331,216	-	-	-	-	-	-
Other assets	40(i) 14,037,530	12,802,969	1,234,561	10,739,181	9,724,285	1,014,896	9,881,197	9,284,770	596,427
Total assets	216,631,976	157,686,992	58,944,984	196,194,338	141,294,743	54,899,595	173,370,565	126,326,244	47,044,321
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from banks	40(j) 3,698,038	35,221	3,662,817	3,408,512	23,751	3,384,761	2,776,618	45,829	2,730,789
Deposits from customers	40(k) 171,021,910	124,251,211	46,770,699	150,918,634	116,244,368	34,674,266	138,032,675	110,435,022	27,597,653
Derivative financial instruments	40(a) 528,795	25,457	503,338	560,742	50,814	509,928	334,954	108,587	226,367
Other borrowed funds	7,565,608	23,189	7,542,419	13,103,722	391,614	12,712,108	7,008,400	15,602	6,992,798
Subordinated liabilities	40(l) 5,409,081	4,322,106	1,086,975	-	-	-	-	-	-
Current tax liabilities	368,440	368,440	-	241,946	241,946	-	202,738	202,738	-
Other liabilities	40(m) 5,941,038	5,610,506	330,532	5,267,613	5,018,288	249,325	4,737,208	4,521,567	215,641
Total liabilities	194,532,910	134,636,130	59,896,780	173,501,169	121,970,781	51,530,388	153,092,593	115,329,345	37,763,248
Shareholders' Equity									
Stated capital	2,379,602	2,379,602	-	2,615,838	2,615,838	-	2,593,395	2,593,395	-
Retained earnings	16,322,961	16,322,961	-	16,585,299	16,585,299	-	14,401,121	14,401,121	-
Other components of equity	3,396,503	3,331,039	65,464	3,852,089	3,667,197	184,892	3,648,221	3,460,265	187,956
	22,099,066	22,033,602	65,464	23,053,226	22,868,334	184,892	20,642,737	20,454,781	187,956
Less treasury shares	-	-	-	(360,057)	(360,057)	-	(364,765)	(364,765)	-
Equity attributable to the ordinary equity holders of the bank	22,099,066	22,033,602	65,464	22,693,169	22,508,277	184,892	20,277,972	20,090,016	187,956
Total equity and liabilities	216,631,976	156,669,732	59,962,244	196,194,338	144,479,058	51,715,280	173,370,565	135,419,361	37,951,204
CONTINGENT LIABILITIES									
Guarantees, letters of credit, endorsements and other obligations on account of customers	62,112,445	15,164,789	46,947,656	46,549,986	15,449,432	31,100,554	37,482,964	17,926,441	19,556,523
Commitments	4,355,291	3,238,122	1,117,169	5,022,227	3,345,412	1,676,815	4,519,999	4,005,052	514,947
Tax assessments	272,057	272,057	-	121,584	121,584	-	68,042	68,042	-
Other	1,504,788	783,738	721,050	1,632,122	917,793	714,329	1,289,436	732,559	556,877
40(n)	68,244,581	19,458,706	48,785,875	53,325,919	19,834,221	33,491,698	43,360,441	22,732,094	20,628,347

40. Segmental Reporting (continued)
Statement of profit or loss for the year ended 30th June 2014

	Note	2014			2013			2012		
		TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)
Continuing operations										
Interest income	40(o)	10,865,841	8,691,324	2,174,517	10,474,716	8,571,175	1,903,541	10,023,674	8,564,081	1,459,593
Interest expense	40(p)	(4,319,193)	(3,609,592)	(709,601)	(4,141,301)	(3,446,638)	(694,663)	(4,277,744)	(3,685,691)	(592,053)
Net interest income		6,546,648	5,081,732	1,464,916	6,333,415	5,124,537	1,208,878	5,745,930	4,878,390	867,540
Fee and commission income	40(q)	2,949,355	1,943,667	1,005,688	2,599,851	1,547,747	1,052,104	2,202,639	1,464,534	738,105
Fee and commission expense	40(r)	(550,459)	(490,602)	(59,857)	(411,373)	(392,153)	(19,220)	(342,108)	(336,118)	(5,990)
Net fee and commission income		2,398,896	1,453,065	945,831	2,188,478	1,155,594	1,032,884	1,860,531	1,128,416	732,115
Other income										
Profit arising from dealing in foreign currencies		974,196	788,016	186,180	775,743	596,843	178,900	1,231,954	1,062,675	169,279
Net gain/(loss) from financial instruments carried at fair value	40(s)	46,446	28,101	18,345	206,333	190,479	15,854	(251,783)	(225,389)	(26,394)
Dividend income	40(t)	13,520	10,335	3,185	7,184	4,831	2,353	29,333	27,834	1,499
Net gain on sale of securities		422,237	14,651	407,586	19,916	19,916	-	-	-	-
Other operating income		46,686	46,686	-	56,304	56,304	-	10,534	10,534	-
Operating income		1,503,085	887,789	615,296	1,065,480	868,373	197,107	1,020,038	875,654	144,384
Non-interest expense										
Salaries and human resource development	40(u)	(2,140,599)	(1,974,904)	(165,695)	(2,030,463)	(1,899,820)	(130,643)	(1,878,725)	(1,747,179)	(131,546)
Employee benefits		(265,038)	(248,040)	(16,998)	(240,833)	(227,676)	(13,157)	(188,556)	(177,454)	(11,102)
Depreciation		(410,318)	(397,229)	(13,089)	(406,897)	(393,864)	(13,033)	(399,238)	(386,611)	(12,627)
Amortisation of intangible assets		(215,688)	(207,833)	(7,855)	(201,030)	(194,607)	(6,423)	(196,879)	(190,754)	(6,125)
Other	40(v)	(1,421,062)	(1,318,310)	(102,752)	(1,245,027)	(1,167,652)	(77,375)	(1,199,375)	(1,138,735)	(60,640)
		(4,452,705)	(4,146,316)	(306,389)	(4,124,250)	(3,883,619)	(240,631)	(3,862,773)	(3,640,733)	(222,040)
Operating profit before impairment		5,995,924	3,276,270	2,719,654	5,463,123	3,264,885	2,198,238	4,763,726	3,241,727	1,521,999
Allowance for credit impairment	40(w)	(1,843,056)	(376,031)	(1,467,025)	(1,055,277)	(383,911)	(671,366)	(509,241)	(417,657)	(91,584)
Impairment of intangible assets		-	-	-	-	-	-	(1,206)	(1,206)	-
Profit before tax		4,152,868	2,900,239	1,252,629	4,407,846	2,880,974	1,526,872	4,253,279	2,822,864	1,430,415
Income tax expense	40(x)	(811,771)	(753,366)	(58,405)	(700,676)	(636,032)	(64,644)	(671,281)	(600,803)	(70,478)
Profit for the year from continuing operations		3,341,097	2,146,873	1,194,224	3,707,170	2,244,942	1,462,228	3,581,998	2,222,061	1,359,937
Discontinuing operations										
Profit for the year from discontinuing operations	40(h)	345,484	164,000	181,484	84,298	30,848	53,450	887,772	14,872	872,900
Profit for the year attributable to the owners of the bank		3,686,581	2,310,873	1,375,708	3,791,468	2,275,790	1,515,678	4,469,770	2,236,933	2,232,837

40. Segmental Reporting (continued)

Statement of profit or loss and other comprehensive income for the year ended 30th June 2014

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)	TOTAL RS'000 (Restated)	Segment A RS'000 (Restated)	Segment B RS'000 (Restated)
Profit for the year	3,686,581	2,310,873	1,375,708	3,791,468	2,275,790	1,515,678	4,469,770	2,236,933	2,232,837
Other comprehensive (expense)/income:									
Item that will not be reclassified to profit or loss:									
Remeasurement of defined benefit pension plan net of deferred tax	(229,412)	(229,412)	-	(134,639)	(134,639)	-	(334,057)	(334,057)	-
Items that may be reclassified subsequently to profit or loss:									
Reclassification adjustments	(320,766)	-	(320,766)	(3,206)	(3,206)	-	-	-	-
Net fair value gain/(loss) on available-for-sale investments	101,416	35,953	65,463	184,631	(261)	184,892	188,580	624	187,956
Other comprehensive (expense)/income for the year	(219,350)	35,953	(255,303)	181,425	(3,467)	184,892	188,580	624	187,956
Total comprehensive income for the year	3,237,819	2,117,414	1,120,405	3,838,254	2,137,684	1,700,570	4,324,293	1,903,500	2,420,793
Total comprehensive income attributable to the owners of the bank:									
Continuing operations	2,892,335	1,953,414	938,921	3,753,956	2,106,836	1,647,120	3,436,521	1,888,628	1,547,893
Discontinuing operations	345,484	164,000	181,484	84,298	30,848	53,450	887,772	14,872	872,900
	3,237,819	2,117,414	1,120,405	3,838,254	2,137,684	1,700,570	4,324,293	1,903,500	2,420,793

40. Segmental Reporting (continued)
(a) Derivative financial instruments

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
(i) Fair value assets									
Currency forwards	59,688	53,642	6,046	28,138	14,602	13,536	10,522	3,927	6,595
Interest rate swaps	21,658	21,658	-	25,518	25,518	-	1,879	-	1,879
Currency swaps	40,255	8,649	31,606	66,996	40,367	26,629	19,656	15,986	3,670
Others	300	-	300	303	-	303	-	-	-
	121,901	83,949	37,952	120,955	80,487	40,468	32,057	19,913	12,144
(ii) Fair value liabilities									
Currency forwards	58,725	4,338	54,387	30,727	17,710	13,017	11,466	10,956	510
Cross currency interest rate swaps	413,472	-	413,472	420,006	-	420,006	92,951	-	92,951
Interest rate swaps	21,621	-	21,621	23,837	-	23,837	-	-	-
Currency swaps	34,977	21,119	13,858	86,172	33,104	53,068	230,537	97,631	132,906
	528,795	25,457	503,338	560,742	50,814	509,928	334,954	108,587	226,367

(b) Loans to and placements with banks
(i) Loans to and placements with banks

in Mauritius	93,194	93,194	-	302,315	302,315	-	101,468	101,468	-
outside Mauritius	19,995,877	-	19,995,877	13,072,515	-	13,072,515	10,467,405	626	10,466,779
	20,089,071	93,194	19,995,877	13,374,830	302,315	13,072,515	10,568,873	102,094	10,466,779
Less:									
Loans and placements with original maturity less than 3 months	(13,537,446)	(92,127)	(13,445,319)	(9,705,332)	(302,315)	(9,403,017)	(7,367,198)	(101,468)	(7,265,730)
	6,551,625	1,067	6,550,558	3,669,498	-	3,669,498	3,201,675	626	3,201,049
Less allowances for credit impairment	(17,400)	-	(17,400)	(10,000)	-	(10,000)	(8,000)	-	(8,000)
	6,534,225	1,067	6,533,158	3,659,498	-	3,659,498	3,193,675	626	3,193,049

(ii) Remaining term to maturity

Up to 3 months	4,364,346	1,067	4,363,279	2,427,408	-	2,427,408	2,208,012	626	2,207,386
Over 3 months and up to 6 months	1,025,658	-	1,025,658	77,547	-	77,547	124,210	-	124,210
Over 6 months and up to 1 year	588,227	-	588,227	43,426	-	43,426	-	-	-
Over 1 year and up to 5 years	421,880	-	421,880	1,121,117	-	1,121,117	869,453	-	869,453
Over 5 years	151,514	-	151,514	-	-	-	-	-	-
	6,551,625	1,067	6,550,558	3,669,498	-	3,669,498	3,201,675	626	3,201,049

(iii) Allowances for credit impairment

	TOTAL RS'000	Segment B RS'000
Portfolio provision		
At 30th June 2011	8,047	8,047
Provision released during the year	(47)	(47)
At 30th June 2012	8,000	8,000
Provision for credit impairment for the year	2,000	2,000
At 30th June 2013	10,000	10,000
Provision for credit impairment for the year	7,400	7,400
At 30th June 2014	17,400	17,400

40. Segmental Reporting (continued)
(c) Loans and advances to customers

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Retail customers:									
Credit cards	619,236	607,046	12,190	752,714	752,714	-	629,732	629,732	-
Mortgages	16,935,623	15,860,714	1,074,909	15,827,003	14,730,246	1,096,757	14,456,023	13,416,921	1,039,102
Other retail loans	11,745,765	11,412,169	333,596	11,139,760	10,634,551	505,209	10,940,835	10,497,482	443,353
Corporate customers	91,276,818	80,590,578	10,686,240	86,063,359	77,918,737	8,144,622	85,580,648	72,107,320	13,473,328
Governments	428,745	-	428,745	450,738	-	450,738	306,003	-	306,003
Entities outside Mauritius	25,227,678	-	25,227,678	28,796,677	-	28,796,677	18,615,689	-	18,615,689
	146,233,865	108,470,507	37,763,358	143,030,251	104,036,248	38,994,003	130,528,930	96,651,455	33,877,475
Less:									
Allowances for credit impairment	(5,864,852)	(3,373,414)	(2,491,438)	(4,048,817)	(3,020,453)	(1,028,364)	(3,131,990)	(2,774,849)	(357,141)
	140,369,013	105,097,093	35,271,920	138,981,434	101,015,795	37,965,639	127,396,940	93,876,606	33,520,334

(i) Remaining term to maturity

Up to 3 months	45,811,225	31,765,277	14,045,948	49,146,037	31,227,233	17,918,804	35,987,725	25,192,211	10,795,514
Over 3 months and up to 6 months	3,227,931	1,863,338	1,364,593	3,049,683	2,118,830	930,853	5,425,794	829,479	4,596,315
Over 6 months and up to 1 year	4,639,738	1,478,646	3,161,092	2,196,567	984,406	1,212,161	4,259,401	2,965,764	1,293,637
Over 1 year and up to 5 years	26,950,307	16,415,847	10,534,460	25,773,840	15,246,432	10,527,408	24,433,684	15,485,687	8,947,997
Over 5 years	65,604,664	56,947,399	8,657,265	62,864,124	54,459,347	8,404,777	60,422,326	52,178,314	8,244,012
	146,233,865	108,470,507	37,763,358	143,030,251	104,036,248	38,994,003	130,528,930	96,651,455	33,877,475

(ii) Credit concentration of risk by industry sectors

Agriculture and fishing	2,390,858	2,390,858	-	1,842,681	1,842,681	-	3,899,116	3,899,116	-
Manufacturing	3,225,296	3,225,266	30	2,164,474	2,164,474	-	2,302,694	2,302,694	-
of which EPZ	1,652,056	1,652,056	-	875,888	875,888	-	788,832	788,832	-
Tourism	17,662,724	16,188,075	1,474,649	14,959,946	12,774,828	2,185,118	15,901,988	14,136,889	1,765,099
Transport	53,889	53,889	-	110,888	110,888	-	168,861	168,861	-
Construction	1,813,951	1,813,951	-	3,201,793	3,201,793	-	3,944,314	3,944,314	-
Financial and business services	19,966,767	4,554,717	15,412,050	9,245,340	4,609,147	4,636,193	5,586,120	5,586,120	-
Traders	14,101,600	1,546,019	12,555,581	7,756,834	1,345,910	6,410,924	9,203,082	2,409,677	6,793,405
Global Business Licence holders	7,243,028	-	7,243,028	2,264,230	-	2,264,230	4,963,374	-	4,963,374
Foreign governments	-	-	-	-	-	-	3,213,000	-	3,213,000
Others	2,960,333	2,477,054	483,279	3,527,255	2,614,807	912,448	4,605,826	4,580,985	24,841
	69,418,446	32,249,829	37,168,617	45,073,441	28,664,528	16,408,913	53,788,375	37,028,656	16,759,719

40. Segmental Reporting (continued)
(c) Loans and advances to customers (continued)
(iii) Allowances for credit impairment

	TOTAL			SEGMENT A			SEGMENT B		
	Specific RS'000	Portfolio RS'000	Total RS'000	Specific RS'000	Portfolio RS'000	Total RS'000	Specific RS'000	Portfolio RS'000	Total RS'000
At 1st July 2011	1,572,637	804,653	2,377,290	1,508,772	607,356	2,116,128	63,865	197,297	261,162
Provision for credit impairment for the year	345,146	103,947	449,093	298,271	59,191	357,462	46,875	44,756	91,631
Provision released during the year	(31,067)	-	(31,067)	(31,067)	-	(31,067)	-	-	-
Amounts written off	(463,523)	-	(463,523)	(460,976)	-	(460,976)	(2,547)	-	(2,547)
At 30th June 2012	1,423,193	908,600	2,331,793	1,315,000	666,547	1,981,547	108,193	242,053	350,246
Interest suspense	800,197	-	800,197	793,302	-	793,302	6,895	-	6,895
Provision and interest suspense at 30th June 2012	2,223,390	908,600	3,131,990	2,108,302	666,547	2,774,849	115,088	242,053	357,141
At 1st July 2012	1,423,193	908,600	2,331,793	1,315,000	666,547	1,981,547	108,193	242,053	350,246
Provision for credit impairment for the year	924,655	88,400	1,013,055	318,654	24,986	343,640	606,001	63,414	669,415
Provision released during the year	(29,152)	-	(29,152)	(29,152)	-	(29,152)	-	-	-
Amounts written off	(145,413)	-	(145,413)	(144,529)	-	(144,529)	(884)	-	(884)
At 30th June 2013	2,173,283	997,000	3,170,283	1,459,973	691,533	2,151,506	713,310	305,467	1,018,777
Interest suspense	878,534	-	878,534	868,947	-	868,947	9,587	-	9,587
Provision and interest suspense at 30th June 2013	3,051,817	997,000	4,048,817	2,328,920	691,533	3,020,453	722,897	305,467	1,028,364
At 1st July 2013	2,173,283	997,000	3,170,283	1,459,973	691,533	2,151,506	713,310	305,467	1,018,777
Provision for credit impairment for the year	1,769,341	26,900	1,796,241	335,046	1,090	336,136	1,434,295	25,810	1,460,105
Provision released during the year	(9,857)	-	(9,857)	(8,393)	-	(8,393)	(1,464)	-	(1,464)
Amounts written off	(89,151)	-	(89,151)	(85,499)	-	(85,499)	(3,652)	-	(3,652)
At 30th June 2014	3,843,616	1,023,900	4,867,516	1,701,127	692,623	2,393,750	2,142,489	331,277	2,473,766
Interest suspense	997,336	-	997,336	979,664	-	979,664	17,672	-	17,672
Provision and interest suspense at 30th June 2014	4,840,952	1,023,900	5,864,852	2,680,791	692,623	3,373,414	2,160,161	331,277	2,491,438

40. Segmental Reporting (continued)
(c) Loans and advances to customers (continued)
(iv) Allowances for credit impairment by industry sectors

	2014				2013	2012	
	Gross amount of loans RS'000	Non performing loans RS'000	Specific provision RS'000	Portfolio provision RS'000	Total provision RS'000	Total provision RS'000	
TOTAL							
Agriculture and fishing	7,271,386	50,128	18,459	7,170	25,629	54,549	73,119
Manufacturing	9,903,135	641,743	405,379	66,180	471,559	340,864	331,621
<i>of which EPZ</i>	3,687,708	86,140	76,401	20,780	97,181	110,739	114,590
Tourism	32,314,737	1,088,464	178,720	77,600	256,320	222,223	163,379
Transport	3,208,061	729,187	347,208	36,900	384,108	48,673	48,716
Construction	14,739,909	1,931,123	505,857	188,800	694,657	614,013	403,692
Financial and business services	14,211,059	199,224	60,389	53,770	114,159	123,014	79,681
Traders	16,313,605	1,496,809	921,935	150,000	1,071,935	441,264	526,106
Personal	27,001,232	2,553,306	1,038,149	182,230	1,220,379	1,195,660	1,097,107
<i>of which credit cards</i>	609,150	73,438	55,586	13,390	68,976	68,150	52,015
<i>of which housing</i>	16,935,623	1,071,803	157,256	79,300	236,556	191,831	81,201
Professional	910,240	282,881	43,423	12,650	56,073	52,672	49,077
Foreign governments	428,745	-	-	1,500	1,500	1,600	1,600
Global Business Licence holders	12,071,202	1,355,086	1,178,659	202,760	1,381,419	736,219	144,816
Others	7,860,554	343,781	142,774	44,340	187,114	218,066	213,076
	146,233,865	10,671,732	4,840,952	1,023,900	5,864,852	4,048,817	3,131,990
Segment A							
Agriculture and fishing	7,059,023	50,122	18,453	6,959	25,412	52,108	70,014
Manufacturing	8,976,905	641,567	405,209	59,967	465,176	330,346	321,158
<i>of which EPZ</i>	3,661,394	86,140	76,401	20,780	97,181	110,739	114,590
Tourism	22,094,320	235,607	101,939	54,394	156,333	135,972	141,259
Transport	1,895,637	54,691	15,333	27,548	42,881	19,432	16,827
Construction	14,739,903	1,931,118	505,852	188,800	694,652	613,901	379,080
Financial and business services	12,619,730	133,664	49,842	47,941	97,783	93,075	66,246
Traders	10,531,156	872,521	388,020	99,072	487,092	397,934	464,166
Personal	25,594,071	2,462,860	1,013,616	172,978	1,186,594	1,156,181	1,087,805
<i>of which credit cards</i>	597,056	73,438	55,586	13,390	68,976	68,150	52,015
<i>of which housing</i>	15,860,714	1,021,331	149,532	79,300	228,832	191,831	81,201
Professional	662,924	93,110	41,444	11,514	52,958	47,807	43,325
Others	4,296,838	339,631	141,083	23,450	164,533	173,697	184,969
	108,470,507	6,814,891	2,680,791	692,623	3,373,414	3,020,453	2,774,849
Segment B							
Agriculture and fishing	212,363	6	6	211	217	2,441	3,105
Manufacturing	926,230	176	170	6,213	6,383	10,518	10,463
Tourism	10,220,417	852,857	76,781	23,206	99,987	86,251	22,120
Transport	1,312,424	674,496	331,875	9,352	341,227	29,241	31,889
Construction	6	5	5	-	5	112	24,612
Financial and business services	1,591,329	65,560	10,547	5,829	16,376	29,939	13,435
Traders	5,782,449	624,288	533,915	50,928	584,843	43,330	61,940
Personal	1,407,161	90,446	24,533	9,252	33,785	39,479	9,302
Professional	247,316	189,771	1,979	1,136	3,115	4,865	5,752
Foreign governments	428,745	-	-	1,500	1,500	1,600	1,600
Global Business Licence holders	12,071,202	1,355,086	1,178,659	202,760	1,381,419	736,219	144,816
Others	3,563,716	4,150	1,691	20,890	22,581	44,369	28,107
	37,763,358	3,856,841	2,160,161	331,277	2,491,438	1,028,364	357,141

40. Segmental Reporting (continued)
(d) Investment securities

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
At fair value through profit or loss	-	-	-	-	-	-	78,202	78,202	-
Held-to-maturity	28,656,695	28,329,607	327,088	15,921,035	15,891,782	29,253	10,774,392	10,742,765	31,627
Available-for-sale	1,957,894	1,216,936	740,958	1,353,820	474,135	879,685	1,532,892	837,745	695,147
	30,614,589	29,546,543	1,068,046	17,274,855	16,365,917	908,938	12,385,486	11,658,712	726,774
(i) At fair value through profit or loss									
Treasury bills held for trading:									
Over 3 months and up to 12 months	-	-	-	-	-	-	78,202	78,202	-
(ii) Held-to-maturity									
Mauritius Development Loan Stocks	-	-	-	200,310	200,310	-	368,321	368,321	-
Government of Mauritius & Bank of Mauritius bonds	15,108,443	15,108,443	-	3,413,044	3,413,044	-	3,734,912	3,734,912	-
Treasury bills	13,191,774	13,191,774	-	12,278,428	12,278,428	-	6,639,532	6,639,532	-
Foreign bonds	327,088	-	327,088	29,253	-	29,253	31,627	-	31,627
Others	29,390	29,390	-	-	-	-	-	-	-
	28,656,695	28,329,607	327,088	15,921,035	15,891,782	29,253	10,774,392	10,742,765	31,627
(iii) Available-for-sale									
Quoted - Level 1									
Official list: shares	754,514	754,514	-	6,773	6,773	-	7,030	7,030	-
Foreign shares	421,501	-	421,501	686,715	-	686,715	494,088	-	494,088
Unquoted - Level 3									
Shares	573,018	253,561	319,457	451,562	258,592	192,970	822,958	621,899	201,059
Inflation - indexed Government of Mauritius bonds	208,861	208,861	-	208,770	208,770	-	208,816	208,816	-
	1,957,894	1,216,936	740,958	1,353,820	474,135	879,685	1,532,892	837,745	695,147

40. Segmental Reporting (continued)
(e) Investments in associates

(i) The bank's interest in its principal associates were as follows:

	Country of incorporation	Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Year ended 30th June 2014 (see note (e)(ii) below)					
			-	-	-
Year ended 30th June 2013					
Banque Française Commerciale O.I.	France	49.99	447,184	-	447,184
Credit Guarantee Insurance Co. Ltd	Mauritius	40.00	12,000	12,000	-
			<u>459,184</u>	<u>12,000</u>	<u>447,184</u>
Subordinated loans to associates			416,972	3,620	413,352
			<u>876,156</u>	<u>15,620</u>	<u>860,536</u>
Year ended 30th June 2012					
Banque Française Commerciale O.I.	France	49.99	447,184	-	447,184
Credit Guarantee Insurance Co. Ltd	Mauritius	40.00	12,000	12,000	-
			<u>459,184</u>	<u>12,000</u>	<u>447,184</u>
Subordinated loans to associates			402,451	3,620	398,831
			<u>861,635</u>	<u>15,620</u>	<u>846,015</u>

(ii) Movements in investment in associates

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
At 1st July	876,156	15,620	860,536	861,635	15,620	846,015	879,012	15,620	863,392
Increase in shareholding during the year	185	-	185	-	-	-	-	-	-
Exchange adjustment on subordinated loan	8,528	-	8,528	14,521	-	14,521	(17,377)	-	(17,377)
Subordinated loan converted into shares and disposed thereafter	(3,600)	(3,600)	-	-	-	-	-	-	-
Distributed by way of dividend in specie (see note 40h(iii))	(12,000)	(12,000)	-	-	-	-	-	-	-
Transferred to non-current assets held for distribution (see note 40h(ii))	(447,369)	-	(447,369)	-	-	-	-	-	-
	<u>421,900</u>	<u>20</u>	<u>421,880</u>	876,156	15,620	860,536	861,635	15,620	846,015
Subordinated loans to associates reclassified to loans to banks/customers where applicable	(421,900)	(20)	(421,880)	-	-	-	-	-	-
At 30th June	<u>-</u>	<u>-</u>	<u>-</u>	876,156	15,620	860,536	861,635	15,620	846,015

40. Segmental Reporting (continued)
(f) Investments in subsidiaries

(i) The bank's interest in its subsidiaries were as follows:

		2014			
Country of incorporation/operation	Principal activities	Effective Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
			-	-	-
		2013			
Country of incorporation/operation	Principal activities	Effective Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
MCB (Maldives) Private Ltd	Republic of Maldives	100.00	347,963	-	347,963
MCB Moçambique SA	Mozambique	95.00	260,040	-	260,040
MCB Seychelles Ltd	Seychelles	100.00	211,522	-	211,522
MCB Madagascar SA	Madagascar	85.00	64,322	-	64,322
MCB Equity Fund Ltd	Mauritius	100.00	2,334,637	2,334,637	-
International Card Processing Services Ltd	Mauritius	80.00	80,000	80,000	-
MCB Capital Markets Ltd	Mauritius	96.00	71,858	71,858	-
MCB Factors Ltd	Mauritius	100.00	50,000	50,000	-
Fincorp Investment Ltd	Mauritius	57.56	24,736	24,736	-
MCB Properties Ltd	Mauritius	100.00	14,625	14,625	-
Blue Penny Museum	Mauritius	97.88	950	950	-
			3,460,653	2,576,806	883,847
Subordinated loans to subsidiaries			219,249	64,155	155,094
			3,679,902	2,640,961	1,038,941
		2012			
Country of incorporation/operation	Principal activities	Effective Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
MCB (Maldives) Private Ltd	Republic of Maldives	100.00	347,963	-	347,963
MCB Moçambique SA	Mozambique	95.00	260,040	-	260,040
MCB Seychelles Ltd	Seychelles	100.00	211,522	-	211,522
MCB Madagascar SA	Madagascar	85.00	64,322	-	64,322
MCB Equity Fund Ltd	Mauritius	100.00	2,334,637	2,334,637	-
International Card Processing Services Ltd	Mauritius	80.00	80,000	80,000	-
MCB Capital Markets Ltd	Mauritius	96.00	71,858	71,858	-
MCB Factors Ltd	Mauritius	100.00	50,000	50,000	-
Fincorp Investment Ltd	Mauritius	57.56	24,736	24,736	-
MCB Properties Ltd	Mauritius	100.00	14,625	14,625	-
Blue Penny Museum	Mauritius	97.88	950	950	-
			3,460,653	2,576,806	883,847
Subordinated loans to subsidiaries			76,654	76,654	-
			3,537,307	2,653,460	883,847

(ii) Movements in investment in subsidiaries

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
At 1st July	3,679,902	2,640,961	1,038,941	3,537,307	2,653,460	883,847	3,447,710	2,563,863	883,847
Net (decrease)/increase in shareholding during the year	(248,994)	(248,994)	-	-	-	-	39,597	39,597	-
Exchange adjustment on subordinated loan	(3,581)	-	(3,581)	-	-	-	-	-	-
Distributed by way of dividend in specie	(2,327,812)	(2,327,812)	-	-	-	-	-	-	-
Transferred to non current assets held for distribution (see note 40h(ii))	(883,847)	-	(883,847)	-	-	-	-	-	-
Subordinated loans (refunded by)/granted to subsidiaries	(12,500)	(12,500)	-	142,595	(12,499)	155,094	50,000	50,000	-
Subordinated loans reclassified to loans to banks/customers where applicable	(203,168)	(51,655)	(151,513)	-	-	-	-	-	-
At 30th June	-	-	-	3,679,902	2,640,961	1,038,941	3,537,307	2,653,460	883,847

40. Segmental Reporting (continued)
(g) Property, plant and equipment

	Land and buildings RS'000	Computer and other equipment RS'000	Other fixed assets RS'000	Work in progress RS'000	Total RS'000
Deemed cost					
At 1st July 2011	2,903,009	2,098,589	620,676	1,473,208	7,095,482
Additions	119,615	66,331	18,435	604,663	809,044
Disposals	(7,650)	(55,114)	(30,942)	-	(93,706)
Transfer	1,319,642	574,727	146,066	(2,040,435)	-
At 30th June 2012	4,334,616	2,684,533	754,235	37,436	7,810,820
Additions	104,447	72,058	22,788	146,872	346,165
Disposals	(25,987)	(150,133)	(37,685)	-	(213,805)
Transfer	22,223	94,123	33,317	(149,663)	-
At 30th June 2013	4,435,299	2,700,581	772,655	34,645	7,943,180
Additions	23,597	71,805	25,815	74,997	196,214
Disposals	(21,288)	(40,424)	(39,752)	-	(101,464)
Transfer	-	29,489	15,123	(44,612)	-
At 30th June 2014	4,437,608	2,761,451	773,841	65,030	8,037,930

Accumulated depreciation

At 1st July 2011	369,824	1,293,603	284,457	-	1,947,884
Charge for the year	68,365	271,130	59,743	-	399,238
Disposal adjustment	(1,874)	(51,898)	(26,477)	-	(80,249)
At 30th June 2012	436,315	1,512,835	317,723	-	2,266,873
Charge for the year	70,622	277,915	58,360	-	406,897
Disposal adjustment	(3,413)	(137,310)	(31,909)	-	(172,632)
At 30th June 2013	503,524	1,653,440	344,174	-	2,501,138
Charge for the year	71,037	284,604	54,677	-	410,318
Disposal adjustment	(98)	(37,767)	(38,170)	-	(76,035)
At 30th June 2014	574,463	1,900,277	360,681	-	2,835,421

Net book values - Segment A

At 30th June 2014	3,863,145	861,174	413,160	65,030	5,202,509
At 30th June 2013	3,931,775	1,047,141	428,481	34,645	5,442,042
At 30th June 2012	3,898,301	1,171,698	436,512	37,436	5,543,947

40. Segmental Reporting (continued)

(h) Unbundling of The Mauritius Commercial Bank Limited's subsidiaries and associates

(i) Scheme of Arrangement

Following the resolutions voted by the shareholders of The Mauritius Commercial Bank Limited ("the bank") at the Special Meeting held in December 2013, the Supreme Court (Bankruptcy Division) has approved the Scheme of Arrangement (the "Scheme") on 17 February 2014 under Sections 261 to 264 of the Companies Act 2001, effective on 21 February 2014. Accordingly, the shareholders of The Mauritius Commercial Bank Limited ("the bank") exchanged their ordinary shares held in the bank for ordinary shares in MCB Group Limited ("MCBG") on a 1:1 ratio. Following the above exchange MCBG exchanged all its shares in the bank for ordinary shares in MCB Investment Holding Limited (MCBIH).

(ii) Non-current assets held for distribution

Upon the "Scheme" becoming effective and subject to obtaining relevant regulatory approvals, the banking subsidiaries and associate of the bank will be unbundled into MCB Investment Holding Limited.

As at 30th June 2014, the subsidiaries and associate not yet unbundled have been classified as non-current assets held for distribution and are as follows:

		Effective Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Banking subsidiaries					
MCB (Maldives) Private Ltd	Banking & Financial services	100.00	347,963	-	347,963
MCB Moçambique SA	Banking & Financial services	95.00	260,040	-	260,040
MCB Seychelles Ltd	Banking & Financial services	100.00	211,522	-	211,522
MCB Madagascar SA	Banking & Financial services	85.00	64,322	-	64,322
			<u>883,847</u>	<u>-</u>	<u>883,847</u>
Banking associate					
Banque Française Commerciale O.I.	Banking & Financial services	49.99	447,369	-	447,369
Total			<u>1,331,216</u>	<u>-</u>	<u>1,331,216</u>

(iii) Discontinued operations

The bank has obtained the relevant regulatory approval to unbundle its non-banking subsidiaries, other investments and associates as part of the "Scheme".

Subsequently, on 20th June 2014, the Board of the bank approved and declared a dividend in specie to its shareholder, namely MCB Investment Holding Limited, as detailed hereunder.

		2014 Effective Holding %	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Non-Banking subsidiaries					
MCB Capital Markets Ltd	Investment Holding Company	96.00	72,862	72,862	-
MCB Equity Fund Ltd	Private Equity Fund	100.00	2,084,639	2,084,639	-
MCB Factors Ltd	Factoring	100.00	50,000	50,000	-
			<u>2,207,501</u>	<u>2,207,501</u>	<u>-</u>
Other investments					
Fincorp Investment Ltd	Investment company	57.56	24,736	24,736	-
MCB Properties Ltd	Property ownership & development	100.00	14,625	14,625	-
International Card Processing Services Ltd	Providing card system facilities, card embossing and encoding services	80.00	80,000	80,000	-
Blue Penny Museum	Philatelic museum	97.88	950	950	-
			<u>120,311</u>	<u>120,311</u>	<u>-</u>
Non-banking associate					
Credit Guarantee Insurance Co Ltd	Insurance	40.00	12,000	12,000	-
Total			<u>2,339,812</u>	<u>2,339,812</u>	<u>-</u>

(iv) Discontinuing operations following unbundling of investments

Income recognised in profit or loss is as follows:

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Dividend income	<u>345,484</u>	<u>164,000</u>	<u>181,484</u>	84,298	30,848	53,450	887,772	14,872	872,900

40. Segmental Reporting (continued)

(i) Other assets

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Mandatory balances with Central Bank	10,646,314	10,646,314	-	8,039,278	8,039,278	-	7,588,498	7,588,498	-
Accrued interest receivable	1,034,304	470,685	563,619	1,034,790	554,047	480,743	929,635	597,195	332,440
Prepayments and other receivables	910,276	762,965	147,311	556,197	511,445	44,752	730,181	656,010	74,171
Margin deposit under Credit Support Annex	431,521	-	431,521	461,251	-	461,251	162,862	-	162,862
Receivable from Mauritius Union Assurance Co Ltd	50,000	50,000	-	75,000	75,000	-	100,000	100,000	-
Credit Card Clearing	238,605	168,220	70,385	87,828	69,401	18,427	85,100	68,688	16,412
Non-banking assets acquired in satisfaction of debts	55,792	55,792	-	51,433	51,433	-	35,369	35,369	-
Others	670,718	648,993	21,725	433,404	423,681	9,723	249,552	239,010	10,542
	14,037,530	12,802,969	1,234,561	10,739,181	9,724,285	1,014,896	9,881,197	9,284,770	596,427

40. Segmental Reporting (continued)
(j) Deposits from banks

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Other deposits	2,415,169	31,433	2,383,736	1,685,080	23,751	1,661,329	1,570,820	45,829	1,524,991
Money market deposits with remaining term to maturity:									
Up to 3 months	754,245	3,788	750,457	1,044,862	-	1,044,862	629,314	-	629,314
Over 3 months and up to 6 months	243,275	-	243,275	223,680	-	223,680	153,935	-	153,935
Over 6 months and up to 1 year	285,349	-	285,349	454,890	-	454,890	422,549	-	422,549
	1,282,869	3,788	1,279,081	1,723,432	-	1,723,432	1,205,798	-	1,205,798
	3,698,038	35,221	3,662,817	3,408,512	23,751	3,384,761	2,776,618	45,829	2,730,789

(k) Deposits from customers
Retail customers

Demand deposits	15,508,233	8,386,164	7,122,069	12,012,604	7,298,206	4,714,398	10,838,105	6,763,069	4,075,036
Savings deposits	74,282,426	68,596,297	5,686,129	68,226,248	63,488,219	4,738,029	61,394,644	57,579,306	3,815,338
Time deposits with remaining term to maturity:									
Up to 3 months	3,280,785	2,133,644	1,147,141	4,106,179	2,856,631	1,249,548	4,350,159	2,986,033	1,364,126
Over 3 months and up to 6 months	2,703,635	1,540,043	1,163,592	2,339,617	1,705,622	633,995	2,496,911	1,678,996	817,915
Over 6 months and up to 1 year	4,219,592	3,075,909	1,143,683	4,630,251	3,253,067	1,377,184	4,764,562	3,515,179	1,249,383
Over 1 year and up to 5 years	9,218,134	7,590,570	1,627,564	9,037,608	7,747,578	1,290,030	9,032,424	7,782,072	1,250,352
Over 5 years	31,905	31,905	-	4,855	4,405	450	4,480	3,710	770
	19,454,051	14,372,071	5,081,980	20,118,510	15,567,303	4,551,207	20,648,536	15,965,990	4,682,546
	109,244,710	91,354,532	17,890,178	100,357,362	86,353,728	14,003,634	92,881,285	80,308,365	12,572,920

Corporate customers

Demand deposits	43,706,020	21,633,439	22,072,581	32,425,132	18,869,538	13,555,594	27,006,803	18,832,970	8,173,833
Savings deposits	5,591,302	5,511,891	79,411	5,102,968	5,028,016	74,952	4,827,541	4,768,779	58,762
Time deposits with remaining term to maturity:									
Up to 3 months	4,311,127	2,125,111	2,186,016	6,116,391	2,974,760	3,141,631	6,700,517	3,523,021	3,177,496
Over 3 months and up to 6 months	1,958,329	916,082	1,042,247	1,208,104	912,945	295,159	838,812	450,070	388,742
Over 6 months and up to 1 year	1,551,513	1,137,360	414,153	1,376,295	611,447	764,848	1,739,809	1,252,449	487,360
Over 1 year and up to 5 years	1,739,488	1,550,178	189,310	1,438,877	1,438,677	200	1,241,330	1,241,330	-
Over 5 years	2,896,803	-	2,896,803	2,838,248	-	2,838,248	2,738,540	-	2,738,540
	12,457,260	5,728,731	6,728,529	12,977,915	5,937,829	7,040,086	13,259,008	6,466,870	6,792,138
	61,754,582	32,874,061	28,880,521	50,506,015	29,835,383	20,670,632	45,093,352	30,068,619	15,024,733

Government

Demand deposits	3,715	3,715	-	3,997	3,997	-	7,253	7,253	-
Savings deposits	18,903	18,903	-	51,260	51,260	-	50,785	50,785	-
	22,618	22,618	-	55,257	55,257	-	58,038	58,038	-
	171,021,910	124,251,211	46,770,699	150,918,634	116,244,368	34,674,266	138,032,675	110,435,022	27,597,653

40. Segmental Reporting (continued)
(l) Subordinated liabilities

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Rs4.5 billion floating rate subordinated note maturing in August 2023 at an average interest rate of 6%	4,500,000	4,322,106	177,894	-	-	-	-	-	-
USD30M subordinated debt maturing in August 2023 at an average interest rate of 3.5%	909,081	-	909,081	-	-	-	-	-	-
	5,409,081	4,322,106	1,086,975	-	-	-	-	-	-

(m) Other liabilities

Accrued interest payable	929,987	706,629	223,358	891,777	699,005	192,772	845,381	662,431	182,950
MCB Superannuation Fund	705,199	705,199	-	746,721	746,721	-	633,006	633,006	-
Employee benefit liability	1,151,026	1,151,026	-	846,178	846,178	-	658,795	658,795	-
Proposed dividend	809,065	809,065	-	796,657	796,657	-	772,342	772,342	-
Interest suspense, impersonal & other accounts	3,343,097	3,218,251	124,846	2,864,814	2,798,674	66,140	2,627,881	2,588,295	39,586
	6,938,374	6,590,170	348,204	6,146,147	5,887,235	258,912	5,537,405	5,314,869	222,536
Interest suspense	(997,336)	(979,664)	(17,672)	(878,534)	(868,947)	(9,587)	(800,197)	(793,302)	(6,895)
	5,941,038	5,610,506	330,532	5,267,613	5,018,288	249,325	4,737,208	4,521,567	215,641

(n) Contingent liabilities
(i) Instruments

Guarantees on account of customers	15,931,937	11,325,367	4,606,570	16,901,250	11,554,540	5,346,710	15,089,948	11,508,692	3,581,256
Letters of credit and other obligations on account of customers	29,632,253	2,956,933	26,675,320	18,687,134	3,647,798	15,039,336	14,687,969	3,268,177	11,419,792
Other contingent items	16,548,255	882,489	15,665,766	10,961,602	247,094	10,714,508	7,705,047	3,149,572	4,555,475
	62,112,445	15,164,789	46,947,656	46,549,986	15,449,432	31,100,554	37,482,964	17,926,441	19,556,523

(ii) Commitments

Loans and other facilities, including undrawn credit facilities	4,355,291	3,238,122	1,117,169	5,022,227	3,345,412	1,676,815	4,519,999	4,005,052	514,947
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(iii) Tax assessments

	272,057	272,057	-	121,584	121,584	-	68,042	68,042	-
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(iv) Other

Inward bills held for collection	461,794	319,826	141,968	454,499	324,561	129,938	391,883	304,509	87,374
Outward bills sent for collection	1,042,994	463,912	579,082	1,177,623	593,232	584,391	897,553	428,050	469,503
	1,504,788	783,738	721,050	1,632,122	917,793	714,329	1,289,436	732,559	556,877
	68,244,581	19,458,706	48,785,875	53,325,919	19,834,221	33,491,698	43,360,441	22,732,094	20,628,347

40. Segmental Reporting (continued)
(o) Interest income

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Loans to and placements with banks	186,503	14,282	172,221	170,839	2,409	168,430	156,313	6,085	150,228
Loans and advances to customers	9,747,799	7,749,074	1,998,725	9,708,287	7,975,863	1,732,424	9,211,199	7,902,443	1,308,756
Held to maturity investments	919,662	916,437	3,225	589,115	586,736	2,379	654,926	654,595	331
Other	11,877	11,531	346	6,475	6,167	308	1,236	958	278
	10,865,841	8,691,324	2,174,517	10,474,716	8,571,175	1,903,541	10,023,674	8,564,081	1,459,593

(p) Interest expense

Deposits from banks	32,200	4	32,196	30,536	-	30,536	37,070	1,296	35,774
Deposits from customers	3,836,096	3,364,421	471,675	3,924,629	3,438,700	485,929	4,084,058	3,675,559	408,499
Subordinated liabilities	262,671	241,890	20,781	-	-	-	6,747	-	6,747
Other borrowed funds	188,226	3,277	184,949	186,136	7,938	178,198	149,869	8,836	141,033
	4,319,193	3,609,592	709,601	4,141,301	3,446,638	694,663	4,277,744	3,685,691	592,053

(q) Fee and commission income

Retail banking fees	254,942	249,260	5,682	212,009	204,039	7,970	208,181	201,717	6,464
Corporate banking fees	565,018	464,142	100,876	387,979	267,319	120,660	364,699	287,617	77,082
Guarantee fees	217,778	157,771	60,007	222,582	159,419	63,163	177,869	146,860	31,009
Interbank transaction fees	46,398	-	46,398	41,492	-	41,492	32,709	-	32,709
Cards and other related fees	1,107,863	902,770	205,093	926,821	762,387	164,434	784,647	642,230	142,417
Trade finance fees	637,558	128,064	509,494	707,795	112,598	595,197	533,147	131,445	401,702
Others	119,798	41,660	78,138	101,173	41,985	59,188	101,387	54,665	46,722
	2,949,355	1,943,667	1,005,688	2,599,851	1,547,747	1,052,104	2,202,639	1,464,534	738,105

(r) Fee and commission expense

Interbank transaction fees	8,374	-	8,374	6,479	-	6,479	5,990	-	5,990
Cards and other related fees	490,788	490,602	186	392,239	392,153	86	314,951	314,951	-
Others	51,297	-	51,297	12,655	-	12,655	21,167	21,167	-
	550,459	490,602	59,857	411,373	392,153	19,220	342,108	336,118	5,990

(s) Net gain/(loss) from financial instruments carried at fair value

Net gain/(loss) from derivatives	46,291	27,946	18,345	206,140	190,286	15,854	(251,957)	(225,563)	(26,394)
Investment securities at fair value through profit or loss	155	155	-	193	193	-	174	174	-
	46,446	28,101	18,345	206,333	190,479	15,854	(251,783)	(225,389)	(26,394)

(t) Dividend income

Available for sale securities	13,520	10,335	3,185	7,184	4,831	2,353	29,333	27,834	1,499
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40. Segmental Reporting (continued)
(u) Salaries and human resource development

	2014			2013			2012		
	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000	TOTAL RS'000	Segment A RS'000	Segment B RS'000
Wages and salaries	1,607,208	1,484,667	122,541	1,540,139	1,444,076	96,063	1,449,502	1,345,574	103,928
Compulsory social security obligations	50,646	47,121	3,525	46,257	43,472	2,785	43,273	40,826	2,447
Equity settled share-based payments	4,192	4,067	125	1,929	1,876	53	2,128	2,070	58
Other personnel expenses	478,553	439,049	39,504	442,138	410,396	31,742	383,822	358,709	25,113
	2,140,599	1,974,904	165,695	2,030,463	1,899,820	130,643	1,878,725	1,747,179	131,546

(v) Other non-interest expense

Software licensing and other information technology cost	179,326	170,296	9,030	156,988	149,560	7,428	146,611	140,955	5,656
Others	1,241,736	1,148,014	93,722	1,088,039	1,018,092	69,947	1,052,764	997,780	54,984
	1,421,062	1,318,310	102,752	1,245,027	1,167,652	77,375	1,199,375	1,138,735	60,640

(w) Allowances for credit impairment

Loans to and placements with banks	7,400	-	7,400	2,000	-	2,000	(47)	-	(47)
Loans and advances to customers	1,835,656	376,031	1,459,625	1,053,277	383,911	669,366	509,288	417,657	91,631
	1,843,056	376,031	1,467,025	1,055,277	383,911	671,366	509,241	417,657	91,584

(x) Income tax expense

Current tax expense									
Current year	858,821	785,474	73,347	696,011	624,426	71,585	659,984	586,521	73,463
(Over)/Under provision in previous years	(7,028)	(7,236)	208	13,673	13,673	-	(41,230)	(41,230)	-
	851,793	778,238	73,555	709,684	638,099	71,585	618,754	545,291	73,463
Deferred tax	(40,022)	(24,872)	(15,150)	(9,008)	(2,067)	(6,941)	52,527	55,512	(2,985)
Total income tax expense	811,771	753,366	58,405	700,676	636,032	64,644	671,281	600,803	70,478

The tax on the profits differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before tax:									
Continuing operations	4,152,868	2,900,239	1,252,629	4,407,846	2,880,974	1,526,872	4,253,279	2,822,864	1,430,415
Discontinuing operations	345,484	164,000	181,484	84,298	30,848	53,450	887,772	14,872	872,900
	4,498,352	3,064,239	1,434,113	4,492,144	2,911,822	1,580,322	5,141,051	2,837,736	2,303,315
Tax calculated at a rate of 15%	674,753	459,636	215,117	673,822	436,773	237,049	771,158	425,660	345,498
Impact of:									
Income not subject to tax	(69,039)	(46,275)	(22,764)	(31,630)	(30,344)	(1,286)	(73,408)	(72,047)	(1,361)
Expenses not deductible for tax purposes	133,970	30,951	103,019	90,298	46,096	44,202	152,090	123,458	28,632
Tax credits	(253,341)	-	(253,341)	(231,010)	-	(231,010)	(323,277)	(90)	(323,187)
Special levy on banks	332,456	316,289	16,167	185,523	169,834	15,689	185,948	165,052	20,896
(Over)/Under provision in previous years	(7,028)	(7,236)	208	13,673	13,673	-	(41,230)	(41,230)	-
Tax charge	811,771	753,365	58,406	700,676	636,032	64,644	671,281	600,803	70,478

The tax charge related to statement of profit or loss and other comprehensive income is as follows:

Remeasurement of defined benefit pension plan	269,896	269,896	-	158,399	158,399	-	393,008	393,008	-
Deferred tax	(40,484)	(40,484)	-	(23,760)	(23,760)	-	(58,951)	(58,951)	-
	229,412	229,412	-	134,639	134,639	-	334,057	334,057	-