ONE

ECO-FRIENDLY REPORT

BANK ONE

ANNUAL REPORT 2016

TABLE OF CONTENTS

Our

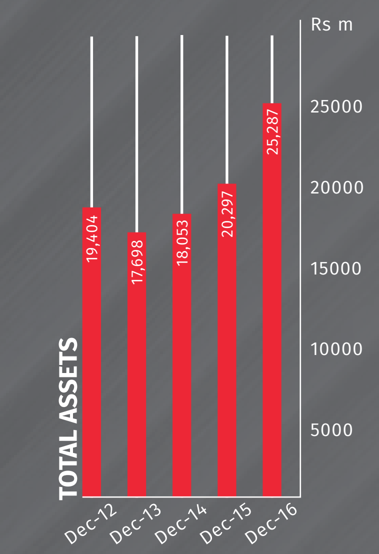
GLOBALWARMING

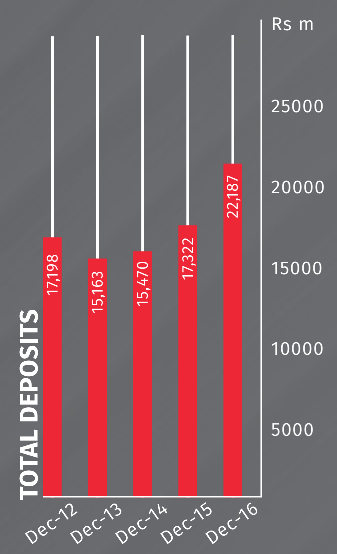
objective is to leave a cleaner and better world to our children...

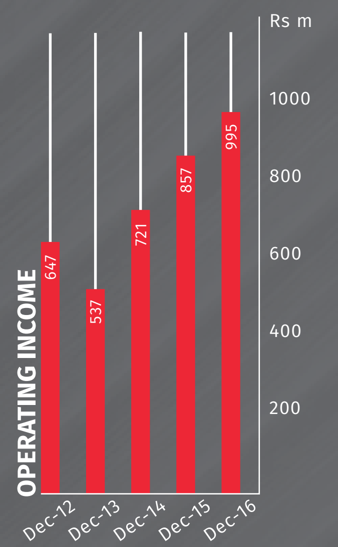
while we keep a strong

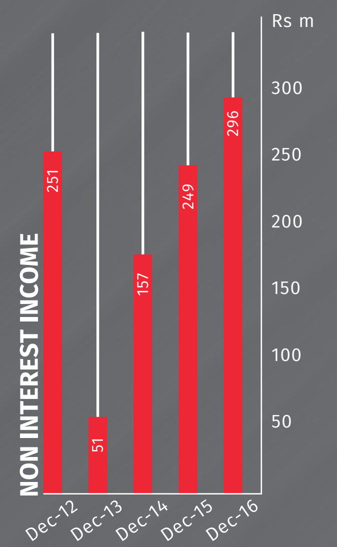
relationship with all of our customers

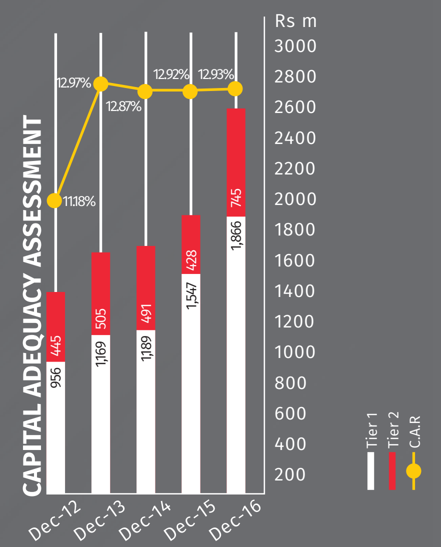
FINANCIAL HIGHLIGHTS

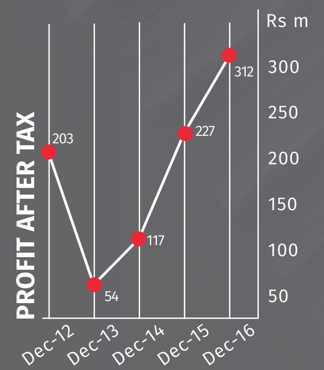


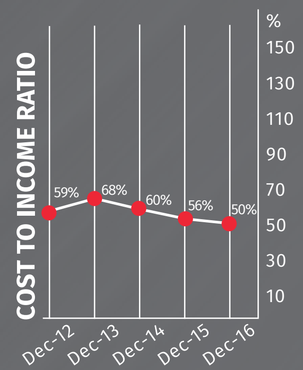


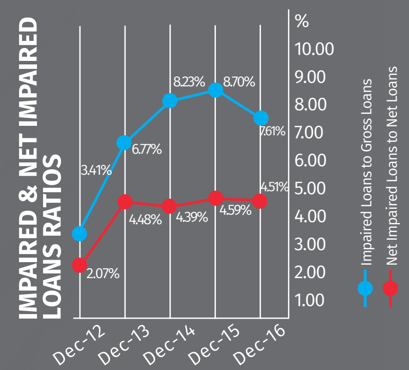












CORPORATE PROFILE

Bank One Limited (hereinafter referred to as "Bank One" or the "Bank") is a Mauritian bank headquartered in Port Louis, Mauritius. Bank One provides a wide range of banking products to its Retail, Corporate, Private and Offshore clients through its chain of 13 branches and its ATM network distributed across the island. The Bank also offers treasury services and has developed strong capabilities in E-commerce acquiring business. Besides being a high street bank, Bank One is licensed by the Financial Services Commission to act as an Insurance Agent, distributor of financial products, investment advisor and custodian. Bank One has a representative office in South Africa.

With a client base of over 40,000, serviced by a dedicated team of above 325 well-trained staff, Bank One has an asset base of Rs25bn.

Leveraging on the presence of its shareholders, I&M Holdings Limited and CIEL Finance Limited (each holding 50% of the Bank's capital), Bank One intends to position itself as a leading Mauritian bank with the highest quality service to clients, the preferred long-term partner to its clients, and an enabler for responsible and sustainable growth in the coming years.

COMPANY DETAILS

Business Registration No: C07040612

Registered Office: 16, Sir William Newton Street
Port Louis, Mauritius
Telephone: (230) 202 9200
Fax: (230) 210 4712
Website: www.bankone.mu

Nature of Business: Bank One is licensed with the Bank of Mauritius to carry out banking business.

The Bank also holds the following licences:

Licence	Issuer
Licence to act as Insurance Agent in Mauritius	Financial Services Commission of Mauritius
Licence for distribution of financial products in Mauritius	Financial Services Commission of Mauritius
Investment Adviser (Unrestricted) Licence in Mauritius	Financial Services Commission of Mauritius
Custodian Licence	Financial Services Commission of Mauritius
Representative Office in South Africa	South African Reserve Bank

Bank One has a Merchant Acquiring licence with VISA and Mastercard to carry out E-commerce merchant acquiring.

Main correspondent banks

Bank of China Limited, Johannesburg
Citibank NA, New York
Citibank NA, London
Citibank NA, Tokyo
Commonwealth Bank of Australia, Sydney
DBS Bank Ltd, Singapore
Deutsche Bank Trust Company Americas, New York
Deutsche Bank AG, Frankfurt
I&M Bank Limited, Nairobi
SBM Bank (Mauritius) Ltd, Mumbai
The Standard Bank of South Africa Ltd, Johannesburg

External Auditors

PricewaterhouseCoopers
18, CyberCity
Ebène, Reduit 72201
Republic of Mauritius

CORPORATE PROFILE

OUR IDENTITY

Bank One unveiled new Vision, Mission and Corporate Values in December 2016. The new Vision, Mission and Value statements define the purpose and guiding principles for Bank One as it enters a new chapter in its development and sets its sights on being a leader in quality of service to its clients. At the same time, they also outline how the attainment of the Vision is expected to impact positively on the different stakeholders. A series of Brand Immersion workshops are planned in 2017 in order to ensure that the staff are fully aligned to the new Vision and Mission and are living the Corporate Values in the day-to-day operations.

The launching of the new Vision, Mission and Corporate Values is yet another milestone for Bank One and follows a very successful brand refresh and new visual identity initiated in early 2016.

OUR VISION

The **ONE** bank of choice

OUR MISSION

Creating value in every relationship through **O**wnership, **N**urturing and **E**xecution

OUR VALUES

Behave hONEstly and fairly

- We live by the highest standards of integrity
- We communicate openly and transparently
- We treat our colleagues, our customers, our partners and the community fairly

Treat everyONE with respect

- We trust and respect each other
- We value different perspectives
- We support all stakeholders

Be the ONE to delight customers

- We earn our customers' trust by placing them at the heart of our business
- We add value by understanding and serving our customers' needs best
- We are determined to make customer interactions easier, our expertise more accessible, and our relationships more human

Work together as ONE team

- We work together towards a common goal and execute effectively
- We are united in our passion to grow our Bank
- We strive to develop effective synergies across teams and along with our partners

PiONEer better ways of doing things

- We proactively reassess and improve our processes and platforms
- We enable our customers' success by constantly finding appropriate solutions for their needs
- We continuously innovate to deliver superior value to our customers

The Directors below served on the Board of Bank One for the year ended 31 December 2016

BOARD OF DIRECTORS

Chairman
David PROCTOR (Independent)

Members
- Ravneet CHOWDHURY (Executive)
- Jean-Pierre DALAIS (Non-Executive)
- Marc-Emmanuel VIVES (Non-Executive)
- Sarit S. RAJA-SHAH (Non-Executive)
- Lakshminarayanapuram Anandharaman, SIVARAMAKRISHNAN (Non-Executive - appointed as from 07.03.2016)
- Pratul SHAH (Independent)
- Sandra MARTYRES (Independent)
- Jozef Jan Maria TOURNEL (Independent - appointed as from 09.06.2016)

Secretary to the Board & Board Committees:
Bruj Madhav KALLEE

BOARD COMMITTEES

Audit Committee
- Pratul SHAH (Chairperson)
- David PROCTOR
- Sandra MARTYRES

Credit Committee
- Lakshminarayanapuram Anandharaman SIVARAMAKRISHNAN (Chairperson-appointed as from 07.03.2016)
- Sandra MARTYRES
- Marc-Emmanuel VIVES

Risk Management Committee
- Sandra MARTYRES (Chairperson)
- David PROCTOR
- Ravneet CHOWDHURY
- Marc-Emmanuel VIVES
- Lakshminarayanapuram Anandharaman SIVARAMAKRISHNAN (Appointed as from 07.03.2016)

Administrative & Staff Compensation Committee
- Lakshminarayanapuram Anandharaman, SIVARAMAKRISHNAN (Chairperson-appointed as from 07.03.2016)
- David PROCTOR
- Marc-Emmanuel VIVES

Conduct Review & Corporate Governance Committee
- David PROCTOR (Chairperson)
- Pratul SHAH
- Sandra MARTYRES (Appointed 09.02.2016 till Sept 2016)
- Jozef Jan Maria TOURNEL (Appointed as from Sept 2016)

Nomination & Remuneration Committee
- Jean-Pierre DALAIS (Chairperson)
- Sarit S. RAJA-SHAH
- David PROCTOR
- Pratul SHAH (appointed till Sept 2016)
- Jozef Jan Maria TOURNEL (Appointed as from Sept 2016)

EXECUTIVE MANAGEMENT

Chief Executive Officer
- Ravneet Singh CHOWDHURY

Deputy Chief Executive Officer
- Balachandran CHELAMPET PUTHUKULANGARA

Chief Financial Officer
- B Ranjeevesingh GOWREESUNKUR

Chief Risk Officer
- Stephen VLOK

Head of Corporate Banking
- Fareed SOOBADAR

Head of International Banking
- Suresh NANDA

Head of Private Banking & Wealth Management
- Arun Kumar MATHUR

Head of Retail Banking
- Anne Marie KOO TON FAH

Head of Treasury
- Rishyraj LUTCHMAN

Head of Legal & Credit Administration
- Valerie DUVAL

CHAIRMAN'S STATEMENT

Globally, 2016 will be remembered as a year that produced a series of shocks and surprises.

Some events startled because they ran counter to prevailing forecasts, beliefs and assumptions. Colombians were expected to approve a landmark peace agreement with FARC rebels, but instead rejected it. Conventional wisdom held the UK would vote to stay in the European Union, but the referendum result was to leave. Polls indicated Hillary Clinton would become the first female President of the United States, but Donald Trump is now in the White House.

Other events stunned due to the lack of any prior warning. The Indian Government withdrew all 500 and 1,000 rupee banknotes from circulation overnight; Turkey thwarted an attempted military coup; and sadly, throughout the year major terrorist attacks occurred in Belgium, France, Germany, Bangladesh and Pakistan.

Against that background, we are fortunate indeed that Bank One's home is Mauritius, which in 2016 ranked first in Africa for Doing Business (World Bank); for Global Competitiveness (World Economic Forum); Governance (Mo Ibrahim Index) and Economic Freedom (Heritage Foundation). Like all small countries, there is a risk that Mauritius can be buffeted by events offshore, but once again this year the Mauritian Government and regulatory bodies proved their competence in navigating the country safely through the international storms.

Turning to the bank, in 2016 the Board continued its proactive oversight of Bank One's governance, resources (human and financial), and performance.

On governance, we welcomed a new Independent Non-Executive Director to the Board, Mr. Jozef Tournel, who brings extensive international expertise especially in the Human Resources field and at the executive level the structure of management committees has been revamped to align to best practices. In addition, Mr. L.A. Sivaramakrishnan joined as one of the Board Non-Executive Director representatives of I&M Group replacing Mr. Arun Mathur who entered retirement. My thanks go to Mr. Mathur for his years of service as a Director of Bank One, and a warm welcome to Mr. Sivaramakrishnan who has quickly settled into his new role.

On human resources, a select number of new executives have joined the team to increase management depth and capacity, and an enhanced approach to staff performance assessment and incentives has been developed.

To facilitate shareholders' growth expectations while ensuring a sound buffer against unforeseen risks, the bank increased its total equity to Rs2.1bn. The Board is pleased with the progress being made on the financial performance of the bank – in 2016 positive indicators included not only higher income, profits and assets but also an improved cost to income ratio and a higher proportion of non-interest income reflecting the wider range of services the bank is delivering to its clients. The ratio of non-performing loans also reduced, despite the extended period required to obtain a legal resolution in certain jurisdictions.

Changing customer preferences and flexible new technology are opening new possibilities, especially in the Retail and Small and Medium-Sized Business (SME) sector. Accordingly, a separate committee has been set up to ensure that the Bank maximizes on these opportunities.

The progress being made at the bank reflects the dedication, commitment and hard work of a wide variety of stakeholders. My thanks therefore go to:

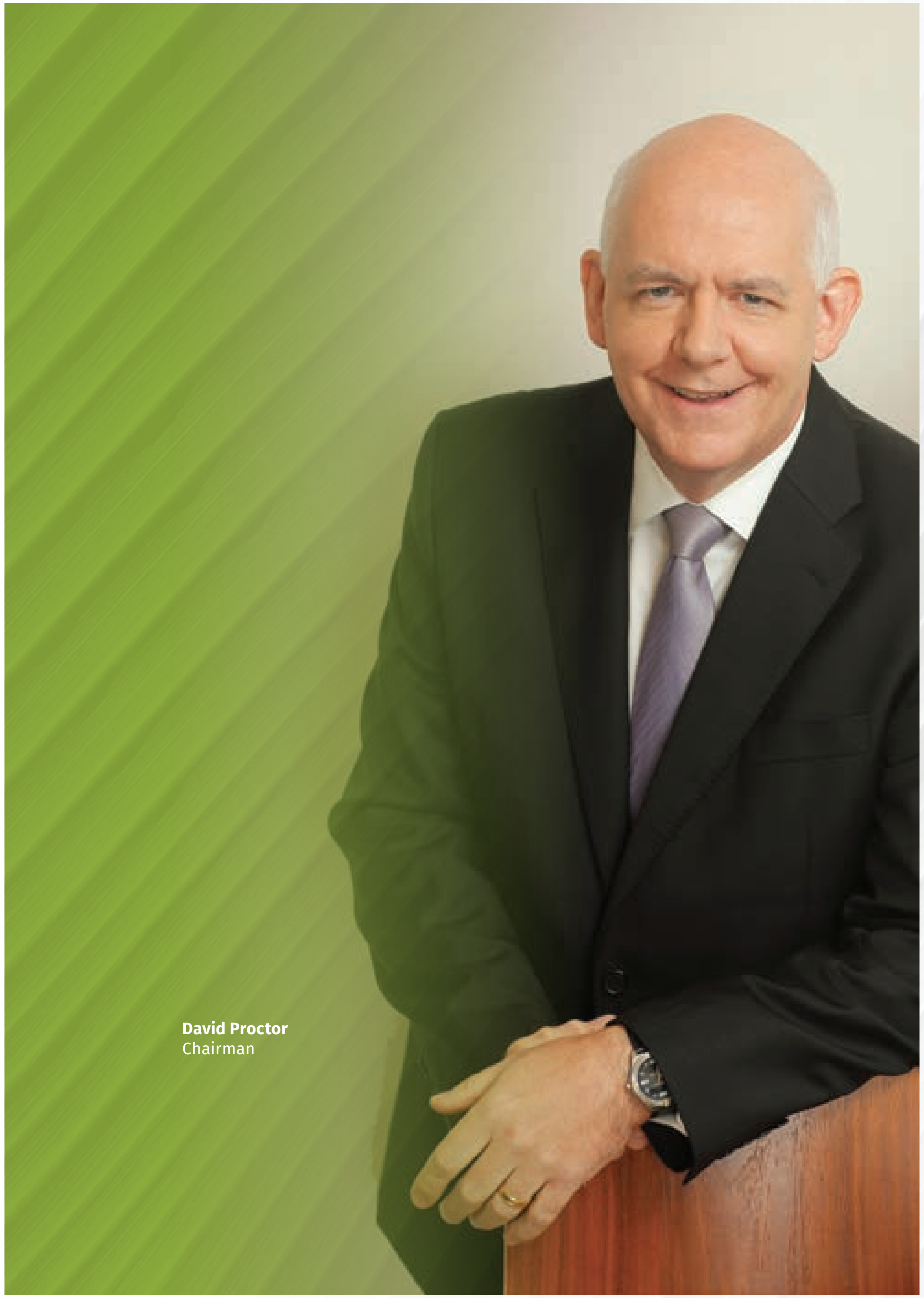
- Our Regulators for the insights and guidance they provide
- The shareholders for the extensive, practical support they furnish to the executive team
- My fellow Directors who provide such excellent counsel reflecting their energy, wisdom and expertise
- Our customers and the wider community whom we constantly want to delight and engage

and most importantly our staff, without whom Bank One's continued growth and success would not be possible.

This 2nd March 2017

David Proctor

Chairman



David Proctor
Chairman

CEO'S REPORT

Dear Stakeholders,

It is with a renewed sense of pride that I am reporting yet another year of significant progress made by the Bank with a refreshed brand and a new vision for the future. As projected in last year`s report, Bank One managed to sustain the growth momentum despite the uncertain economic environment both domestic and offshore.

Performance highlights

The Bank registered robust growth with profit before tax and provisions moving up to Rs502m as compared to Rs376m for the previous year. Total post-tax profit rose to Rs312m representing an increase of 37% in relation to 2015 while the cost to income ratio was ably reduced to 50% vs. 56% for the prior year. The return on shareholders` equity improved to 15.6% from 14.1% in 2015 thus crossing the target of 15% set for the year.

The Bank achieved strong growth of 25% in its overall balance sheet size with total assets crossing the Rs25bn mark. Strong measures were taken to reduce the assets under impairment resulting in the gross NPA coming down to 7.61% against 8.70% in 2015.

The bank significantly strengthened its equity base from Rs1.8bn in 2015 to Rs2.1bn by end 2016. The drawdown of EUR10m as Tier II capital was completed in December 2016 which strengthened further the capital base for future growth.

Refreshing our Vision, Mission and Values

This year we undertook an exercise with the leadership team to redefine who we are, what we stand for and where we want to go. Accordingly, we developed new Vision, Mission and Values that encapsulate our beliefs as an organization.

Our Vision is to be "**The ONE Bank of Choice**" that signifies our intention to be the best partner for every stakeholder in a tangible and measurable way.

Our Mission is to "**Create Value through Ownership, Nurturing and Execution**". The "**ONE**" theme comes across powerfully in all this as teamwork continues to be the core foundation of all our efforts.

Our redefined values are as follows:

Be the **ONE** to delight customers

Behave h**ONE**stly and fairly

Work together as **ONE** team

Treat every**ONE** with respect

Pi**ONE**er better ways of doing things.

We shall undertake concrete measures to embed these values as a way of life for our teams and make sure that it becomes an integral part of our DNA.

Transformation

The journey to transform Bank One to meet the challenges of the future is already underway. We have refreshed the brand and refurbished the Head Office in Port Louis to present a fresh, vibrant and modern feel for the Bank that best capture our new spirit and aspirations. We have constituted a new Transformation team to lead the efforts to review and simplify every process in the Bank to make it the best in class. A new Vision 2020 programme has been launched involving the top managers of the Bank to determine where Bank One should be in 2020. A lot of technological initiatives are also under way to deliver a premium digital experience for our clients. We will constantly track and measure the progress of this journey to make sure that we stay on the chosen path and attain our goals within the prescribed timelines.

Challenges vs. Opportunities

Whilst many of the geographies we deal in continue to face multiple challenges in the prevailing global economic settings, the Bank has managed to grow faster than the industry and position itself strongly for the future to acquire additional market share.

Disruptions have been witnessed politically across the world, which creates both uncertainty and opportunity. Apart from that, the African market, being our main area of focus, is expected to stay tougher with lower growth momentum and general weak sentiment. Further, technological disruptions will continue to pose a threat to the banking industry through various Fintech companies and start-ups that are nimble and capable of swiftly leveraging on advanced technology.

Nevertheless, we see opportunities in all these developments and are gearing up for the future to make sure that we are proactively assessing and exploiting these openings. We will continue to build on the Risk Culture and framework that we have set up to ensure safe and sustainable growth.

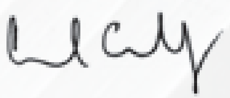
An exciting year ahead

We have good growth and revenue momentum as we move into 2017. There are a number of new initiatives being planned that will position Bank One on a faster trajectory by the end of the year. We will continue to fortify our risk management framework and manage risks in a prudent manner. On the regulatory side, we are well prepared to meet the Common Reporting Standard (CRS) reporting requirements from 2017. Implementation of IFRS 9 for adoption in 2018 and its potential impact on the Bank remains one of our key projects. We will be launching a new employee engagement survey early in the year followed by a client engagement survey to be able to assess and address any shortfalls in engagement with these vital stakeholders. The uplift and bolstering of the brand will continue and we intend to take a lead in thought leadership. We will continue our commitment towards the community by refreshing our CSR initiatives and make efforts in changing the lives of people. Another area of concentration is on innovation. Sustained and focused innovation that benefits our customers and teams shall be a key component of our strategy in the coming years.

Support and guidance of our stakeholders

I would like to acknowledge the invaluable contribution of our customers who remain loyal, ever encouraging and always provide the right motivation for whatever we do. I am highly grateful to my Executive Management team for being true partners in helping me realize this Vision and also the Board of Directors for the timely guidance and support they have given me in setting a new strategic direction for the Bank. Congratulations to the entire Bank One team for wholeheartedly participating in our journey and contributing towards its success.

This 2nd March 2017



Ravneet Chowdhury

Chief Executive Officer

ECONOMIC REVIEW

GLOBAL ECONOMIC ENVIRONMENT 2016

The global environment for the year under review was somewhat more focused on political matters than economic factors with the BREXIT event, the U.S Presidential elections and the Italian referendum. Geopolitical risks abound and 2017 would seem likely to follow the same trend. The first major global shock for this year came with the June UK referendum showing the people voting for an exit from the European Union (Brexit). The Pound sterling reached a 31-year low on this news. The Eurozone was still struggling with its economic downturn despite the ECB's quantitative easing measures of buying EUR 80bn worth of bonds per month. The year came to a close with the election of Donald Trump as the 45th President of the United States in the November 2016 elections. Uncertainty and volatility remain in the markets given the campaign promises made by the new US President.

Global growth is currently estimated at 3.1% in 2016 from 3.2% in 2015 and is projected at 3.4% in 2017 and 3.6% in 2018. The forecast is based on the assumption of a changing policy mix under a new administration in the United States and its global spillovers. (Source: IMF World Economic Outlook January 2017)

Overview of International Economies

The Bank maintains specific attention towards Africa especially Eastern Africa primarily due to our market knowledge and ready access to this region as a part of the I&M Group. Other key geographies that are tracked include West and Southern Africa, Middle East, Europe and Asia Pacific where the Bank has dealings.

East Africa

According to the United Nations World Economic Situation Prospects, with the robust growth of 5.5% in 2016, East Africa is positioned to remain the fastest growing African subregion in 2017 and 2018. Growth is projected to accelerate to about 6% in both years, reflecting the subregion's favourable macroeconomic fundamentals.

West Africa

Growth in West Africa is expected to rebound modestly to 3.1% in 2017, as the projected increase in oil prices eases severe fiscal and external pressures in Nigeria. In 2016, the subregion's aggregate GDP virtually stagnated, growing only by 0.1% due to a contraction in the Nigerian economy.

Southern Africa

The growth outlook for Southern Africa is relatively subdued, with economic activity projected to improve modestly to 1.8% in 2017 and 2.6% in 2018. In 2016, growth in the subregion slowed to 1.0%, as severe droughts adversely affected growth in several countries including Botswana, Lesotho, Malawi, Namibia and South Africa.

Middle East

According to the World Bank, growth in the Middle East region is estimated to have slowed to 2.7% in 2016, reflecting fiscal consolidation in some countries and oil production constraints in others. Growth in the region is forecast to recover to a 3.1% pace this year, with oil importers registering the strongest gains.

Asia Pacific

Following robust growth in the first half of 2016, the near-term outlook for Asia remains strong. As stated in the IMF Report, accommodative policies and a recent easing of financial conditions will underpin domestic demand, offsetting weak export growth. GDP growth is forecast to be broadly stable at 5.4% in 2016 and 5.3% in 2017.

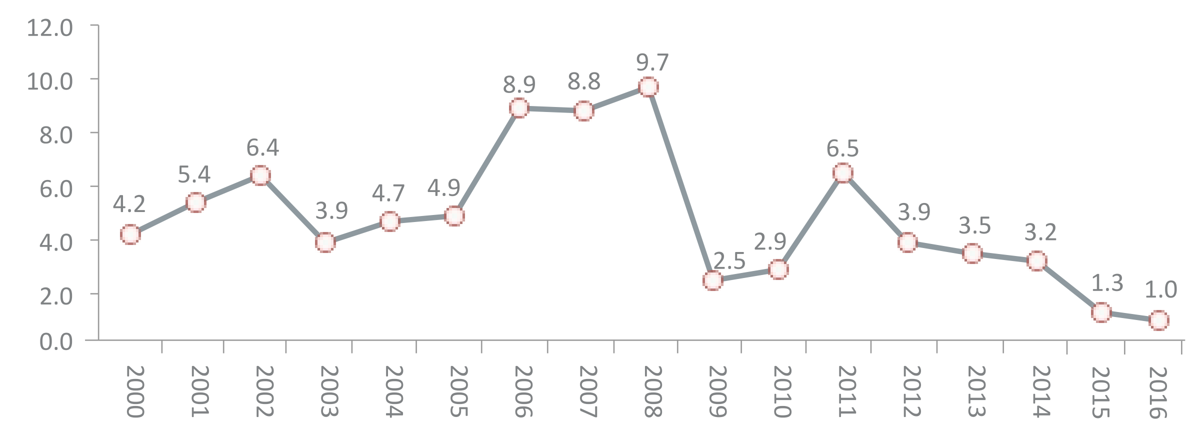
MAURITIAN ECONOMY OVERVIEW 2016

The main notable event for the year under review was the amendment of the protocol on the Double Tax Avoidance Agreement (DTAA) between Mauritius and India. It gives India the right to tax capital gains arising from sale or transfer of shares of an Indian company acquired by a Mauritian tax resident, it proposes to exempt investments made until March 31, 2017, from such taxation. However, the Mauritian Government received a grant of Rs13bn from the Indian Government for infrastructure projects that are expected to start in 2017. The effects of the Brexit with a weakening of the pound sterling has affected many exporters towards the UK. The Central Bank intervened several times during the year to support the value of the USD.

According to Statistics Mauritius, the Mauritian economy would grow at a higher rate than 3.8% in 2016 compared to 3.5% growth in 2015 and is expected to grow by 3.9% in 2017. Tourism will be one of the key drivers of growth with an estimated growth of 8.4% in 2016. The financial services sector growth is expected to gather momentum and increase by 5.7% in 2016, in line with the government strategy to attract well-reputed liquidity providers, international broker firms, investment banks, insurance companies and fund managers.

Inflation

Inflation rate (%), Calendar years 2000-2016



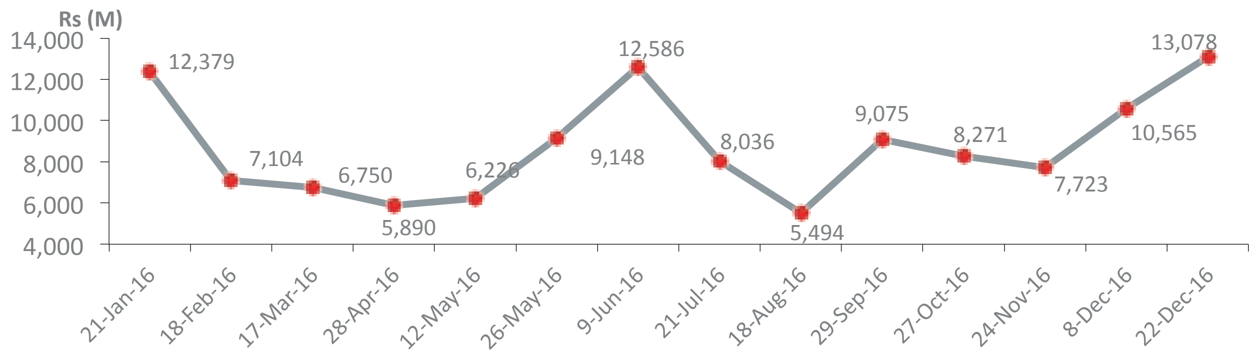
Source: CSO, January 2016

The headline inflation rate decreased from 1.3% in year 2015 to 1.0% in year 2016, the lowest rate since 1987.

Excess liquidity in the banking industry

Excess liquidity in the domestic money market rose substantially to reach a peak of Rs 13.1bn in December 2016. The Central Bank's effective liquidity management operations, through the issue of Treasury Bills and Notes, temporarily brought down the excess liquidity to Rs 5.5bn in August 2016. The major factor for this surplus liquidity is the absence of major projects requiring funding. This had a direct impact on the yields of government securities mainly. The graph below shows the trend of the excess liquidity in the banking industry in 2016.

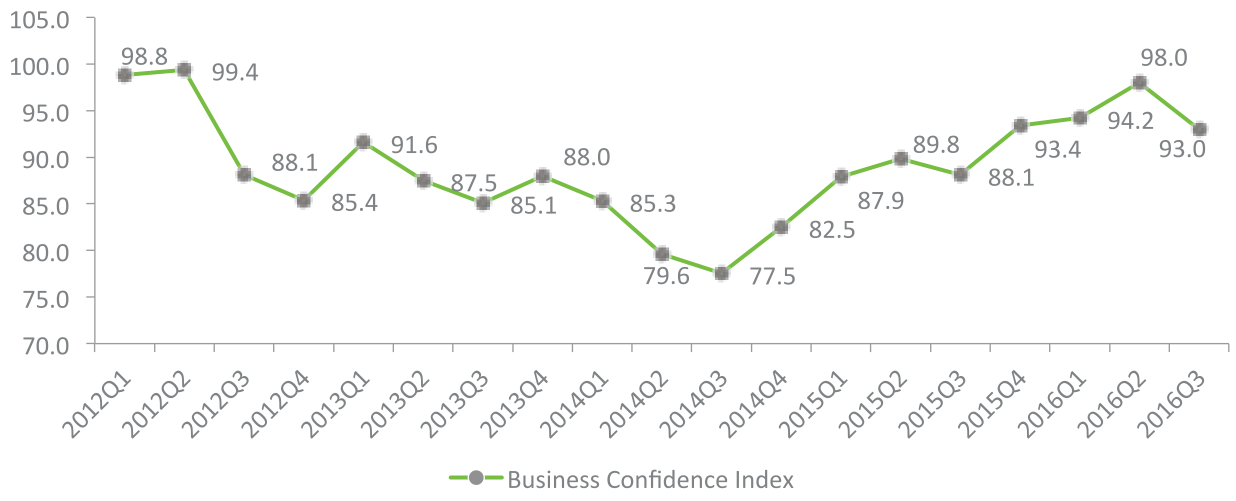
Excess Liquidity in Mauritian Banking Industry



ECONOMIC REVIEW (CONT'D)

BUSINESS CONFIDENCE

The Mauritius Chamber of Commerce and Industry (MCCI) publishes the Business Confidence Indicator every quarter that measures the business climate in Mauritius. The quarterly business confidence index registered a drop of 5% to settle at 93.0 points during the third quarter of 2016.



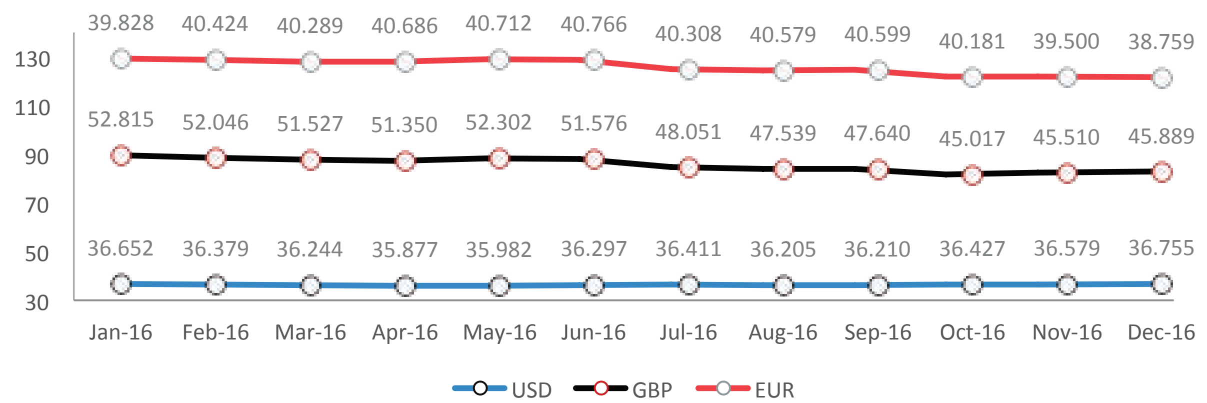
Monetary policy

The Monetary Policy Commission (MPC) held three meetings during the year 2016 and the Key Repo Rate was reduced by 40 basis points to 4.00% per annum in the July meeting.

Exchange rates

In 2016, Mauritian rupee appreciated significantly against the Pound sterling and marginally against the Euro with a slight depreciation against the US dollar.

Exchange rate of rupee (Period Average): January to December 2016



Source: The Bank of Mauritius

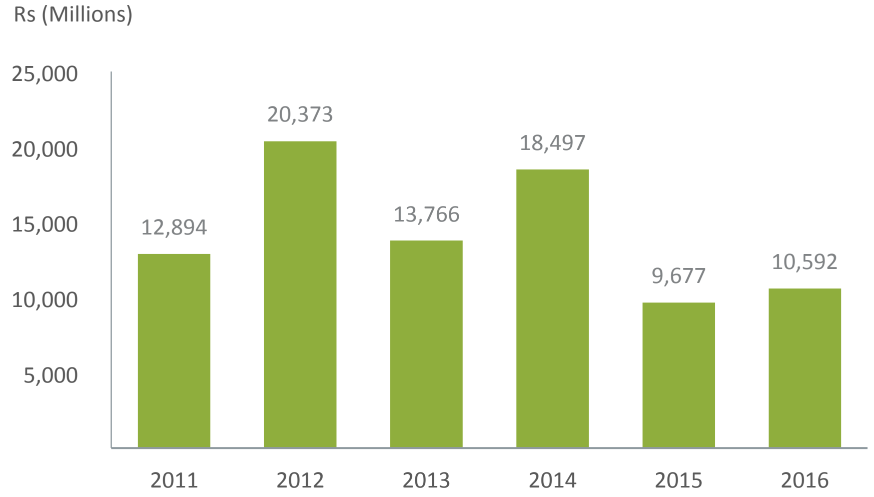
Foreign Exchange Reserves

Gross international reserves of Mauritius have reached Rs 177.4bn as at end of 2016, representing 9 months of import cover, according to figures released by the Bank of Mauritius. The country has added on Rs 26.1bn worth of reserves over the previous twelve months. The figures stood at Rs 151.3bn as at end of 2015.

This rise in the reserve figures is on the back of higher gold reserves increased by over Rs 5.8bn over the one-year period, from Rs 10.9bn to Rs 16.7bn. Reserves labelled by the Central Bank as "other" also increased over the past twelve months, from Rs 135.4bn to Rs 156.4bn from 2015 to 2016.

Foreign Direct Investments (FDI)

The rise of 9% from 2015 to 2016 is mainly on the account of an increase in manufacturing and financial and insurance activities.



Source: The Bank of Mauritius

Unemployment Rate

Unemployment rate is projected at 7.4% for 2016 by Statistics Mauritius, lower than the 7.9% figure for 2015. Figures from Statistics Mauritius indicate that the unemployment rate was at 7.6% during the third quarter of 2016. A new National Employment Agency will also be set up this year.

Global Opportunity Index 2016

The Global Opportunity Index benchmarks and tracks 136 countries' progress on 61 variables aggregated in four categories: Economic Fundamentals, Ease of Doing Business, Regulatory Quality, and Rule of Law.

Mauritius continues to be one of the most economically successful and stable countries in Africa, being ranked 1st in Sub-Saharan Africa and 31st globally, as one of the economies that is most open to foreign investment, with the highest Ease of Doing Business score on the continent.

Economic Freedom Index 2016

Mauritius continues to be a regional leader in economic freedom. The island-nation is ranked 15 out of 186 countries assessed. According to the report, Mauritius has a sound and transparent legal framework that institutionalises and supports the rule of law. It is also mentioned that the island's Fiscal Policy has recently been more expansionary than planned, but the deficit and public debt remain manageable.

ECONOMIC REVIEW (CONT'D)

Mo Ibrahim Governance Index 2016

Mauritius remains the top ranking country in overall governance in Africa for the tenth consecutive year, according to the Mo Ibrahim Index of African Governance 2016 entitled: A decade of African Governance 2006-2015, which was released on 3rd October 2016 in London.

Looking ahead to 2017

Geopolitical factors, elections in various European countries and the inauguration of Donald Trump as President of the United States will all contribute to a highly uncertain global context in 2017. The improvement projected in 2017 rests mainly on the assumptions that the global economy will continue to be bolstered by a continued recovery in developed economies-supported by accommodative monetary policy in some economies and a renewed fiscal boost in others and by stronger economic activity in most of the emerging world.

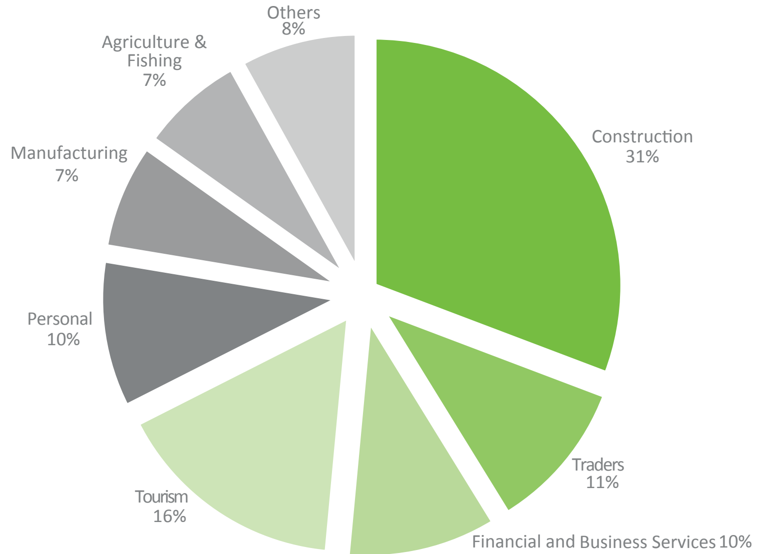
Global growth forecast reflects balanced risks to the outlook. However, certain threats exist, both visible and latent. Among those threats are potential stumbling blocks in the Brexit negotiations, and the resurfacing of another China-meltdown episode seen in early 2016.

Performance of the Banking sector

The Mauritian banking sector was resilient, well-capitalised and generally profitable during the financial year 2015-2016. Total assets grew by 2.1% to Rs 1,208bn as at June 2016. Banking industry total deposits grew by 1.8% to Rs 885bn as at June 2016. The asset quality of the banking system, gauged through periodic off-site and on-site surveillance, is judged to be good even though there has been a rise in non-performing loans. The capital adequacy ratio (CAR) averaged 17.5% as at end June 2016, well above the minimum of 10%. The Mauritian banking sector, in general, maintained healthy capital buffers and their funding profiles are sound enough to deal with stressed situations.

Credit to the private sector

The banking industry total credit to the private sector amounted to Rs 283bn as at November 2016. Credit distribution by sectors was as follows:



Source: The Bank of Mauritius

CORPORATE GOVERNANCE REPORT

Good corporate governance is essentially about effective and responsible leadership, which is characterised by the ethical values of responsibility, accountability, fairness and transparency.

Because banks hold a special position of trust in the national economy, it is of paramount importance that they adopt the highest corporate governance standards for the purpose of maintaining public trust and confidence in the banking system, which is critical to the proper functioning of the banking sector and the economy as a whole.

Compliance Statement

The Board of Bank One is fully committed to maintaining the highest standards of corporate governance and ethical business conduct across all aspects of the Bank's operations and decision-making process.

The present report describes the corporate governance framework put in place by the Board, whilst explaining how the Bank applies the provisions of the Code of Corporate Governance for Mauritius (the "Code"), the Bank of Mauritius' Guideline on Corporate Governance (the "Guideline on Corporate Governance"), and more generally the principles of good governance.

For the year under review, Bank One has complied with the Code and the Guideline on Corporate Governance in all material aspects, save for the following requirements of the Code:

Section 2.2.3 – All boards should have a strong executive management presence with at least 2 executive members

The Board is of the view that the spirit of the Code is met through the attendance and participation of the Deputy Chief Executive Officer and other Senior Executives during Board deliberations.

Section 2.8.2 – Companies should disclose details of remuneration paid to each director on an individual basis

The CEO is not remunerated for serving on the Board and Board Risk Management Committee. His remuneration package includes his salary, performance bonus and other benefits pertaining to his functions as CEO, which the Board has agreed not to disclose due to its commercially sensitive nature.

Section 3.9.1 (b) – The Chairperson of the Board should not be a member of the Audit Committee

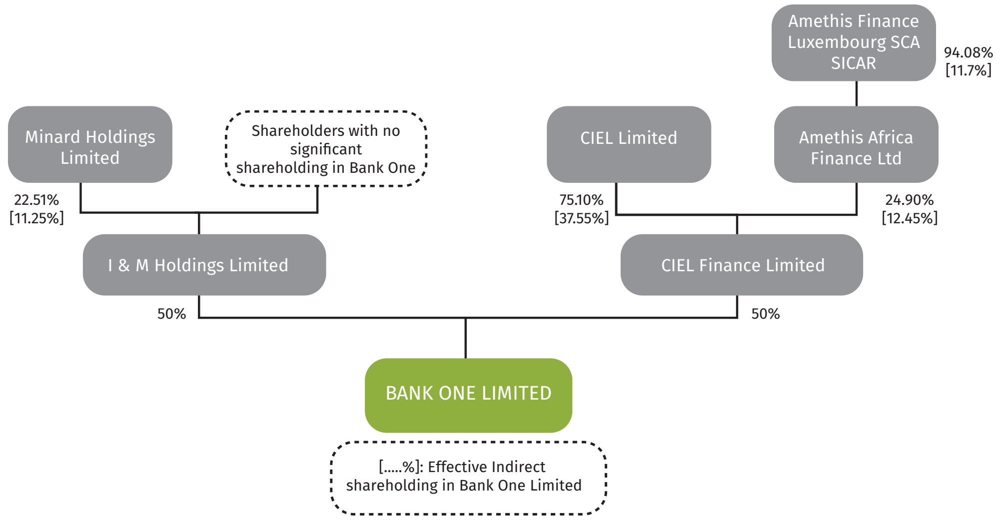
Considering that, in line with the Guideline on Corporate Governance, the Chairperson of the Board qualifies as an Independent Director and does not chair the Audit Committee, and further considering that Mr. David Proctor has the requisite skills and competence to sit on the Audit Committee, the Board agreed to appoint him on the Audit Committee.

CORPORATE GOVERNANCE REPORT (CONT'D)

Shareholders

Significant Shareholders

Shareholders holding 10% or more in Bank One as at 31 December 2016 are provided below:



As at 31 December 2016, the Bank's issued and paid up capital was Rs 856,456,000, divided into 8,564,560 ordinary shares of no par value, held on a 50/50 basis by CIEL Finance Limited and I&M Holdings Limited.

No share transfer occurred during the year under review.

Shareholders' Profile

CIEL Finance Limited

Ebène Skies, Rue de L'Institut, Ebène, Mauritius

CIEL Finance Limited is a subsidiary of CIEL Limited (75.1%) and Amethis Finance Africa Limited (24.9%). It is the specialised Banking & Financial Services cluster of the CIEL Group, actively involved in 4 sub-sectors namely: Banking, Fiduciary Services and Companies / Funds Administration, Asset Management and Private Equity.

CIEL Limited is a leading diversified investment company in Mauritius, also operating in Africa and Asia. With a market capitalisation of about Rs9.3bn as at 30 June 2016 and a consolidated turnover of Rs18.53b for the 12 months period ended 30 June 2016, CIEL is one of the largest listed Mauritian companies. As at 31 December 2016, its portfolio was valued at Rs13.86bn and the Group total assets at Rs61.5bn. The activities of the Group are organised under five distinct business segments, namely Agro Industry & Property; Banking & Financial Services; Healthcare; Hotel & Resorts; and Textile.

Amethis Finance is a private investment fund dedicated to long-term financing in Africa.

I&M Holdings Limited

I&M Bank House, 2nd Ngong Avenue, Nairobi, Kenya

I&M Holdings Limited is part of the I&M Group which comprises its banking entities in Kenya, Tanzania and Rwanda, as well as a General Accident Insurance Company amongst others. I&M Group is a leader in the financial services industry in East Africa with a significant presence in the banking, insurance, manufacturing and real estate sectors. The Banking group offers the full range of personal, business and alternative banking products through its extensive range of debit, credit and prepaid cards, Email Banking, Internet Banking, Mobile Banking, E-Commerce, and Social Media Banking.

Listed on the NSE with a market capitalisation of approx. KES31bn, I&M Holdings Limited is regulated by the Capital Markets Authority as well as by the Central Bank of Kenya as a non-operating holding company.

I&M Holdings reported Total Assets of approximately KES209bn as at 30th September 2016, a customer base of over 150,000 and employs over 1,600 people across the region.

With a stake of 22.51%, Minard Holdings Limited (MHL) is the largest shareholder of IMHL, qualifying as a significant shareholder of Bank One. MHL is a family holding company controlled by Mr. S.B.R Shah.

Bank One's Constitution

The Bank was incorporated as a private company on the 26th March 2002. It went through a major rebranding exercise and changed its name to Bank One on the 8th August 2008, after its takeover by the current shareholders in February 2008.

Bank One is governed by a constitution in conformity with the Companies Act, 2001 of Mauritius. It was adopted by the Shareholders on the 29th December 2010, and amended by Special Resolution dated 7th July 2011.

Material clauses of the Bank's constitution include the following:

- Share transfers are subject to pre-emptive rights.
- The Board may, if authorised by the Shareholders, issue shares that rank equally with or in priority to, or in subordination to the existing shares with the requirement that the shares be first offered to existing Shareholders.
- The Board may issue redeemable Shares.
- The Board shall consist of not less than 7 and not more than 10 Directors.
- Any Shareholder shall be entitled to appoint 1 Director for each 20% of the issued share capital held by it, and shall be entitled to remove such Directors by written notice to the Bank.
- The Shareholders may also, in addition to the Directors appointed pursuant to the above, appoint a minimum of 2 and a maximum of 4 Independent Directors.
- The Chairman of the Board shall be elected by a majority of the Shareholders from one of the Directors for a term of one year.
- The Chief Executive Officer shall be appointed by the Board. He may also be appointed by the Board to act as Director. However, his appointment as Director shall cease automatically upon the termination of his office as Chief Executive Officer.
- The quorum for a Shareholders' meeting shall be 2, holding each not less than 35% of the voting rights.
- The quorum for a Board meeting shall be 4 Directors, comprising of at least one Director nominated by each Shareholder holding at least 20% of the issued share capital of the Company.

Shareholders' Agreement

The provisions of the Shareholders' Agreement have been materially replicated in the Bank's Constitution.

Dividend Policy

The Bank will distribute a reasonable part of its profits, to the extent permitted by law and the Bank of Mauritius' Guidelines and in accordance with sound financial principles, provided its financial situation allows for such distribution.

No dividend was declared for the year.

Shareholder Relations & Communication

The Bank communicates to its shareholders through its website (www.bankone.mu), annual reports and annual meetings of shareholders. The website is regularly updated with products and corporate events, as well as the Bank's financial statements.

Shareholders are also able to follow closely the affairs of the Bank on a quarterly basis through their representatives, being present on the Board and various Board Committees.

Any other corporate issues relevant to the Shareholders are immediately brought to their attention by the Company Secretary upon instruction from the Board of directors.

The key events and shareholder communication of the Bank are set out below:

Events	Date
Financial year end	31 December 2016
Annual Meeting of Shareholders	02 March 2017
Release of full year results 2016	March 2017
Release of 1st quarter results 2017	May 2017
Release of 2nd quarter results 2017	August 2017
Release of 3rd quarter results 2017	November 2017

CORPORATE GOVERNANCE REPORT (CONT'D)

Board of Directors

During the year under review, Bank One was headed by a unitary board comprised of 9 Directors, including 8 Non-Executive Directors and 1 Executive Director (the Chief Executive Officer). Amongst the 8 Non-Executive Directors, 4 qualify as Independent under the Guideline on Corporate Governance.

The Board was chaired by an Independent Director. The titles, roles and functions of the Chairman of the Board and the CEO are kept separate to ensure proper balance in power, increased accountability and greater capacity of the Board for independent decision-making.

The Board has had 1 resignation during the preceding year, namely Arun Shankar Mathur (Non-Executive Director), effective on 7th March 2016. Mr. Lakshminarayanapuram Sivaramakrishnan replaced Mr. Arun Shankar Mathur as director effective as from 7th March 2016.

Mr. Jozef J.M. Tournel replaced Mr. Kim Foong (Roger) Leung Shin Cheung as an independent director on 9th June 2016.

As per best practice, all directors stand for re-election at each Annual Meeting of the Shareholders. All the directors who have been on the Board of Bank One for more than 6 years, were reappointed in office with the approval of the Bank of Mauritius as permitted under the Guideline on Corporate Governance.

In the meantime, adequate measures are being taken by the Board through the Nomination & Remuneration Committee to rotate these Directors and identify able successors in an efficient and planned manner.

Moreover, to ensure that Directors satisfy on a continuing basis, the "fit and proper" criteria set by the Bank of Mauritius, they are required to complete on an annual basis the "fit and proper person test", which incorporates elements of the guideline issued by the Bank of Mauritius and conflict of interest disclosures. This process is conducted by the Company Secretary and any matter of concern is highlighted to the Nomination & Remuneration Committee.

The current composition of the Board and the Directors' profiles are given on the pages that follow :

Members of the Board of Directors & their Profile

DAVID PROCTOR (AGE 57)
Independent Director / Chairman
(Appointed as director on 28.07.14 and Chairman from 01.01.15)

Mr. David Proctor previously held senior executive positions at Bank of America NT&SA (Thailand CEO), Standard Chartered Bank Plc (Group Head Risk Strategy, Europe CEO and UAE CEO) and Al Khalij Commercial Bank Q.S.C (CEO). He is currently an independent consultant and Chairman of BAS Consulting Pte Ltd, advising clients on strategy, governance, corporate finance and capital introduction. Mr Proctor holds a BA (Hons.) Degree from the Cambridge University, England.

Membership on Board Committees:
• Conduct Review & Corporate Governance Committee (Chairman) • Audit Committee • Risk Management Committee • Administration & Staff Compensation Committee.

Directorships held in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

RAVNEET CHOWDHURY (AGE 49)
Chief Executive Officer & Director
(Appointed on 01.01.14)

Mr. Ravneet Chowdhury has a long career in the banking industry, occupying various senior positions in Standard Chartered Bank prior to his appointment as CEO of Standard Chartered Bank, Oman. He possesses extensive African experience, having worked in Southern and East Africa for a number of years, and has also worked for ABN AMRO and American Express Bank.

Mr. Chowdhury is a qualified chartered accountant and holds a Bachelor of Commerce from the University of Delhi and an MBA from Henley Management College

Membership on Board Committees:
• Risk Management Committee

Directorships held in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

JEAN-PIERRE DALAIS (AGE 52)
Non-Executive Director
(Appointed on 22.02.08 & reappointed on 04.03.16)

Mr. Jean-Pierre Dalais is an Executive Director of the CIEL Group. He also sits on the Board of other companies of the Group, including CIEL Finance Limited. Mr. Dalais holds an MBA from the International University of America. He started his career with Arthur Andersen, and joined the CIEL Group in 1990. He was the Chief Executive Officer of the former CIEL Investment Limited for 15 years, until his appointment as Executive Director of CIEL Limited in January 2014.

Membership on Board Committees:
• Nomination & Remuneration Committee (Chairman from 01.01.16)

Directorship in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16:
• CIEL Limited • IPRO Growth Fund Ltd • Alteo Limited • Sun Limited • Phoenix Beverages Ltd (alternate director)

CORPORATE GOVERNANCE REPORT (CONT'D)

MARC-EMMANUEL VIVES (AGE 54)
Non-Executive Director
(Appointed on 15.04.15)

Mr. Marc-Emmanuel Vives joined CIEL Finance Limited as Chief Executive Officer in September 2014, bringing with him more than 25 years of experience at Société Générale. After starting within the General Inspection of the Group, he spent the next 18 years of his career in various assignments in emerging countries, first in Argentina as Commercial Director, then Chairman & CEO of Société Générale Argentina, later in Russia, as CEO of Bank Société Générale Vostok, before becoming First Deputy Chairman of Rosbank, finally in India as Country manager. Mr. Vives holds a Master's degree in Business Administration from HEC Business School France, as well as a degree in History from Sorbonne University in Paris.

Membership on Board Committees:
Credit Committee • Administrative & Staff Compensation Committee • Risk Management Committee

Directorships held in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

SARIT S. RAJA-SHAH (AGE 48)
Non-Executive Director
(Appointed on 22.02.08 & reappointed on 04.03.16)

Mr. Sarit Raja-Shah is an Executive Director of I&M Bank Limited and sits on the Board of other companies of I&M Group, including I&M Holdings Limited, the Group's holding entity.

Mr. Raja-Shah holds a Master's Degree in Internal Audit & Management from the City University of London. He started his career with Biashara Bank of Kenya and joined I&M Bank Limited in 1993.

Membership on Board Committees:
Nomination & Remuneration Committee (Chairman until 31.12.16)

Directorship in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None

L.A. SIVARAMAKRISHNAN (AGE 59)
Non-Executive Director

Mr. L.A Sivaramakrishnan joined the board as a non-executive director with effect from 7th March 2016. He also serves as the Chairman of the Board Credit Committee, besides being a member of the Risk Management and Administration and Staff Compensation Committees.
Mr. Sivaramakrishnan is a post graduate in Agricultural Sciences from India and a certified Associate of the Indian Institute of Bankers. He has held senior positions in Bank of Baroda in India and Kenya earlier and is currently working as the Divisional Head - Business Development in I&M Bank Ltd, Kenya.

Membership on Board Committees:
• Credit Committee (Chairman)
• Administrative & Staff Compensation Committee (Chairman)
• Risk Management Committee

Directorship in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

PRATUL SHAH (AGE 62)
Independent Director
(Appointed on 22.02.08 & reappointed on 04.03.16)

Mr. Pratul Shah is a Fellow of the Association of Chartered Certified Accountants. He is also a member of the Institute of Certified Public Accountants and the Institute of Certified Public Secretaries of Kenya.
Mr. Shah trained with Pricewater houseCoopers - Kenya and qualified in 1976, and was admitted to partnership in 1984. He is currently an independent consultant advising clients on strategy, corporate restructuring, change management, corporate finance and tax planning. He also holds directorships in diverse companies in East Africa in the financial, manufacturing and services sectors.

Membership on Board Committees:
• Audit Committee (Chairman) • Conduct Review & Corporate Governance Committee • Nomination & Remuneration Committee (till 22.09.2016)

Directorships held in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

SANDRA MARTYRES (AGE 64)
Independent Director
(Appointed on 02.09.13)

Ms. Sandra Martyres has over 25 years' experience in Banking at Senior Management level, overseeing all areas from the Front office (Corporate Banking, Trade Finance, Dealing Room) to support functions (Finance, HR, Admin, IT, Operations) in an international bank. She is currently an Advisor to Société Générale.

Ms. Martyres holds an MA in Economics from the University of Mumbai.

Membership on Board Committees:
• Risk Management Committee (Chairperson) • Credit Committee
• Audit Committee

Directorships held in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None.

JOZEF J.M. TOURNEL (AGE 59)
Independent Director

Mr. Jozef Tournel was appointed as an Independent Director on the 9th June 2016. He is a Business Consultant, specialized in Organisational Design, Business Strategy development and implementation of Human Capital development projects. Mr. Tournel is the practice lead of Financial Services for Africa at EMA Partners International, a Global Executive Search & Organisational Design Company. His know-how in financial services is especially focused on Private Banking and Wealth Management, Private Equity and Investment Management. He worked as Managing Director for UBS Wealth Management and TPG Capital in Switzerland. Apart from Financial Services, his scope is also on industries he has been active in; like Oil-Gas-Chemicals-Energy, Pharma, Automotive & FMCG, where he was a Sr. Executive at companies like Fiat Industrial, Merck Kg Pharma, DuPont de Nemours & Sara Lee Corporation. As a Belgian national, Mr. Tournel holds a Bachelor in Strategic HR Management from the Brussels University and a Financial Management post-university degree at the Antwerp University. He is a Fellow of the Mauritius Institute of Directors and is also a holder of an ISO 9001 lead audit certificate.

Membership on Board Committees:
• Conduct Review & Corporate Governance • Nomination & Remuneration Committee

Directorship in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd as at 31.12.16: None

CORPORATE GOVERNANCE REPORT (CONT'D)

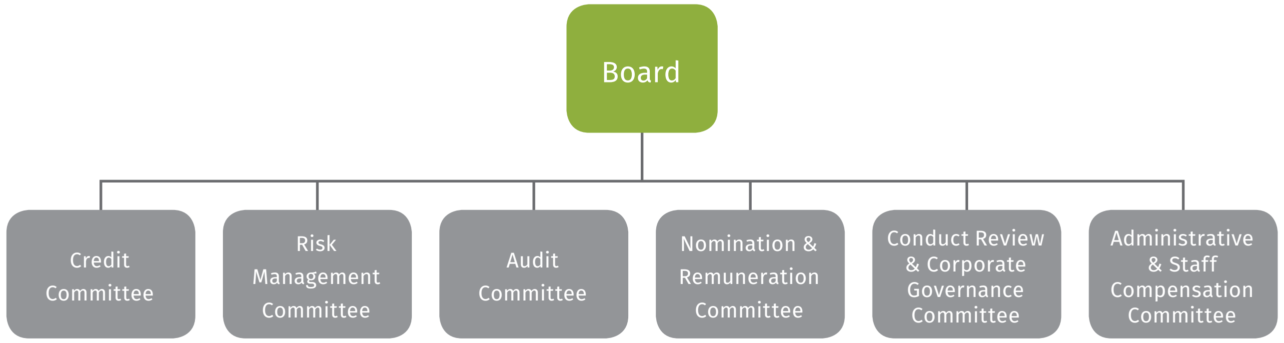
The table below gives the names of the common directors between the Bank and its significant Shareholders:

Directors of Bank One	Significant Shareholders of Bank One
Sarit S. Raja Shah	I&M Holdings Limited; Minard Holdings Limited
Jean-Pierre Dalais	CIEL Finance Limited; CIEL Limited
Marc-Emmanuel Vives	CIEL Finance Limited

Corporate Governance Framework

The Board of Bank One is entrusted with the necessary powers for directing and supervising the management of the business and affairs of the Bank. The Board fulfills some of its responsibilities directly, whilst others are discharged through sub-committees with day-to-day management and operation of the business being delegated to Senior Management.

The Board of Bank One has set up a governance framework and committee structure, as illustrated below, to assist in fulfilling its obligations in an efficient manner, whilst being aware that it remains responsible for the overall stewardship of the Bank. The Board and Board Committee structure is given below:



The Board of Directors assesses, scrutinises and monitors the performance of board sub-committees, and individual directors. It also ensures that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders.

Also, the Board approves the capital and operating budgets of the institution; and ensures that there is a clear demarcation of duties and responsibilities between the board and management in order to implement an effective accountability regime.

The Board is aware of its primary responsibility to protect the interests of the financial institution which it serves, and it ensures that the decisions taken by it are not detrimental to the sound and prudent management of Bank One, its financial health and the legal interests of its stakeholders.

Board Charter & Terms of Reference of Board Committees

In line with the Code and the Guideline on Corporate Governance, the composition, frequency of meetings and the responsibilities of the Board are set out in a Board Charter. Similarly, responsibilities delegated to each Board Committee are embodied in respective Terms of Reference (TORs), which have been formally adopted by the Board and which are reviewed from time to time.

A summary of the Board Charter and TORs of the Board Committees is given below:

The Board of Directors

Frequency of Meetings: Quarterly

Main Responsibilities:

- Approves the objectives, strategies and business plans of the Bank;
- Determines appropriate policies and processes to ensure the integrity of the Bank's risk management practices and internal controls, communication policy, director selection, orientation and evaluation;
- Retains full and effective control over the Bank and be responsible for the appointment and monitoring of Management in its implementation of the approved plans and strategies;
- Ensures that effective internal control systems are in place to safeguard the Bank's assets;
- Ensures compliance with laws and regulations, including risk management and corporate governance practices and disclosure requirements;
- Ensures effective communication with shareholders; and
- Always exercises leadership, enterprise, integrity and judgement in directing the Bank.

Credit Committee	Risk Management Committee	Audit Committee	Nomination & Remuneration Committee	Conduct Review & Corporate Governance Committee	Administrative & Staff Compensation Committee
Frequency: Monthly, at least 10 times p.a.	Frequency: Quarterly	Frequency: Quarterly	Frequency: Twice Yearly	Frequency: Quarterly	Frequency: Quarterly
Main Responsibilities	**Main Responsibilities**	**Main Responsibilities**	**Main Responsibilities**	**Main Responsibilities**	**Main Responsibilities**
Deliberate and consider loan applications beyond discretionary limits of Management; Review lending and credit decisions by Management; Review the overall lending policy and credit risk of the Bank.	Review the Principal Risks, including credit, market, liquidity, operational, technological, legal, compliance and reputational risks; Formulate and recommend to the Board in respect of risk management issues; Receive periodic information on risk exposures and risk management activities from Senior Officers.	Review the financial statements before approval by the Board; Ensure that appropriate accounting, internal control and financial disclosure procedures are in place; Provide oversight of the Internal and External Auditors; Receive audit reports and ensure that Management is taking appropriate corrective actions in a timely manner.	Provide oversight of remuneration and compensation of Directors and Senior Management; Establish formal, clear and transparent selection criteria for prospective directors; Direct the process of renewing and replacing Board Members; Assess the effectiveness of the Board.	Review and approve credit exposure to related parties, ensuring that market terms and conditions are applied to them; Formulate and recommend to the Board in respect of corporate governance matters; Oversee the CSR activities and projects of the Bank.	Ensure / promote harmonious staff relations in the Bank; Recommend Annual Salary Increases and Performance Bonus; Oversee disciplinary actions against staff; Monitor capital expenditure and review post implementation of key projects; Review the Bank's Authorised Signatories List & Authorisation Limits.

CORPORATE GOVERNANCE REPORT (CONT'D)

Function of the Audit Committee

The function of the Audit Committee which is composed of independent directors only, is to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors and to provide assurance to the Board that executive management's control assurance processes are implemented and are complete and effective; to ensure that the Bank has effective capital and liquidity processes in place and their management is effective and optimal on an on-going basis and submit a recommendation to the Board for consideration and acceptance by shareholders for the appointment and, if necessary, the removal of the external auditors and non-audit services.

Attendance to meetings

During the year under review, the Board and Board Committees met at least once every quarter, save for the Nomination & Remuneration Committee which met three times. It is required to meet twice per year in line with its Terms of Reference. Directors and Committee Members also deliberated on urgent matters by way of resolutions in lieu of meetings. Attendance for the year ended 31 December 2016 has been generally excellent, reflecting the high level of commitment of the Directors.

	Board of Directors	Board Committees					
	Board Meeting	Audit	Risk Management	Admin. & Staff Compensation	Credit	Conduct Review & Corporate Governance	Nomination & Remuneration
No. of meetings held during the year	4	5	5	4	11	5	3
David Proctor (Chairman)	4	5	5	4	N/A	5	3
Ravneet Chowdhury[1]	4	N/A	5	N/A	N/A	N/A	N/A
Jean-Pierre Dalais	4	N/A	N/A	N/A	N/A	N/A	3
Marc-Emmanuel Vives[2]	4	N/A	5	4	9	N/A	N/A
Sarit Raja-Shah	4	N/A	N/A	N/A	N/A	N/A	3
Arun S. Mathur	1	N/A	1	1	3	N/A	N/A
Pratul Shah	4	5	N/A	N/A	N/A	5	2
Sandra Martyres	4	5	5	N/A	11	4	N/A
L.A. Sivaramakrishnan	4	N/A	5	4	11	N/A	N/A
Jozef J.M. Tournel	3	N/A	N/A	N/A	N/A	N/A	2

Notes:

1: Over and above attending Board Meetings and meetings of the Board Risk Management Committee as member, Mr. Chowdhury was also present at meetings of other Board Committees held during the year in his capacity as CEO. Similarly, the Deputy Chief Executive Officer was present at Board Meetings and meetings of the Board Committees held in 2016;

Conduct of meetings

Board Meetings / Meetings of Board Committees were convened during the year by giving proper notice to the Directors / Members.

To ensure adequate coverage of key issues by the Board and Board Committees, a yearly work plan and calendar is formulated by the Chairman, together with the CEO and the Company Secretary, and is shared with all Board / Board Committee Members at the beginning of the year.

Meeting packs are circularised in advance to the Directors / Members to enable informed and focused discussions and decisions at meetings. The utilisation of an electronic board pack software has largely contributed in streamlining the process, whilst being at the same time a paperless and environment friendly initiative.

Minutes of the proceedings were recorded by the Company Secretary and circularised to all Directors / Members after clearance from the concerned chairman. They are tabled at the next meeting for approval, following which they are signed by Chairman and the Company Secretary prior to being entered in the Minutes Book.

To ensure that Directors are kept informed of discussions and deliberations at Board Committee level, minutes of meetings of Board Committees are tabled at Board Meetings.

The main deliberations of the Board during 2016 were as follows:

March 2016	Approved the audited financial statements and the Annual Report 2015
	Approved the CSR Budget for 2016
	Reviewed the performance of the Bank against budget & Estimates
	Discussed Management's performance and appraisal for 2015
	Reviewed the Board appraisal results and recommendations
	Recommended the re-appointment of the External Auditors (in line with the Audit Committee)
	Discussed the Risk Culture Statement and Action Plan
	Received the minutes of proceedings of Board Committees
June 2016	Ratified the 1st quarter financial statements
	Discussed the strategies for Private Banking & Wealth Management business
	Discussed the strategies for Retail Banking
	Discussed the Impairment and Provisioning policy
	Discussion on the ICAAP
	Reviewed the Vision & Mission Statements
	Recommended to the shareholders the appointment of Mr. Tournel as Independent director
	Received the minutes of proceedings of Board Committees
September 2016	Ratified the 2nd quarter financial statements
	Reviewed the performance of the Bank against budget & estimates
	Discussed the capital management plan
	Reviewed the Bank's policies
	Follow up on the strategic action plan
	Discussed the Management Committee and Board Committee structures
	Received the minutes of proceedings of Board Committees
December 2016	Ratified the 3rd quarter financial statements
	Reviewed the performance of the Bank against budget & estimates
	Discussed the proposed Budget and KPIs for 2017
	Reviewed the Bank Business Continuity and Disaster Recovery Plans and Testing
	Discussed the Board's / Board Committee's work plan and calendar for 2017
	Received the minutes of proceedings of Board Committees

CORPORATE GOVERNANCE REPORT (CONT'D)

Conflict of Interest

Personal interests of a director or persons closely associated with the director must not take precedence over those of the Bank and the Shareholders. Directors should make the best effort to avoid conflicts of interests or situations which others may reasonably perceive to be conflicts of interests.

The Bank has a comprehensive policy to provide guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Bank in line with the applicable laws. This Policy is directed not only to Directors and Senior Officers of the Bank, but to all employees who can influence any decision of the Bank.

Disclosures are entered in the Interest Register as and when required, which is maintained by the Company Secretary.

Directors and Senior Management disclose their interests on any matter being debated at a meeting and abstain from voting on the same.

Induction & Orientation Programme & Periodic Refresher Programme for Directors

It is crucial that new directors receive a proper induction when being appointed in office to ensure that they are familiarised, as soon as possible, with the Bank's operations, Senior Management, business environment and corporate strategy, as well as their fiduciary duties and responsibilities as directors.

The Board's Induction & Orientation programme is run by the Company Secretary, whereby new directors receive a comprehensive pack, containing a brief presentation on the affairs of the Bank, the governance structure & conduct of meetings, the director's duties & responsibilities, the Bank's constitution & bylaws, minutes of the last Board Meeting and such other useful documents. The Company Secretary also arranges for introductory meetings with the Chairman and the Senior Management, as well as visits of branches and critical departments of the Bank.

Continuous Training & Development

Continuous training is essential to cope with the constant changes in the business environment. Whilst Directors have a duty to keep up-to-date with industry, legal and regulatory developments, it is also the responsibility of the Board to provide adequate training and development programme to its Directors.

In this respect, a training calendar is set on a yearly basis, taking into consideration the training needs of the Directors, recent changes in the Bank's business environment, and training programmes on governance matters as required by the Guideline on Corporate Governance.

During the year under review, Board Members and Executives attended various seminars and workshops, including on corporate governance matters.

Board Access to Information & Advice

All Directors have access to the advice and services of the Company Secretary, who is responsible for providing guidance to the Directors on their duties, responsibilities and powers.

They also have access to Senior Executives to obtain information on items to be discussed at Board Meetings or meetings of Board Committees or on any other area they consider to be appropriate.

The Board and its Committees also have the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required

Evaluation of Board Performance

The Board is appraised on an annual basis by its Directors on a number of criteria, such as size and composition, conduct of meetings, role and responsibilities, contribution to key areas like strategy and risk management. The appraisal exercise also covers the Chairman's performance and a peer assessment, whereby each Director individually rates his colleague.

The appraisal exercise is run by the Company Secretary, who collects each Director's ratings and recommendations through a questionnaire, and compiles the information with a view to devise an action plan to address all areas requiring attention.

The Board Evaluation for the year 2015 was carried out in February 2016. A report, together with an action plan was tabled at the Board Meeting in March 2016, after discussion at the Nomination & Remuneration Committee level.

The Chairman also met the Directors in one-to-one meetings to discuss their peer evaluation. Progress on the implementation of the action plan was monitored by the Company Secretary and reported at each Board Meeting held during the year.

The exercise for the year 2016 was initiated in January 2017.

The results and findings will be discussed at the next meeting of the Nomination & Remuneration Committee and the Board meetings.

Directors' Interests in Shares

None of the Directors holds a direct interest in the Bank.

Statement of Remuneration Philosophy

As per the Directors' fee policy approved by the Shareholders, Non-Executive Directors were entitled to the following remuneration for the year under review:

	Fixed Annual Fee (Rs 000)	Attendance Fee per Meeting (Rs 000)
Board Chairman	80	80
Directorship fee	60	60
Committee Chairman (except BCC & NRC)	40	40
Committee Member (except BCC & NRC)	24	24
NRC Chairman	40	40
NRC Member	24	24
BCC Chairman	66	26
BCC Member	60	24

The CEO is not remunerated for serving on the Board and Board Risk Management Committee.

Fees paid by the Bank to Board Members (excluding the CEO) during the financial year 2016 were as follows:

Directors	31 December 2015 (Rs 000)	31 December 2016 (Rs 000)
David Proctor	1,040	1,336
Jean-Pierre Dalais	432	396
Marc-Emmanuel Vives	672	696
Sarit Raja-Shah	480	460
Arun Mathur	876	313
Pratul Shah	792	876
Sandra Martyres	896	1,344
Roger Leung Shin Cheung	858	-
L. A. Sivaramakrishnan	-	779
Jozef J.M. Tournel	-	222

CORPORATE GOVERNANCE REPORT (CONT'D)

Directors' Service Contracts

Mr. Ravneet Chowdhury's fixed-term employment contract of 3 years with the Bank expired in October 2016 and he has been awarded a new fixed-term employment contract of 3 ½ years with the Bank by the Board. It contains no material clause for compensation on termination of contract.

Internal Audit Function

The Internal Audit Function of Bank One is an independent appraisal and consulting activity that adds value, examines and evaluate activities of the Bank. A strong internal control system, including an independent and effective Internal Audit Function, is part of sound corporate governance.

The mission of the Internal Audit Function at Bank One is to provide vital and independent assurance to the Board and Management on the quality of the Bank's internal control system, risk management and governance processes. The objectives are to assist members of the Board and Management in the effective discharge of their responsibilities. This is done by furnishing them with analysis, appraisals, recommendations, counsel, information concerning the activities reviewed, by promoting effective controls and processes, and by encouraging enhancement and improvement.

Internal Audit functionally reports to the Board Audit Committee on a quarterly basis. Individual working sessions are also conducted with the Board Audit Committee without the presence of management. A Management Audit Committee is also set up to ensure that adequate management involvement is obtained within internal audits and effective control is maintained by top management for the implementation of recommendations by the Bank One management team. The Board Audit Committee approves the Internal Audit rotational plan, resources and evaluates the effectiveness of the Internal Audit Function. The Internal Audit Function consists of a Head of Internal Audit and a team of 5 staff. The department consists of 2 units namely the Risk Based Audit (RBA) unit and the Information Technology (IT) unit.

RBA Unit

A risk-based strategic approach is adopted for the development of the annual internal audit plan. This approach involves a focus on understanding the work of each department and identifying risks associated with all processes and procedures. The 3 year strategic and rotational internal audit plan is then developed based on a prioritization approach based on the inherent and residual risk rating associated with each process (or department as a whole). The plan also includes input from Senior Management and the Board Audit Committee.

IT Unit

The IT Audit Function has the task of helping the bank undergo business transformation while managing potential IT risks that could cripple the bank. To achieve this objective, IT Audit operates to help identify, mitigate and monitor IT risks. IT auditing evaluates the controls around the information with respect to Confidentiality, Integrity, and Availability. The framework in use is COBIT (Control Objectives for Information and Related Technology) which is a worldwide accepted framework for IT auditing developed by the ISACA (Information Systems Audit and Control Association).

Internal Audit assignments are performed in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). Internal Audit staff also abide by the Code of Ethics established by the IIA and by the Bank. The Audit Software, TeamMate has been implemented in 2016 with a view to improve efficiency and effectiveness within the Internal Audit Methodology.

Independence & Objectivity

The Internal Audit Function of the Bank confirms that independence and objectivity was maintained throughout 2016 by ensuring the following:

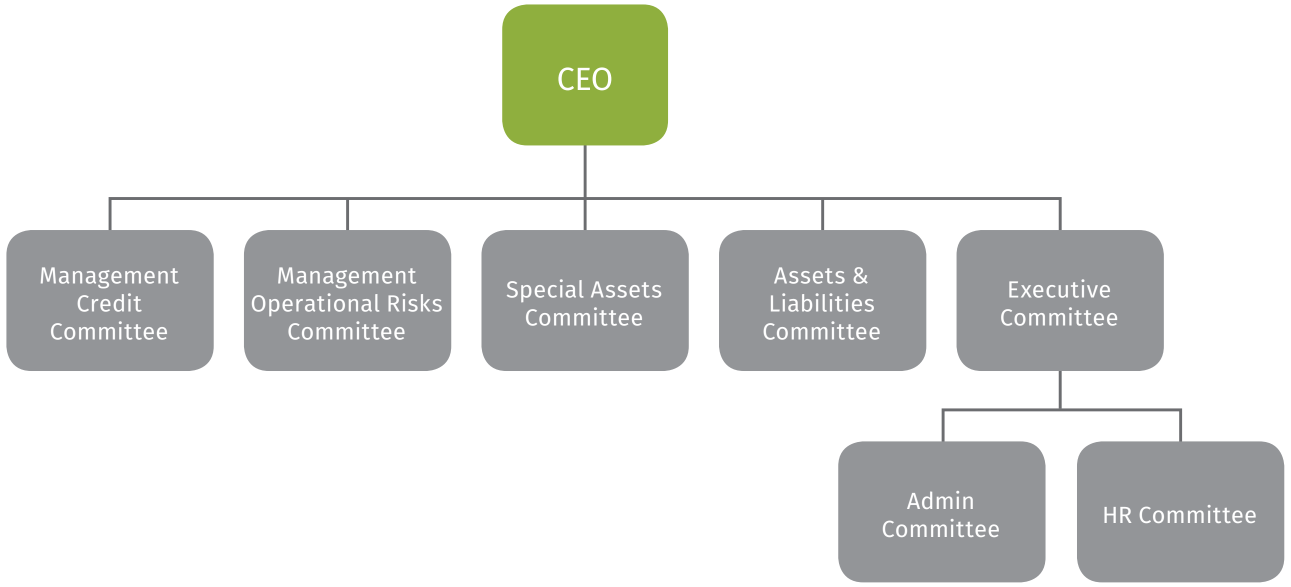
- There was no interference by any element in the Bank, including matters of audit selection, scope, procedures, frequency, timing, or report content.
- Internal Audit staff have no direct operational responsibility or authority over any of the activities audited and hence do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair judgement.
- Internal Audit staff also refrained from reviewing specific operations for which they were previously responsible; made proper disclosures if independence or objectivity was impaired, or if there was any conflict of interest; not accepted anything that may impair or be presumed to impair their professional judgement; and was aware of the threat of over-familiarity.
- Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

Details on the Compliance function is given on page 60 in the Risk Management Report.

EXECUTIVE MANAGEMENT

The conduct of business is entrusted to the Executive team of the Bank, which operates within the business strategy, risk tolerance and appetite, and policies set by the Board, whilst adhering to the Bank's regulatory framework.

To ensure the above and to generally rationalise the decision-making process, Management carried out last year a comprehensive review of its Management Committee structure, including the composition of the various committees, their primary roles and functions and their reporting lines. The revised structure is illustrated below;



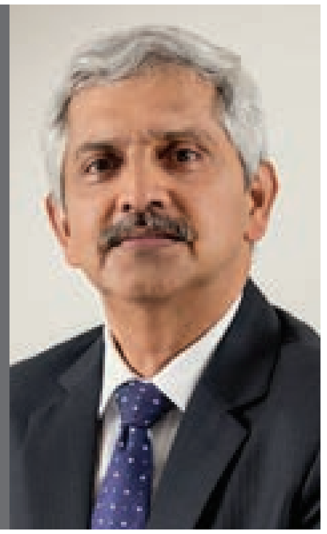
Members of the Executive Management & their Profile

RAVNEET CHOWDHURY
Chief Executive Officer

Ravneet joined the Bank as CEO Designate on the 14th October 2013 and took over the position of Chief Executive Officer of the Bank as from the 1st January 2014. His profile is provided under Directors' Profiles.

BALACHANDRAN C.P.
Deputy Chief Executive Officer

Balachandran assumes the office of Deputy Chief Executive Officer since 11 February 2014. Balachandran holds a first class degree and professional certifications from IIBF (India), IFS (UK) and ICA (UK). He is also a CDCS Advocate from the London Institute of Banking & Finance. He is a career banker with in-depth exposure and extensive experience at Senior Management level covering the entire banking operations - Treasury & International Trade, Credit, Foreign Exchange, Operational Risk Management, Compliance, Administration, Finance, Human Resources, Information Technology, ALM, MIS, Regulatory Reporting, Vigilance - spanning over three and a half decades in four reputed international banks before joining Bank One.



CORPORATE GOVERNANCE REPORT (CONT'D)

B RANJEEVESINGH (RANJEEVE) GOWREESUNKUR
Chief Financial Officer

Fellow of the Association of Chartered Certified Accountants and a registered Professional Accountant with the Mauritius Institute of Professional Accountants, Ranjeeve also holds an MBA with Finance from Herriot-Watt University. He has more than 20 years of extensive experience in the banking sector having worked in different departments at Union Bank, First City Bank, SBI (Mauritius) and Deutsche Bank (Mauritius). He joined Bank One in 2008 as Financial Accountant and after being subsequently appointed as Finance Manager, Ranjeeve was promoted as Chief Financial Officer in August 2014.

STEPHEN VLOK
Chief Risk Officer

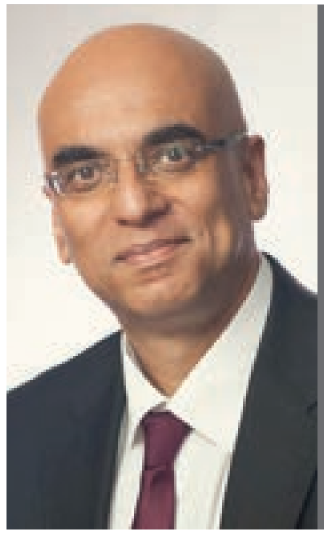
Stephen holds a Bachelor of Commerce and a Master of Commerce degree specializing in Financial Management. Stephen is also a certified member of the Institute of Bankers of South Africa and obtained an Associate Diploma from the Institute. Before joining Bank One, Stephen has had twenty years' experience in risk management in the South African banking and investment industries, with his previous responsibilities being Deputy Head of Credit at Sanlam Capital Markets Proprietary Limited. Stephen joined the Bank in November 2014 as Chief Risk Officer.

FAREED SOOBADAR
Head of Corporate Banking

Fareed Soobadar is a Fellow of the Chartered Association of Accountants (UK) and an associate-ACIB of the Institute of Financial Services (UK). He has more than 19 years of work experience in the financial services industry, having worked in auditing, accounting, offshore, HP financing, and including 14 years of banking experience gained at Senior Management level. He held several key positions in various organisations over these years namely KPMG, Deloitte, HSBC, AAMIL, Barclays and before joining Bank One, as Corporate Director at Banque des Mascareignes. He also had international exposures with ABSA, Barclays Dubai, and Barclays, where he worked principally in the credit field. Fareed was appointed Head of Corporate Banking in February 2015.

SURESH NANDA
Head of International Banking

Suresh holds a Doctorate in Business Management from the Indian Institute of Management, Calcutta. He has over 30 years' experience in banking, mostly in leadership positions, where he managed large teams in the Corporate & Investment Banking, Retail Banking and Private Banking units of ICICI Bank, ING Bank of India and Middle East. He was part of the startup team of ICICI Bank in 1994. His last assignment was as MD, Corporate Finance in a boutique private equity and advisory company in UAE with focus on Africa. Suresh joined Bank One in April 2015. Dr. Nanda has also attended an Advanced Management Program at Wharton School.



ARUN KUMAR MATHUR
Head of Private Banking & Wealth Management

Arun has an Economics (Hons) degree from Delhi University and an MBA from Institute of Management Technology, Ghaziabad, India. Arun is a high Private Banking specialist with over 14 years of experience in Wealth Management. Overall he has more than 20 years of Consumer Finance experience with Citibank across Eastern, Southern, Western African, Indonesian and Indian markets. Arun was appointed Head of Private Banking and Wealth Management of Bank One in July 2014.

ANNE MARIE KOO TON FAH
Head of Retail Banking

Anne Marie has a diploma in Business Management and has been in the banking sector since 1982. She started her career with the State Bank of Mauritius and joined South East Asian Bank Ltd in 1989. She left in March 2008 as Assistant Vice President - Retail Sales and Services to join Bank One as the Head of Retail Banking.

RISHYRAJ LUTCHMAN
Head of Treasury

Rishy holds an ACI Diploma and a BBA from Management College of Southern Africa. Before joining Bank One in February 2014, he worked for 26 years in the Treasury division of the State Bank of Mauritius, where he covered different desks such as sales, interbank and fixed income desk and acquired a comprehensive knowledge of the Mauritian and Malagasy market. Rishy held the post of Chief Dealer prior to leaving SBM.

VALERIE DUVAL
Head of Legal & Credit Administration

Valerie holds a Bachelor of Law and was called to the Bar in 1995. Before joining Bank One, she held the function of Claims Manager at La Prudence Mauricienne Assurances and Swan Insurance Co Ltd respectively, thereby acquiring a strong experience of 13 years in the insurance sector. She joined the Bank in July 2008 as Head of Legal & Credit Administration and also acts as internal legal adviser on legal matters pertaining to the affairs of the Bank.

Executive Management's Interests in Shares

None of the Executive Management holds an interest in the Bank.

Related Party Transactions

The Bank is governed by the Bank of Mauritius' guideline on Related Party Transactions, January 2009 ("Related Party Transactions Guideline").

Related parties, whether body corporate or natural persons, fall into two main groups:

- those that are related to the Bank because of ownership interest; and
- those that related otherwise, such as directors and senior officers who may also have some ownership interest in the Bank.

In line with the above guideline, the Board has adopted a policy which sets out the rules governing the identification of related parties, the terms and conditions applicable to transactions entered into with them, and reporting procedures to the Conduct Review Committee and to the Board. A register of related parties is also maintained by the Company Secretary, which is updated on a yearly basis, and as and when notifications are received from the Shareholders, Directors and Senior Officers. All exposures to related parties are approved by the Conduct Review Committee, which ensures that market terms and conditions are applied to such transactions.

Credit exposure to related parties for the year under review is given under note **[32]** of the Financial Statements.

CORPORATE GOVERNANCE REPORT (CONT'D)

Other disclosures required under section 221 of the Companies Act, 2001

Auditors' Fees and fees for other services

Type	Description	Fees (Rs 000)
Audit work	Yearly and quarterly statutory audits; Internal Control Reviews	2,266
Non-audit work	Tax advisory services; Review of procedure manuals (one-off assignment)	405

Management Agreements with Third Parties

The Bank has not entered into any management agreement with its Directors or any company owned / controlled by them.

Employee Share Ownership Plan

The Bank currently has no employee share ownership plan.

Charitable Donations & Political Funding

Apart from contribution to CSR projects as detailed in the Corporate Sustainability Report, no political funding or other charitable donations were made during the period under review.

This 02nd March 2017

Bruj Madhav Kallee, ACIS
Company Secretary

COMPANY SECRETARY'S CERTIFICATE

In my capacity as Company Secretary, I hereby confirm that, to the best of my knowledge and belief, the Bank has filed with the Registrar of Companies, as at 31 December 2016, all such returns as are required under the Companies Act 2001 in terms of section 166(d).

This 02nd March 2017

Bruj Madhav Kallee, ACIS
Company Secretary

CERTIFICATE OF COMPLIANCE

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

Name of the Public Interest Entity (the "PIE"): Bank One Limited

Reporting Period: 01 January 2016 to 31 December 2016

We, the Directors of Bank One Limited, confirm to the best of our knowledge that, whilst having complied with most of its obligations and requirements under the Code of Corporate Governance, the PIE has not complied with sections 2.2.3, 2.8.2 and 3.9.1(b) of the Code. The reasons for non-compliance to these sections of the Code are detailed on page 17.

This 02nd March 2017

Sarit Raja-Shah
Director

Ravneet Chowdhury
CEO / Director


we are always willing to
to keep our customers utterly satisfied
and also to keep our country
GOGREEN
the extra mile

CORPORATE SOCIAL RESPONSIBILITY

The Bank continues to adhere to its commitment towards contributing to economic development, while improving the quality of life of the local community and the society at large through its CARE programme. During this year, we have reinforced our CSR engagements towards the Vacoas community and have now embarked on a cruising speed to make a difference to the families under our responsibility in partnership with Caritas. Through continual efforts, the Bank not only complies with the legal framework, but also aims at making an economic, social and ecological contribution to building a sustainable society.

BANK ONE Community Action for Relief and Empowerment CARE

Poverty Alleviation

In line with the principal CSR objective of the Bank which remains poverty alleviation, with the support of Caritas, we have identified the families eligible to benefit from Bank One CARE programme.

We have adopted a two-pronged approach:

(i) Funding a number of projects by providing relief in view of uplifting their quality of life.

(ii) Schedule regular bonding activities with the children from the families identified, with the involvement of the Bank staff, and make them feel valued, engaged and inspired.

Our Contribution to the Community

Community Development Project at Vacoas / Caritas	Description
School Feeding Project for 100 children.	The feeding project was initiated after Caritas identified increasing level of absenteeism due to lack of a nutritious meal for children attending school. This project was in pilot phase in 2015 and turned out to be a big success. The number of children increased from 48 in 2015 to 100 in 2016 as we embarked full-fledged on the project.
Setting up of two additional service points for school feeding	Since the number of children doubled, two additional service locations were set up at Granum and Henrietta respectively to provide breakfast and after-school snacks to the children.
After school snack & coaching	50 children were identified for after school coaching in the subjects where they require special attention. A snack is provided to them prior to the tuitions.
Case Management	There were hardship cases identified where social workers were required to provide support and counselling sessions to the families and the children.
Literacy Programme	This was a new project which started in 2016. Caritas came up with the need to start a literacy programme to help those children who required additional support as they faced difficulties in fully adapting to the classroom learning process.
School uniform and material	The children were given their school uniform and materials at the start of the year.
Lifeskills Management Programme	This programme started in 2015 and continued in 2016 and provided necessary support and training to encourage the families to build their confidence and face the challenges of finding a job and becoming self-reliant in the future. 37 people followed the training in 2016 as compared to 20 in 2015.

Our Contribution to the Environment

The bank also engaged in a new project towards a positive contribution to the protection of the environment by partnering with the Mauritian Wildlife Foundation (MWF) in their efforts to preserve the Mauritian Kestrel, an endemic bird species which is unique to Mauritius and is threatened by the degradation of our native forests. The contribution of the Bank will be relative to the fee charged on the sale of the Bank`s prepaid cards named Kestrel.

Alongside the projects financed by the bank, the whole Bank One family provided an unflinching support and demonstrated great enthusiasm to participate in the CSR activities. It was a time when they could extend this moment to their family surroundings and come together to spend quality time with the children and share some blissful moments and create memories. Each activity was a resounding success.

Other CSR Activities in 2016

Activities	Description
Easter Break	The children were taken to the movies to watch Kung Fu Panda 3. It was a first for more than half of those present.
Winter Break	The children were taken to the Magic Circus of SAMOA which was in Mauritius for a limited period of time. A special session was organized for these underprivileged children.
Drawing Competition	A drawing competition was organized for the World Peace Day bearing the "Peace" theme and prizes were offered to winners of the 6-9 years old and 10-14 years old categories.
X-mas Celebrations	X-mas celebrations has now become a regular event with the participation and wholehearted contribution of our team members.

CSR Fund Allocation

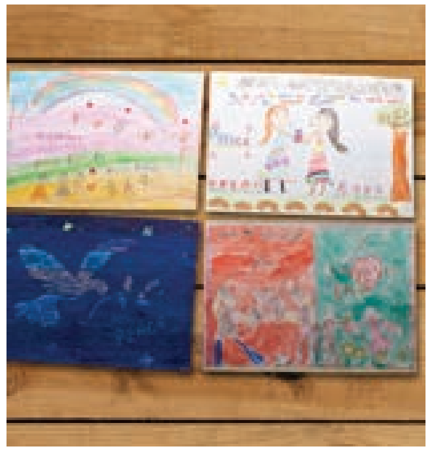
Bank One has an internal policy on CSR contribution and also ensures the involvement of the whole Bank One family (at all levels) in the various activities organised by the CSR team. In 2016, the Bank has spent Rs1.5m on various CSR activities.

Events 2017

Bank One intends to carry on with the main projects such as the School Feeding, Case Management, Literacy Programme and the Lifeskills Management Programme which have been very successful so far. The Bank is also exploring other avenues with the objective to help these families further.


Children enjoying the cinema outing


The little ones meet the tallest man in the World at the Magic Circus of SAMOA


Our young talent drawing for World Peace Day


Bank One staff and families serving Christmas lunch

MANAGEMENT DISCUSSIONS AND ANALYSIS

Growth

Notwithstanding the persisting difficult operating climate both on the domestic and international environment, Bank One registered a strong performance with a growth of 25% in its total assets to cross Rs 25bn.

Total deposits which are the principal source of funding for the Bank grew by 28% during the year under review in the midst of persisting excess liquidity in the local market. Both Segment A and Segment B contributed actively to the growth. The Bank maintained its efforts started in previous years to reduce the cost of funds by concentrating more on low cost deposits and improving on the net interest spread both in local and foreign currencies.

With the general tightening of the lending norms locally and the not so conducive offshore environment, the gross loans and advances grew at a lesser pace by 18%. As a result, the excess funds were invested in short-term interest yielding assets classified as available for sale.

Despite an insignificant increase in the impairment level from Rs1,184m in 2015 to Rs1,226m in 2016, the impairment ratio improved from 8.7% as at December 2015 to 7.61% as at December 2016. Measures taken in prior years by the Bank to bring down the impairment level has started to show results and recovery actions are expected to intensify further in 2017.

During 2016, the Bank raised additional Tier II capital which reinforced its capital base. As at December 2016, the Bank maintained a capital adequacy ratio of 12.93% (December 2015: 12.92%) against the regulatory limit of 10%.

Performance

Bank One concluded 2016 with a net profit after tax of Rs312m representing an increase of 37% over the previous year. The operating income increased from Rs857m in 2015 to close at Rs995m (representing 16% growth) in 2016.

This was driven by an increase in the business activities which boosted both the net interest income and the non-interest income by 15% and 19% respectively.In addition to the normal fees and commissions on the banking activities, income from treasury, e-commerce and trade-related activities contributed to the improvement in non-interest income.

Staff related costs which represent 64% of the total costs has increased by 0.84%. The Bank is committed to further invest in its human capital with the view to uplift the skills of its team members at all levels of the organization.

During the year under review, in line with the new strategy on Retail Banking, the Bank restructured its branch network thus incurring certain one-off costs in the process.

The review of the Bank`s impairment policy resulted in substantial impairment charges on individually assessed accounts for 2016.

The Bank provided a respectable return on average equity of 15.62% and 1.35% on its average assets respectively despite the challenging business environment both locally and on the international front.

The Bank managed to bring down its cost to income ratio from 56% in 2015 to 50% in 2016.

Performance Against Objectives

Objectives for Year 2016	Performance in Year 2016	Objectives for Year 2017
Return on Average Equity (ROAE) Realise a ROAE of above 15%	Achieved a ROAE of 15.62%	Deliver a ROAE of 18%
Return on Average Assets (ROAA) Improve ROAA to above 1.2%	Achieved a ROAA of 1.35%	Improve ROAA to above 1.5%
Operating Income Above 20% growth	Achieved growth in Operating Income of 16%	Grow by 20%
Cost to Income Ratio Improve Cost to Income ratio to less than 55% in 2016 with a target of 50% by 2018	Achieved Cost to Income ratio of 50%	Improve cost to Income ratio below 50%
Deposits Growth Growth of above 25% and 40% in Segment A and Segment B respectively	Growth of 33% in Segment A and 24% in Segment B respectively	Growth of above 20% and 30% in Segment A and Segment B
Gross Loans & Advances Growth Growth of above 20% and 50% in Segment A and Segment B respectively	Growth of 8% and 34% in Segment A and Segment B respectively	Growth of above 25% and 40% in Segment A and Segment B
Asset Quality Improve Gross Impaired ratio to below 6% Specific Coverage ratio to reach 70%	Gross Impaired ratio of 7.61%. Specific Coverage ratio at 43%	Gross Impaired ratio of below 5% Specific Coverage of 80%
Capital Adequacy Ratio (CAR) CAR to be maintained above 12%	CAR at 12.93% as at December 2016	CAR to be maintained above 12.5%

MANAGEMENT DISCUSSIONS AND ANALYSIS (CONT'D)

Lines of business review

Retail Banking & SME

Retail Banking (RB) business continued its active contribution in shoring up the low-cost deposit base thus lowering the overall cost of funds. Intense competition, challenging economic environment and tightened credit norms influenced the asset growth.

The Bank initiated fresh marketing campaigns to improve visibility and promote Retail Banking products. In July 2016, the Bank collaborated with the Mauritius Wildlife Foundation (MWF) and launched a Kestrel prepaid card. Besides giving a lump sum as initial contribution, a substantial portion of the joining fee was also shared with the MWF to help them to protect the endangered Mauritian Kestrel bird. The campaign produced encouraging results. In addition, a new home loan campaign was rolled out with improved features that was well received by the market.

The Bank regularly reviews its Retail Banking business model with a view to fine-tune the same, where necessary, to align with the market conditions and customer preferences. As a part of this process, the Bank rationalised its branch network during the year to revamp the distribution channels for efficiency gain.

The SME business remains a key focus area for the Bank and efforts are on to reinforce our market positioning.

Corporate Banking

The Corporate Banking Division (CBD) delivers a broad range of financial solutions to domestic large corporates, parastatal clients and other government regulated bodies.

The operating environment for this segment has remained very challenging with slow credit demand. The financing opportunities were meagre with few large-scale projects from both the private and the public sectors.

Despite the above challenges and the competitive practices exercising pressure on margins and volumes, CBD achieved a robust performance during the year under review. CBD was able to grow its asset book by 36% and diversify further its exposures without any undue concentration in one sector/customer. In order to support this growth, the Bank reinforced the CBD team and finalised the recruitment of some experienced professionals in the field.

Bank One CBD has been successful in acquiring some top-tier names to its well-diversified advances portfolio while, in parallel focusing on penetrating and deepening relationship with existing top domestic companies.

CBD continues to be a key business contributor of the Bank with a share of 34% of the total performing loan book and increased its deposits book by 65% which was largely contributed by local currency. Deposits raised were mainly low interest bearing and short-term which helps to improve the low-cost deposit ratio as well as net margin.

Though the market remains uncertain, the objectives for 2017 will remain deeper market penetration and further consolidation of relationships with existing clients while focusing on asset quality. The on-boarding of good rated corporates with stable track record and low-risk profiles will continue. CBD also intends to uplift the skills of its team members and continue to be a comprehensive banking solutions provider to meet each and every customer need through new, innovative, flexible and attractive banking products and services. CBD will achieve this by remaining close to our clients through a personalised service offering.

International Banking

International Banking Division (IBD) maintained its sturdy growth momentum and expanded its assets by 56%. Leveraging on the group synergy, the division further diversified its portfolio by strengthening its business relationship with financial institutions. During the year, IBD managed to offload a few risky assets and continued its efforts to build quality assets. The Bank remained guarded in its deployment and focused mainly on moderate/low risk advances. IBD significantly enhanced its contribution to building a healthy pool of low-cost funds by deepening and widening its relationship with offshore management companies, financial institutions and eligible introducers in various geographies as well as global companies.

The Bank envisages no material impact because of the changes in the Mauritius/India Double Tax Avoidance Treaty (DTAA) though; Global Business segment in Mauritius is undergoing a major transformation consequently. The revised DTAA, however, provides a major advantage to Mauritius as a source of debt for Indian companies evidenced by the increasing activity in this segment during the second half of the year.

Despite the ongoing weak economic environment, the growth push will continue in the coming year. Asset quality will be a major emphasis for the bank. The bank will explore possibilities to diversify further and extend its reach to new geographies to grow its assets and liabilities further.

Private Banking & Wealth Management

Private Banking and Wealth Management business had a productive year in terms of review of processes, strengthening of the Wealth Management platform in various areas of custody and advisory services. The Bank extended its collaboration with a reputed global custodian to cater to the growing needs of its high net worth clients.

The consolidation and continuous upskilling of the team remains a prime focus. The Private Banking team is now working on creating a full range of products and custom-made structures to meet specific customer demands. Private Banking continues to be a crucial component of the Bank`s overall strategy for on-boarding both domestic and international high and ultra-high net worth clients. Private Banking division managed to significantly grow its deposits base by 56%. However, asset growth was subdued due to lackluster economic environment.

With the implementation of the Common Reporting Standard and its implications on the offshore clients, 2017 will remain a challenging year. The Bank will continue to leverage on its core strength by concentrating on locations where it has strong support from its parents while consolidating its position in the local market.

Treasury Business

Foreign Exchange

The financial market was caught off guard with both the Brexit and Donald Trump winning the US elections, witnessing huge volatilities around these events. The major economies across the globe (though the US could be considered as an exception) still faced the brunt of the economic slowdown. On the local front, the MUR weakened slightly against the USD but held firm against the GBP, EUR and ZAR. Overall the Mauritius Exchange Rate Index (MERI) from the Bank of Mauritius showed an appreciation of the MUR by 1.80%. Business activities remained subdued on the back of lower commodity prices and low importer demand whereas exporters tried to cash in on big market swings. The Bank of Mauritius has been intervening regularly to stabilize the level of the MUR against the USD.

Despite the current conditions, Treasury has been able to achieve a performance of 16% over last year by optimising on market opportunities.

Interest rate

The Bank of Mauritius continued with its sterilisation programme on each of its forex intervention and also issued its own securities in an attempt to mop out the lingering excess liquidity. Yields however remained on the downside closing the year at 2.76%, 2.89% and 3.10% for the 91, 182 and 364 day bills respectively. Treasury has been active in both the Primary and Secondary markets in investing in short-term securities and offloading to other customers thus improving its revenue stream.

On the institutional front, the Bank was cautious in the wake of certain developments in the East African markets and trimmed its exposures to some of the entities that showed signs of distress, which impacted on the interest income.

Looking ahead, the Bank has been in negotiations with its prime counterparts for new and differentiated product offerings which would provide tailor-made hedging solutions to its customers.

E-commerce

E-commerce business had a challenging year because of significant changes and events in the international business environment and regulatory space for electronic business. Business volumes from the major consumer target market fell due to the US presidential election campaigns and associated events. In addition, the card associations brought in changes in business and risk management practices across the industry in mid-2016, causing a slowdown of business operations in the second half of the year.

Despite the above challenges, the e-commerce business volumes have grown by 37% and crossed USD 125m in 2016. While business from some geographies decreased, it continued to expand from other growing economies, thus helping to maintain an upward business trend. The e-commerce team constantly work on revamping the client portfolio, enhancing risk management efficiency, exploring untapped geographies for new customer segments to meet the new challenges affecting business. For 2017, e-commerce has planned major electronic payment projects. Further, the introduction of a new risk management software and automation of processes will provide added stimulus for encouraging business growth in a secure way. E-commerce will remain one of the key contributors for the Bank in the coming year.

Cards

Following the rebranding exercise carried out in 2016 and the strong commitment to protect the environment, the Bank partnered with Mauritius Wildlife Foundation (MWF) and launched the Kestrel prepaid card. The Kestrel card promotional campaign carried out with the support of Visa International was quite successful and generated considerable market interest. The Bank will be reviewing its card portfolio in the coming months to bring in more value add propositions on its card offerings.

MANAGEMENT DISCUSSIONS AND ANALYSIS (CONT'D)

Promoting Human Resource Development

Remuneration philosophy

The Bank lays considerable emphasis on employing the right people with suitable competencies and collaborative mindset and reward them accordingly. The remuneration strategy for the employees of the Bank is based on performance together with a range of factors including qualifications, core competencies, skills level, track record, growth potential, market norms, responsibilities shouldered and experience. To determine appropriate compensation levels, the Bank considers the following:

- General market conditions are surveyed on an annual basis in order to ensure that remuneration packages are motivating, competitive and well-aligned with the market;
- Superior team performance is encouraged and rewarded with attractive incentives;
- Remuneration practices are regularly reviewed and restructured as necessary, with increasing focus on collective delivery besides individual contribution, especially for management staff.

Bank One is an employer which follows the principle of equal opportunity in regards to its hiring or promotion which are based on merit, skills, abilities and experience. As an equal opportunity employer we strive to give everyone an equal chance.

Bank One promotes and improves gender equality in its workplace through the provision of advice and assistance to employees and the assessment and measurement of workplace gender data. We have women in leadership including Board Members, Executive Committee level and other managers. Currently, 53% of our workforce is female.

We are also introducing distinct qualitative and quantitative individual and collective targets in our KPIs. We have also revised our performance appraisal system to include the new values of the Bank where the focus is not solely on "what needs to be achieved" but also on "how do we get there".

Learning & Development Philosophy

The Bank is committed to training and mentoring its team, especially the new entrants, to enable them to carry out their allocated responsibilities capably. For this purpose, we are investing more in the learning and development of our staff. The Bank makes extensive use of its inbuilt facilities and seasoned internal resources to impart training on a variety of banking topics to its team.

Health & Safety

The Bank provides the highest standards of safety and health throughout its business activities. The Occupational Health & Safety Policy aims to ensure a healthy and safe working environment, system of work and equipment for employees.

The Management of the Bank also ensures the protection of workers' safety and health by setting up strategies to effectively manage any issues encountered.

The Human Resource Department directly oversees and ensures the coordination of initiatives undertaken to achieve health and safety objectives.

The Bank introduced a Flexible Working Arrangement (FWA) initiative last year selectively which was subsequently extended to cover more areas due to its swift acceptance. This is now a well-established practice where employees are offered the flexibility of the start and end hours of work per the FWA policy norms.

Service Quality

Bearing in mind that high-quality service is a niche area of advantage, the Service Quality department remained focused and fully committed to understanding the expectations and concerns of customers and to respond promptly to their needs. It has embarked on a mission to build a quality culture beginning with staff grooming to ensure that staff are exposed to the standards of service and promote the image of the Bank as brand ambassadors. Feedback and complaints are considered vital for service improvement and are closely monitored.

The Bank is fully compliant with section 96(A) of the Banking Act 2004 underlying the 'Guidelines on Complaints Handling Procedures' and quarterly complaint returns are submitted to the Bank of Mauritius.

In order to stay aligned with customers' needs and wants, yearly surveys are carried out to determine key indicators such as Customer Satisfaction Index (CSI), Service Quality Index (SQI) and Net Promoter Score (NPS) and actions initiated based on feedback.

Statement of Profit or Loss

	Year Ended Dec-14 Rs 000	Year Ended Dec-15 Rs 000	Year Ended Dec-16 Rs 000
Net interest income	564,744	608,293	**699,154**
Net fee and commission income	103,926	167,042	**211,704**
Net trading income	48,998	72,258	**84,015**
Other operating income	3,739	9,401	**397**
Operating Income	**721,407**	**856,994**	**995,270**
Non-Interest Expense	(432,497)	(480,697)	**(492,831)**
Operating Profit before Exceptional Items	288,910	376,297	**502,439**
Allowance for Credit Impairment	(153,444)	(165,158)	**(153,626)**
Impairment loss on intangible assets	(15,147)	-	**-**
Profit before Tax	**120,319**	**211,139**	**348,813**
Income Tax (Expense)/Credit	(3,199)	15,790	**(37,229)**
Profit for the year	**117,120**	**226,929**	**311,584**
Interest Income			
Loans and Advances to customers and banks	752,807	727,598	**816,153**
Investment Securities	83,429	52,292	**88,712**
Placements	78,631	122,866	**117,692**
	914,867	**902,756**	**1,022,557**
Interest Expense			
Deposits from customers	307,338	254,569	**288,205**
Borrowings from banks	6,361	4,616	**5,756**
Other	36,424	35,278	**29,442**
	350,123	**294,463**	**323,403**
Average Interest Earning Assets	14,640,177	16,522,531	**19,417,145**
Average Interest Bearing Liabilities	10,624,611	10,774,191	**12,952,428**
Interest Income/Average Interest Earning Assets	6.25%	5.46%	**5.27%**
Interest Expense/Average Interest Earning Liabilities	3.30%	2.73%	**2.50%**
Net Margin	2.95%	2.73%	**2.77%**
Core Revenue	**721,407**	**856,994**	**995,270**

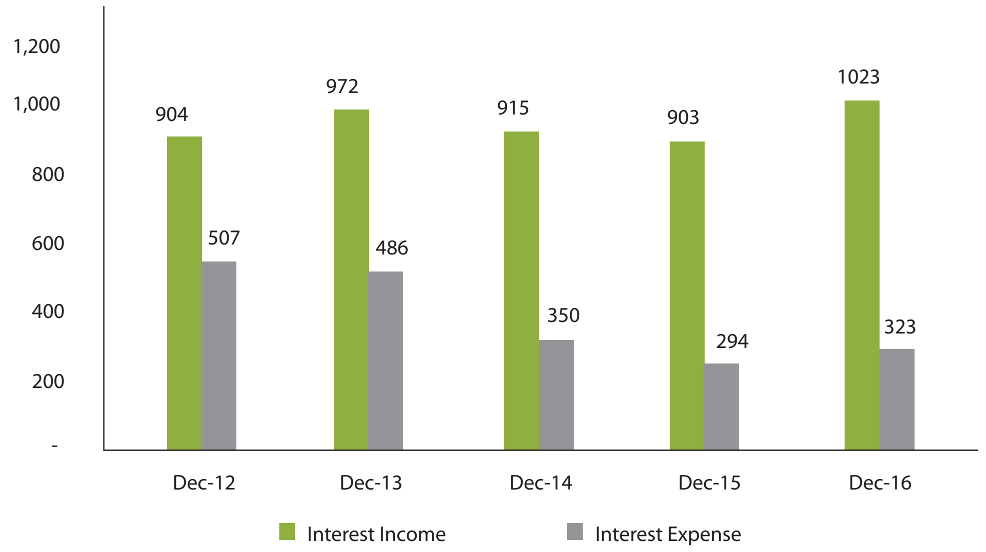
MANAGEMENT DISCUSSIONS AND ANALYSIS (CONT'D)

The growth in the business volumes resulted in an increase in both interest income and interest expense. Interest on loans and advances to customers and banks improved by Rs89m while interest on investment securities progressed by Rs36m as a result of increased investments in Government securities.

With the increase in both local and foreign currency deposits, the related interest expense went up by Rs34m. The downward impact on the other interest expense was mainly on account of the repayment of some subordinated debts which fell due.

Despite the pressure on both the rupee and foreign currency margins, the net interest income improved by 15%.

Interest Income & Interest Expense



Non-Interest Income

	Year Ended Dec-14 Rs 000	Year Ended Dec-15 Rs 000	Year Ended Dec-16 Rs 000
Net Fees and Commissions	103,926	167,042	**211,704**
Net Trading Income	48,998	72,258	**84,015**
Other Operating Income	3,739	9,401	**397**
	156,663	248,701	296,116

The non-interest income grew by 19% in 2016.

Treasury and E-commerce revenues contributed significantly to the total non-interest income. The strong growth in the Net Fees and Commissions was ably supported by activities related to the offshore and trade finance operations. Net trading income progressed by 16%, maintaining its contribution to total non-interest income at 28%.

The Bank continues to explore new income streams to further diversify its income sources with key focus on low-risk products.

Non-Interest Expense and Cost Management

	Year Ended Dec-14 Rs 000	Year Ended Dec-15 Rs 000	Year Ended Dec-16 Rs 000
Personnel Expenses	254,286	311,032	**313,654**
Depreciation and Amortisation	37,850	35,189	**34,392**
Other Expenses	140,361	134,476	**144,785**
	432,497	480,697	**492,831**

	Dec-14	Dec-15	Dec-16
Cost to Income ratio	60%	56%	**50%**

The increase in non-interest expenses was contained at 3% compared to the previous year.

The increase in other expenses occurred in line with the business growth and as a part of revamping the distribution channels for retail banking.

The Bank's initiatives to improve the cost to income ratio has proved to be successful with the ratio being brought down from 56% in 2015 to 50% during this reporting year. The ratio is expected to improve further in the coming years.

Allowance for credit impairment

Total impairment charges of Rs154m (net of recoveries) have been recognised in the accounts for the year under review compared to Rs165m for the year 2015. Efforts towards recovery of impaired accounts continue and the provisions relating to individually assessed accounts are expected to be less significant in 2017.

Credit Exposure

As shown in the table below, the Bank has a well-diversified credit portfolio without any undue concentration in any one sector as at 31 December 2016.

Sectors	2014	2015	2016		
Lending	Total Rs 000	Total Rs 000	Segment A Rs 000	Segment B Rs 000	Total Rs 000
Agriculture & Fishing	487,770	558,772	**715,933**	**113,838**	**829,771**
Manufacturing	483,526	776,890	**375,889**	**446,397**	**822,286**
Tourism	1,064,404	1,001,644	**945,214**	**9,210**	**954,424**
Transport	442,507	425,907	**160,308**	**391,327**	**551,635**
Construction *	3,623,871	3,765,596	**2,721,318**	**705,235**	**3,426,553**
Financial & Business Services	399,990	744,594	**775,156**	**258,083**	**1,033,239**
Traders	1,784,327	2,595,491	**2,026,452**	**1,078,194**	**3,104,646**
Personal	1,161,004	956,439	**705,079**	**56,230**	**761,309**
Professional	50,334	28,257	**14,130**	**-**	**14,130**
Global Business License Holders	1,249,881	1,517,069	**-**	**1,090,086**	**1,090,086**
Other	377,316	699,009	**328,625**	**1,522,599**	**1,851,224**
	11,124,930	13,069,668	**8,768,104**	**5,671,199**	**14,439,303**
Lending to Banks	317,000	539,685	**-**	**1,667,012**	**1,667,012**
Total Credit Exposure	**11,441,930**	**13,609,353**	**8,768,104**	**7,338,211**	**16,106,315**

MANAGEMENT DISCUSSIONS AND ANALYSIS (CONT'D)

Credit Exposure

	2014	2015	2016		
	Total Rs 000	Total Rs 000	Segment A Rs 000	Segment B Rs 000	Total Rs 000
Trading	415,164	843,338	**1,459,681**	**35,023**	**1,494,704**
Investment	879,260	1,683,082	**1,214,346**	**1,081,980**	**2,296,326**
Off-Balance Sheet	885,158	1,438,451	**1,158,267**	**533,949**	**1,692,216**

The maximum exposure is on the construction sector representing 21% of the total credit exposure (down from 28% in 2015) followed by traders with 19% exposure (same as 2015).

The Bank has reviewed its lending strategy and has also started to act as a Bank to financial institutions and governments evidenced by the increasing exposures on Lending to Banks and Other.

**Above 50% of the exposures in the construction sector relate to retail mortgages*

Credit Quality

The table below shows the data on impairment and related ratios for the past 3 years.

	Dec-14 Rs 000	Dec-15 Rs 000	Dec-16 Rs 000
Impaired Advances	941,199	1,184,050	**1,225,584**
Allowance for Impairment Losses on individually assessed loans	464,513	593,919	**530,876**
Impaired Advances/Gross Advances	8.23%	8.70%	**7.61%**
Net Impaired/Net Advances	4.39%	4.59%	**4.51%**
Provision Coverage Ratio	49.35%	50.16%	**43.31%**

Albeit the absolute impaired advances figure has gone up, the impaired ratio has considerably improved by 1.09%. The good quality and high value of collateral held for these accounts resulted in a decline in the provisions coverage ratio.

A breakdown of gross advances, impaired advances and provisions by industry sector split between segment A and B as at 31 December 2016 is on the next page.

	Gross Amount of Loans		Impairment		Allowances for Impairment as a % of Impaired Loans	
Sectors	Segment A Rs 000	Segment B Rs 000	Segment A Rs 000	Segment B Rs 000	Segment A Rs 000	Segment B Rs 000
Agriculture & Fishing	715,933	113,838	2,488	-	85	-
Manufacturing	375,889	446,397	31,290	-	76	-
Tourism	945,214	9,210	83,161	-	20	-
Transport	160,308	391,327	17,209	105,863	36	-
Construction	2,721,318	705,235	451,060	120,262	49	63
Financial & Business Services	775,156	258,083	-	-	-	-
Traders	2,026,452	1,078,194	170,477	9,709	49	8
Personal	705,079	56,230	103,768	-	58	-
Professional	14,130	-	3,308	-	31	-
Global Business License Holders	-	1,090,086	-	83,188	-	11
Other	328,625	1,522,599	43,801	-	63	-
Total	**8,768,104**	**5,671,199**	**906,562**	**319,022**	-	-
Loans to Banks	**-**	**1,667,012**	**-**	**-**	-	-
Grand Total	**8,768,104**	**7,338,211**	**906,562**	**319,022**	-	-

Impairment for the construction sector represents 50% for Segment A while the impaired loans for Segment B consist of Transport, Construction and Global Business License Holders and Traders.

Portfolio and General Provisions

In line with the Bank of Mauritius guideline on Credit Impairment and in compliance with IAS 39, the Bank held portfolio provisions of Rs175 m on its performing loan book as at December 2016.

In compliance with the `Macro-prudential policy measures for the Banking Sector` issued by the Bank of Mauritius in Oct 2013, the Bank maintained additional portfolio provisions on certain specific sectors booked as General Reserve as an appropriation from retained earnings.

Other details regarding credit quality are given in note 16 (h) of the Financial Statements.

Restructured loans

Restructured loans are loans that have been renegotiated due to deterioration in the borrower's financial position and cash flow, in such cases, where found genuine, the Bank has reviewed the terms and conditions by allowing concessions such as extending the maturity, changing the frequency of interest servicing, review and downward revision of interest rate as well as amendments to other terms of loan covenants.

During the year ended 31 December 2016, 48 accounts have been restructured aggregating Rs1,167m. *(outstanding balance: Rs1,144m as at December 2015).*

The Management Discussions and Analysis report may contain various forward-looking statements with respect to Bank One's financial position, business strategy, plans and management objectives. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including, but not limited to, domestic market, global economic and business conditions, market risks such as changes in interest and exchange rates, policies and actions of governmental and regulatory authorities. We caution readers of this report not to place undue reliance on our forward-looking statements as these factors may cause the future results to differ materially from the plans, goals, expectations or interest expressed in the forward looking statements. Bank One Limited does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

RISK MANAGEMENT REPORT

Risk Management Report Scope

This report focuses on the risk management strategy, risk functions and risk outcomes of the Bank.

Responsibility of the Board

The Bank's Board of Directors (The Board) has the ultimate responsibility for the oversight of risks within the Bank and has delegated certain supervision risk functions to the relevant Board Sub-Committees.

The Board and Board Sub-Committees receive formal and informal communication from the Chief Risk Officer (CRO). The CRO reports to the Chief Executive Officer (CEO) but has direct access to the Board and its Risk Committees without any impediment.

Risk Defence Model

The Bank employs a three level defence model:

a) Business Lines take ownership of the risks from end to end.

b) Independent Risk Oversight through the various empowered Risk functions.

c) Internal Audit review and assessment.

Risk Management Process

The Bank's fundamental approach to Risk Management has remained largely unchanged during the course of the year. However, where relevant improvements could be effected, these were instituted to ensure that Risk Management plays an enabler role within the Bank. The Board in the first half of the year approved a Risk Culture Statement. Conscious and ongoing efforts are in place to ensure that this culture is alive and adds value in a meaningful way throughout the Bank.

The Board of Directors approves the risk policy and guidelines. The Bank's Management has the responsibility for the effective execution of these policies by implementing appropriate procedures to ensure that all the quantifiable risks are proactively and effectively managed.

To achieve this, the various independent risk functions seek to identify, quantify, monitor, control and mitigate the risks prudently. The Board and its Sub-Committees monitor the risk profile of the Bank on a quarterly basis. Limits are imposed on the quantum of Credit Risk, Market Risk, Operational Risk and Country Risk within prudent guidelines. Other non-quantifiable risks such as Compliance Risk, Strategic Risk and Reputational Risk are assessed and monitored on a qualitative basis.

The Bank's Management meets on a monthly basis via various Management Committees to make a comprehensive assessment of the Bank's risks. However, Market Risk is monitored on a daily basis by the Market Risk Team and any issues are reported promptly to Senior Management. Similarly, Operational Risk events beyond a predefined threshold are also escalated swiftly to the Senior Management for remedial actions.

The Bank utilises the Internal Capital Adequacy Assessment Process (ICAAP) to assess its optimal capital requirement in relation to all material risks and in conjunction with its future strategy and goals. The Bank's Asset and Liability Management Committee (ALCO) is responsible for the management of the bank-wide portfolio composition, risk-weighted assets measurement and optimal capital allocation.

The Bank's risk activities are controlled within the regulatory frameworks established by the Bank of Mauritius (BOM) and internally through the Bank's policies and procedures.

Risk Management Framework

The Bank's Risk Management Framework provides the foundation for achieving the Bank's ultimate goals and strategies within a controlled and prudent structure.

The Board's responsibilities include:

- Approval of the Risk Management strategy and policies to confirm that all the risks are correctly managed at both portfolio and client level;
- Regular review of the policies and key performance indicators;
- Analysing the Bank's ongoing financial performance against forecasts and budgets.

Execution of the risk policies is delegated to the Bank's Management. The various Management Committees manage and provide guidance on the ongoing measurement and monitoring of risks. These risks further are subject to oversight and control of the second line of defence of the centralised Functional Risk Units (FRU's). These FRU's operate as independent units, segregated appropriately from the business frontline functions.

The FRU's include the following units that are headed by qualified and experienced team members:

a) Compliance;

b) Credit Risk Management;

c) Market Risk; and

d) Operational Risk.

The FRU's major responsibilities include:

- Ownership of the various risk policies including annual reviews;
- Determining the measurement standards of financial risks and ensuring that data integrity is protected;
- Ongoing monitoring and reporting risk positions to the appropriate Management Committees and ultimately to the Board via the respective Board Sub-Committees;
- Identifying operational risk factors and developing monitoring and tracking capabilities to ensure the effective management and mitigation of these risk factors; and
- Proactive, daily management of the foreign exchange and interest rate risks that are subject to market price volatility.

Credit Risk

The Bank's credit risk comprises mainly of wholesale and retail loans and advances, together with the counterparty credit risk arising from derivative contracts entered into with our clients and market counterparties.

The responsibility and accountability for credit risk management firstly resides with the Bank's business lines. This is supplemented by an independent Credit Risk Assessment function and Internal Audit to ensure effective oversight and governance.

Credit Risk Management Process

The Bank's credit risk systems and processes identify and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- Setting concentration risk and counterparty limits;
- Credit approval and monitoring; and
- Determining portfolio impairment provisions.

The Bank adopts the Basel Standardised Approach for the calculation of regulatory capital taking into consideration the macro-prudential policy measures introduced by the Bank of Mauritius.

Credit Risk Mitigation

Credit risk mitigation is achieved through the use of collateral and guarantees. Credit risk mitigation policies and procedures ensure that credit risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements for the management of legal recovery and timely enforcement. The annual review process assists to upgrade policies, procedures and systems through continuous innovation and improvement.

The Bank employs a range of policies and practices to mitigate credit risk. The most widely used of these is accepting tangible collateral to secure loans and advances. The Bank implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation.

The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business such as premises, stock and debtors;
- Pledge of financial instruments such as debt securities, listed and liquid equities and bank deposits; and
- Common collateral for international business - Standby Letters of Credit / Bank Guarantees.

For derivative transactions, the Bank employs the internationally recognised and enforceable International Swaps and Derivatives Association agreements, with a credit support annexure, where collateral support is deemed necessary.

Credit Related Commitments

Credit related commitments include bank guarantees, documentary letters of credit, standby letters of credit and undrawn commitments on committed facilities. The relevant capital charges of the various instruments are calculated based on the criteria set in the Bank of Mauritius guidelines on Standardised Approach to Credit Risk.

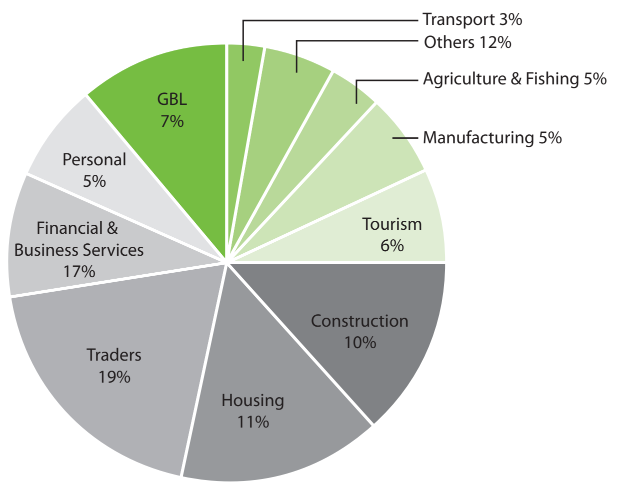
Credit Related Commitments	Year Ended Dec-14 Rs 000	Year Ended Dec-15 Rs 000	Year Ended Dec-16 Rs 000
Bank guarantees and other contingent liabilities	512,207	564,448	**692,453**
Undrawn Credit Related Commitments	372,951	874,003	**969,809**

Bank Placements & Lending

These instruments are normally of a better credit quality by virtue of the regulated market in which these counterparties operate. External credit rating agencies' reports on the credit quality of rated banks are utilised as an input into the internal credit assessment.

RISK MANAGEMENT REPORT (CONT'D)

Distribution of credit by sector as at December 2016



As shown in the chart above, the risk is well diversified with no major concentration in any one sector. The combined contribution from Construction and Housing declined from 28% in 2015 to 21% in 2016 whereas Financial & Business Services have increased their contribution from 9% to 17%. This is largely due to increased exposure to banks and financial institutions.

Residual contractual maturity of the portfolio is provided in note 16 (c) of the Financial Statements.

Concentration Risk

The Bank maintains a credit risk portfolio that is adequately diversified. Maximum exposure limits are set for individual counterparties, countries and sectors to maximise any potential diversification benefits while complying with the BOM guideline on Credit Concentration Risk.

The top six Groups and Single Borrower exposures as at 31 December 2016 were:

Group	Exposure Rs 000	% Capital Base
1	608,269	23.30%
2	605,374	23.19%
3	475,249	18.21%
4	378,780	14.51%
5	376,285	14.42%
6	365,037	13.98%

Borrower	Exposure Rs 000	% Capital Base
1	472,015	18.08%
2	457,959	17.54%
3	399,732	15.31%
4	366,248	14.03%
5	364,541	13.97%
6	363,212	13.91%

Exposures comply with the limits set by the Bank of Mauritius (maximum 40% of Capital Base for a single group and 25% for a single borrower).

Herfindahl-Hirschman Index (HHI) and Concentration Risk Level

The Bank uses the HHI to assess the concentration of its depositors and borrowers. It is calculated by squaring the relative portfolio contribution of each borrower or depositor.

The following table relates the HHI with the level of risk:

HHI	Risk Level
<1000	Low Risk
1000 - 1800	Moderate Risk
>1800	High Risk

As at 31 December 2016, the portfolios for top 10 Individuals, Groups, Industries and top 10 Depositors were all in the "Moderate Risk" category and there was no change in risk categories from 2015.

Related Party Transactions

The Bank complies with the BOM Guideline on Related Party Transactions which sets out the manner in which these transactions are identified, monitored and reported on a quarterly basis. The Corporate Governance Committee (CGC) approves every related party transaction and ensures these transactions are at market rates in terms of the arm's length principle.

The aggregate on balance sheet related party exposure of the Bank amounted to Rs837m (2015: Rs482m) which represents 44.88% of Tier I Capital (2015: 31.16%) and 5.44% of loans and advances (2015: 3.75%). The facilities range from bank placements to overdrafts and loans. Collateral is taken for the facilities except for bank placements which are bank senior unsecured risk. Settlement of facilities will be from the underlying obligor's operating cash flow and arm's length terms and conditions apply.

The aggregate related party exposure (off-balance sheet) of the Bank amounted to Rs105.8m which represents 5.67% of the Tier I Capital figures (2015: 1.36%) and 0.69% of loans and advances (2015: 0.16%).

None of the loans advanced to related parties were classified as non-performing as at 31 December 2016.

The table below sets out the six largest related party exposures and the respective percentages of the Bank's Tier 1 capital:

Related Party	Exposure Rs000	% of Tier 1 Capital
1	293,950	15.75%
2	288,818	15.48%
3	180,510	9.67%
4	86,646	4.64%
5	26,802	1.44%
6	21,057	1.13%

CREDIT QUALITY

Impairment & Provisioning Policies

Impairment provisions are recognised for financial reporting purposes under International Accounting Standard (IAS 39) and BOM guidelines. The Bank is fully compliant with the revised BOM Guideline on Credit Impairment Measurement and Income Recognition, effective from the 1st July 2016.

The Bank's impairment policy requires all loans and advances past due above 90 days to be impaired. This is applied at client level, i.e. if one account of a client is more than 90 days past due, then all the client's accounts are classified irrespective whether the other accounts' past due status is below 90 days.

The impairment provision is arrived at after deducting the present value of future cash flows and the discounted net realisable value of collateral from the carrying value of the loan. Net realisable value of collateral is based on an independent valuation from a qualified appraiser. These valuations are updated every three years or earlier where warranted.

Collection & Recovery Process

Collection & Recovery Function is separated from the front office functions for more independence and focussed attention. The Bank's philosophy is to resolve recovery matters through negotiations within a maximum specified time period. If no agreement can be reached within such a time period, legal action is pursued with urgency for the timely recovery of all non-performing assets.

The strong recovery actions and success achieved within 2015 has continued its momentum and the results for 2016 have exceeded those of prior years.

The recoveries momentum is anticipated to remain durable in 2017 as a number of the larger non-performing assets are scheduled to be resolved due to actions started in 2015 and 2016.

RISK MANAGEMENT REPORT (CONT'D)

Early Arrears

Loans & Advances Past Due but not Impaired	As at 31 December 2016		
	Individual (Retail Banking Customers) Retail & Mortgages Rs 000	Corporate Entities Loans & Overdraft Rs 000	Total Loans & Advances to Customers Rs 000
Past due up to 1 month	152,154	487,932	640,086
Past due more than 1 month and up to 3 months	54,868	79,539	134,407
Past due more than 3 months and up to 6 months	590	-	590
Past due more than 6 months	-	-	-
Total	**207,612**	**567,471**	**775,083**

The focus for 2016 was on continued improvement in the Bank's asset quality. Appropriate management attention and processes are in place to ensure that Early Arrears are managed proactively and prudently. This is evident in the total loans and advances past due decreasing by 24% and 15% in 2015 and 2016 respectively.

In line with the Bank's Policy of classification above 90 days, no early arrears above three months is present and this is a sound improvement over the prior years.

Analysis of the Past Due up to 1 month's reveals that 86.6% of the Individual Past Due and 86.8% of the Corporate Entities are within the bucket 1 to seven days past due. The vast majority of these accounts are expected to be cleared before the end of January 2017.

The improving trend in the bucket between 31 days and 89 days past due has shown an improvement by 14% in 2015 and a strong improvement of 76% in 2016.

Loans & Advances Past Due but not Impaired	As at 31 December 2015		
	Individual (Retail Banking Customers) Retail & Mortgages Rs 000	Corporate Entities Loans & Overdraft Rs 000	Total Loans & Advances to Customers Rs 000
Past due up to 1 month	205,215	64,589	269,804
Past due more than 1 month and up to 3 months	200,716	365,270	565,986
Past due more than 3 months and up to 6 months	37,153	24,173	61,326
Past due more than 6 months	12,056	-	12,056
Total	**455,140**	**454,032**	**909,172**

Loans and Advances Past Due but not Impaired	As at 31 December 2014		
	Individual (Retail Banking Customers) Retail & Mortgages Rs 000	Corporate Entities Loans & Overdraft Rs 000	Total Loans & Advances to Customers Rs 000
Past due up to 1 month	135,065	70,724	205,789
Past due more than 1 month and up to 3 months	168,779	491,194	659,973
Past due more than 3 months and up to 6 months	76,612	93,650	170,262
Past due more than 6 months	43,338	123,253	166,591
Total	**423,794**	**778,821**	**1,202,615**

Properties in Possession (PIPs)

As at December 2016, the Bank held four PIPs in its books with an assessed total value of Rs8.8m (2015: Rs1.6m) included in the 'Other Assets' figure (note 21 of the financial statements). These were repossessed in prior years with the exception of one new property added during 2016 that was adjudicated to the Bank after no bidders at a Sale by Levy proceeding. The property has been placed on public tender and various offers are being evaluated to dispose of the property within the first half of 2017. As at December 2016, the carrying value of these properties did not differ materially from the estimated market price value. The Bank's policy regarding the PIPs is to dispose of them as soon as practically possible in line with banking legislation. The policy of the Bank is to recognise the assets repossessed at the lower of the carrying value and the fair value less cost to resell.

MARKET RISK

Market risk exposure for different types of transactions is managed within risk limits and guidelines approved by the Board and monitored via the Assets and Liabilities Committee (ALCO) which reports to the Board Risk Management Committee (BRMC). The risk limits comprise a combination of notional, stop loss, sensitivity and value-at-risk (VaR) controls. All trading positions are subject to daily mark-to-market valuations.

The Market Risk Team identifies, measures, monitors and controls the risk exposures against approved limits and guidelines. Specific actions are instituted to ensure the market risks of the overall trading portfolio and the individual trading instruments are managed within the Bank's risk appetite. Any exceptions are reviewed and sanctioned by the appropriate level of Management and/or BRMC.

Market risk arising from the Trading Book

In the Bank's trading book, market risk is associated with trading positions in foreign exchange, debt securities, and derivatives.

The Bank measures market risk using the VaR technique and controls market risk exposures within prudent risk limits set by the Board. The Bank applies the VaR methodology to its trading portfolio to estimate the maximum losses expected on the market risk positions held, based on a number of assumptions for volatility in market conditions. The Board sets acceptable risk limits given the risk appetite of the Bank and this is monitored on a daily basis.

The Bank uses the VaR Historical Approach at a 99% confidence level over a one day holding period.

Market risk arising from the Banking Book

Various management action triggers are established to provide early alerts to Management on the different levels of exposures of the banking book activities relative to foreign exchange risk, interest rate risk, and liquidity risk.

Sensitivity analysis and stress testing covering shocks and shifts in interest rates on the Bank's on-and-off balance sheet positions, liquidity drift under institution-specific and general market crisis scenarios are regularly performed to gauge and forecast the market risk inherent in the banking book portfolio.

The Treasury Department monitors the debt securities book on a weekly basis, reporting monthly to ALCO and quarterly to the BRMC.

(i) Foreign Exchange Risk

The Bank has limited net foreign exchange exposure as foreign exchange positions and foreign currency balances arising from customer transactions are normally matched against other customer transactions or through cover transactions with the market. The net open exposure positions, both by individual currency and in aggregate, are managed by the Treasury Department within established foreign exchange limits and reported to the BOM on a daily basis.

During 2016, the Bank operated well within the regulatory limits regarding Net Open Positions.

The Market Risk Unit ensures that limits are respected. A daily report goes to Senior Management to notify any underlying breach in limits. A monthly report is submitted to the ALCO and a quarterly report is submitted to BRMC. Any breaches are notified to Senior Management immediately and get simultaneously escalated to the relevant sanctioning authority.

Accordingly, as at 31 December 2016, the VaR limits against the actual potential loss are given in the table hereunder:

VaR Limit vs. Actual Position December 2016			
	USD	EUR	GBP
Limit	Rs 2M	Rs 1M	Rs 1M
Potential Loss	Rs (31k)	Rs (5k)	Rs (5k)

(ii) Interest Rate Risk

The Bank considers the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which are monitored by the Market Risk Unit. These are reported monthly to ALCO and quarterly to BRMC.

The framework adopted by the Bank to measure interest rate risk exposures is consistent with the BOM guidelines for reporting interest rate risk exposures, which consists principally of interest rate sensitivity analysis and stress testing.

RISK MANAGEMENT REPORT (CONT'D)

Interest Rate Sensitivity Analysis

A detailed analysis of the Interest Rate Sensitivity Analysis as at 31 December 2016 is given in note 2 (f) of the Financial Statements.

Earnings at Risk Methodology is used to assess the impact of various interest rate change scenarios on Net Interest Income over a 12 month horizon, as required under the domestic and global regulatory guidelines.

MUR Earnings at Risk Analysis as at 31 December 2016

Interest Rate Movement 2016	Impact on Earnings on account of interest basis (Rs m)
+ 25 bps	- 0.15
- 25 bps	+ 0.15
+ 200 bps	- 1.17
- 200 bps	+ 1.17

If interest rates increase by 200 bps, the Bank would have a negative impact on its Net Interest Income of Rs1.17m and the converse also holds true.

The Bank is well-positioned to absorb potential interest shocks. Should interest rates increase by 200 bps, Net Interest Income decline would represent a marginal 0.05% of capital base, well within the outlier limit of -10%, recommended under Basel III and approved by the Board. The Bank is 64% (2015: 90%) immunized from any change in the Rupee interest rate.

USD Earnings at Risk Analysis as at 31 December 2016

Interest Rate Movement 2016	Impact on Earnings on account of interest basis (USD m)
+ 25 bps	+ 0.50
- 25 bps	- 0.50
+ 200 bps	+ 4.04
- 200 bps	- 4.04

The US Federal Reserve increased their interest rates in December 2016 after a protracted period of quantitative easing. Should the Fed increase US interest rates by 200 bps, the Bank would have a positive impact on its Net Interest Income of USD4.04m.

Liquidity Risk

The Bank manages its liquidity on a prudent basis and ensures that the statutory minimum cash reserve requirements are maintained throughout the year. No statutory limits have been breached during the year.

Treasury is responsible for the daily management of liquidity and provides daily reporting to Senior Management. The monitoring and reporting takes the form of cash flow measurements and projections for the next day, week and month respectively.

The ALCO reviews monthly, or on ad hoc basis if required, the Bank's liquidity position. Appropriate limits on liquidity and maturity mismatch are set and sufficient liquid assets are held to ensure that the Bank can meet all its short-term funding requirements.

The Bank's funding comprises mainly of deposits from customers and borrowings, both short as well as long term. Short-term interbank deposits are taken on a limited basis and the Bank is generally a net lender to the interbank market. Stress tests are also carried out to ensure adequate liquidity is available under stressed conditions. A Contingent Liquidity Plan is in place to prepare for any extreme liquidity stress scenario.

The table in note 2(g) of the Financial Statements analyses the Bank's assets and liabilities into relevant maturity buckets.

The Bank monitors liquidity gaps on a static, cumulative as well as on a dynamic basis. Under the dynamic scenario, the Bank arranges assets and liabilities into different maturity ranges according to BOM Guideline on Liquidity Risk Management, taking into account the historical behavioural pattern of these assets and liabilities.

Stress testing and scenario analysis form an important part of the Bank's liquidity management process. Extreme stress situations are simulated to analyse the capacity of the Bank to withstand those shocks and still manage its liquidity comfortably. Sources of funding such as swapping foreign currencies to MUR, repo of securities, reciprocal lines are evaluated to address such situations.

As at 31 December 2016, Bank liquidity was manageable even in stressful conditions with clearly identified action plans for extreme stress events.

Long-Term Lending Ratio

The Bank has set up an internal limit to monitor long-term lending in foreign currencies for the proper liquidity management of foreign currencies. The ratio is a percentage of all the foreign currency loans maturing above a period of two years, excluding loans against deposits, over the Bank's total foreign currency deposits, excluding deposits under lien. The long-term lending ratio is calculated on a monthly basis by the Market Risk Team and reported to the ALCO so that Management can take adequate measures to keep the long-term lending ratio within the limit.

No breach of the limit has occurred during 2016.

Operational Risk

The management of operational risk within Bank One is aligned to the enterprise-wide risk management (EWRM) approach in accordance with the Basel Committee's guidance on "Sound Practice for the Management and Supervision of Operational Risk" and the Bank of Mauritius Guidelines on Operational Risk Management.

The Bank firmly believes that effective and sound management of operational risk is key to the achievement of its business strategy. There is ongoing evaluation of existing frameworks, policies, methodologies, processes, systems and infrastructure to ensure that operational risk management practices are in line with regulatory developments and best practices.

The year 2016 was characterized by a number of initiatives aimed at improving and driving efficiency in operational risk management processes. The Operational Risk Management Team is consistently developing more electronic tools to capture all its related data which may assist to respond swiftly and effectively to emerging risks.

Reinforcement of resilience to the risk of severe disruptions caused by internal failures or external events has been a key focus area for the Bank. The Bank is fully equipped with a modern Disaster Recovery (DR) site per best practices standards. The annual successful testing of the Bank's Continuity Plan was performed in the last quarter of the year.

Operational Risk department compiles, consolidates and submits a monthly report to the Management Operational Risk Committee and to the Board Risk Management Committee on a quarterly basis to assess the level of risks the Bank is exposed to and remedial measures being undertaken.

Monitoring and Measuring Operational Risk.

The Bank has aligned its processes with international best practices and the statutory requirements. A variety of tools are employed and embedded in the assessment, measurement and monitoring of operational risk.

In line with BOM Guidelines, the Bank captures all the operational losses in its internal loss database and immediately reports all single event operational losses of at least 1% of their capital base or Rs5m, whichever is lower.

The capital charge for operational risk is provided under the Basic Indicator Approach. The capital requirement for operational risk is equal to 15% of the average gross income over the previous 3 years (A). The risk weighted assets for operational risk is calculated as 10 times (A) above.

After considering the Bank's size and the scale and complexity of its operations, the exposure to operational risk is considered to be acceptable and similarly the control processes are considered adequate.

Looking ahead, the Bank will continue to improve its operational risk management capabilities and also implement new risk measurement tools for risk assessment and monitoring. This is particularly relevant to Risk Control Self-Assessment and Permanent Supervision Frameworks.

Country Risk

The Country Risk objective is to provide a framework for effective identification, assessment and measurement of country risk and for provisions thereof. This is particularly relevant as International Banking increases its contribution to the gross assets of the Bank.

Country Risk Management Framework

The Bank has a Country Risk Policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. The Country Risk Management Policy is reviewed on an annual basis. The policy includes identification of countries with acceptable risks and high risk countries.

Countries are assigned risk ratings and then country exposure limits are determined by the Board Risk Management Committee. The measurement of the country risk is undertaken through the monitoring and reporting of developments affecting the risk profile of approved countries.

Assessment of Country Risk

In assessing the risk of a country, the Bank considers both quantitative and qualitative factors of the country. In developing quantitative assessments of the risk of a country, the Bank takes into account the size and maturity profile of the country's external borrowing as well as the country's macroeconomic variables (including forecasts), fiscal, monetary, exchange rate and financial sector policies and relevant statistics.

Factors typically used in qualitative assessments of country risk include the quality of the policy-making function, social and political stability, and the legal and regulatory environment of the country. Wherever possible, on the ground information is obtained from group or associate companies operating in such jurisdictions.

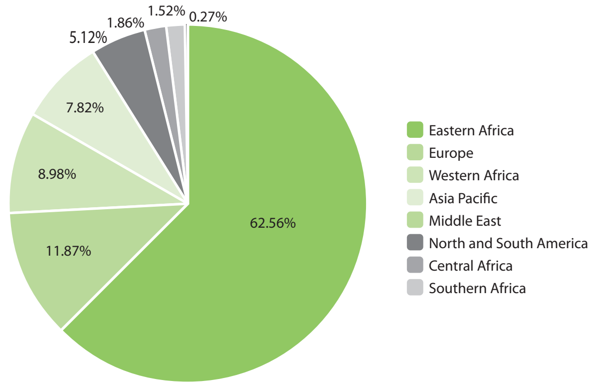
Country Exposure Limits

The Bank uses ratings by External Credit Assessment Institutions (ECAI) such as Standard & Poor's, Moody's and Fitch. The model inputs are updated on a quarterly basis to reflect economic and political changes in countries. Research reports from BMI Research are utilised as an additional source of insight. Geopolitical risks have increased in recent times and prudence is demanded. Particular attention is paid to potential contagion risk in the regions that the Bank is exposed to.

Country exposure limits are reviewed and approved by the Board Risk Management Committee on a quarterly basis. Interim reviews are also conducted and submitted to the Board Risk Management Committee anytime during the year, in urgent response to substantive changes, if any, in a country's risk profile.

RISK MANAGEMENT REPORT (CONT'D)

Country Risk Exposures by Region as at 31 December 2016 is shown in the chart below:



Eastern Africa accounts for 63% of the Country Risk exposure. This has increased on a year-on-year basis (2015: 58%). Exposure increases are reflected in Middle East (5.12%) and Asia Pacific (7.82%) regions from the prior year (2015: Middle East – 2.1% and Asia Pacific – 5.4%).

The Bank is exploring options to diversify further its exposures in new geographies with acceptable risk.

Compliance Risk

In terms of independence, the Compliance Function has been set up in line with the Guideline of Corporate Governance as issued by the Bank of Mauritius and reports into the Board Risk Committee. In line with regulatory requirements, the Bank is moving towards the setting up of a risk-based approach to compliance risk management. The aim of the Compliance Function is to shield the organisation from legal/regulatory sanctions as well as financial/reputation losses.

The Compliance Function oversees and monitors the following:

- Regulatory Compliance
- Financial Crime Compliance comprising of AML and sanctions
- Transaction and KYC monitoring
- Compliance Training

In view of the importance of financial crime in the industry, the Bank uses an automated monitoring tool for AML and sanctions ongoing monitoring and dedicated staff have been assigned to the team. The regulatory landscape is frequently scanned to ensure compliance to regulations and laws.

The Bank is committed to ensure that the compliance function is adequately resourced and have the required authority to ensure that the compliance program is delivered.

Business Risk

The Bank's business strategy covering a five-year plan has been defined and documented. This has been approved by the Board. The strategic direction of the Bank is reviewed once a year and forms part of the annual business budget and operating plan of the Bank.

Reputation Risk

The Bank continues to dynamically assess and monitor reputational risk on a qualitative basis through a reputation risk heat map. Overall Reputation Risk was maintained at a satisfactory level in 2016.

The Corporate Governance Report depicts the Bank's compliance status with regards to corporate governance.

Risk Capital Management

Bank One`s capital management policies and practices support its growth strategy and ensure that the Bank is always well-capitalized to withstand any macroeconomic downturns. The Bank strives for continual enhancement of shareholder value by efficiently using capital in order to maximize the return on equity.

Capital Adequacy Assessment

As per Basel III guidelines, the Bank is required to maintain a minimum Capital Adequacy Ratio (CAR) of 10% (additional 0.625% as capital conservation buffer as from January 2017 and increasing to 1.25% in 2018).

The Bank has computed its CAR on 31 December 2016 in compliance with the requirements of the regulatory guidelines on Basel III as well as the macro-prudential measures introduced by BOM, effective since July 2014.

The capital charge for operational risk has been computed under the Basic Indicator Approach and the capital charge for credit and market risk under the Standardised Approach.

During the year, additional capital of EUR10m was raised in the form of subordinated debt from a well-known international institution.

As at December 2016, the Bank`s CAR stood at 12.93% *(against a regulatory requirement of 10%)*, out of which the Common Equity Tier I (CET I) CAR was 9.24% *(against minimum regulatory requirement of 6.5%)*.

Capital Adequacy Assessment

	Dec-14 Rs 000 Basel III	Dec-15 Rs 000 Basel III	Dec-16 Rs 000 Basel III
Core Capital			
Paid up Capital	731,456	856,456	856,456
Statutory Reserve	111,044	145,083	191,821
Retained Earnings	471,510	707,284	967,011
Deductions			
Intangibles	(37,728)	(37,424)	(40,693)
Deferred Tax	(59,641)	(95,399)	(71,918)
Investments in capital of other banks	(27,970)	(29,187)	(36,915)
Total Tier 1 Capital	**1,188,671**	**1,546,813**	**1,865,762**
Supplementary Capital			
Reserves arising from revaluation of Assets	35,503	35,503	34,800
Portfolio Provision	120,000	146,000	175,000
General Banking Reserve	43,164	31,094	54,328
Subordinated Debt	286,570	212,909	474,008
Fair Value Gains	6,081	2,978	6,392
Total Tier 2 Capital	**491,318**	**428,484**	**744,528**
Total Capital Base	**1,679,989**	**1,975,297**	**2,610,290**

	Dec-14 Rs 000 Basel III	Dec-15 Rs 000 Basel III	Dec-16 Rs 000 Basel III
Risk Weighted Assets for			
Credit Risk	12,089,742	14,167,509	18,887,265
Market Risk	10,690	59,629	16,255
Operational Risk	952,714	1,057,484	1,286,836
Total Risk Weighted Assets	**13,053,146**	**15,284,622**	**20,190,356**
Tier 1 Capital Ratio	**9.11%**	**10.12%**	**9.24%**
Capital Adequacy Ratio	**12.87%**	**12.92%**	**12.93%**

RISK MANAGEMENT REPORT (CONT'D)

Risk-Weighted On Balance Sheet Items

	Rs 000	Risk Weight %	Dec-14 Rs 000	Dec-15 Risk Weighted Rs 000	Dec-16 Rs 000
Cash in Hand and with Central Bank	1,442,584	0%	-	-	-
Balance and Placements with Banks	4,915,304	20-100%	2,504,358	2,020,769	3,017,890
Balance in Process of Collection	33,501	20%	5,761	4,887	6,700
Treasury Bills and GOM Bills	2,238,768	0%	-	-	-
Other Investment	658,526	20-100%	366,916	337,500	658,526
Fixed and Other Assets	487,995	100%	396,031	405,532	487,995
Loans and Advances	15,534,601	0 - 100%	8,584,205	11,074,451	14,169,640
	25,311,279		**11,857,271**	**13,843,139**	**18,340,751**

Risk-Weighted Off-Balance Sheet Items

	Rs 000	Credit Conversion Factor (%)	Risk Weight %	Dec-14 Rs 000	Dec-15 Risk Weighted Rs 000	Dec-16 Rs 000
Acceptances and Bill of Exchange	520,285	100%	100%	183,216	278,836	520,285
Guarantees, bonds etc	27,876	50%	100%	36,859	32,450	13,938
Letters of credit	12,077	20%	100%	7,947	9,996	2,415
Foreign Exchange Contracts	1,680,339	1% to 7.5%	20-100%	4,449	3,088	9,876
				232,471	**324,370**	**546,514**

Risk-Weighted Exposures

	Dec-14 Rs 000	Dec-15 Rs 000	Dec-16 Rs 000
Risk-Weighted On Balance Sheet Assets	11,857,271	13,843,139	18,340,751
Risk-Weighted Off-Balance Sheet Exposures	232,471	324,370	546,514
Risk-Weighted on Market Risk	10,690	59,629	16,255
Risk-Weighted on Operational Risk	952,714	1,057,484	1,286,836
Total Risk-Weighted Assets	**13,053,146**	**15,284,622**	**20,190,356**

Risk-Weighted Assets for Market risk

	Dec-14 Rs 000	Dec-15 Rs 000	Dec-16 Rs 000
Foreign Exchange Risk	10,690	59,629	16,255
Equivalent Risk-Weighted Assets	**10,690**	**59,629**	**16,255**

Risk-Weighted Assets for Operational Risk

	Dec-14 Rs 000	Dec-15 Rs 000	Dec-16 Rs 000
Average Gross Income for last 3 years	635,143	704,989	857,891
Capital charge	95,271	105,748	128,684
Equivalent Risk-Weighted Assets	**952,714**	**1,057,484**	**1,286,836**

In line with the recommendations of the Bank of Mauritius Guideline on the recognition and use of the External Credit Assessment Institutions (ECAI)[1], the ratings from the agencies listed below have been used in computing the relative risk weights for balance with foreign banks, lending to foreign entities and banks and other foreign investments.

[1] ECAI includes Moodys, Standard & Poors and Fitch.

Future Capital Requirements

In view of the continuous growth of Bank One assets portfolio associated with new products, markets and activities, the Bank intends to raise additional capital either through injection by its main shareholders or through other eligible instruments qualifying as Tier I or Tier II.

In December 2016, additional subordinated debts were raised from a recognised international institution to consolidate further the capital base of the bank while maintaining concurrently the capital adequacy ratio well above the regulatory requirements and also in line with its internal policy.

Internal Capital Adequacy Assessment and Supervisory Review Process (ICAAP)

Internal Capital Adequacy Assessment Process (ICAAP) is an informative exercise carried out to inform the Board on the Bank's risks and their impact on the Bank's business. With this exercise, the Bank is in a better position to prepare mitigating measures to counter the impact in case the conditions relating to the risks materialize.

The Bank's ICAAP is conducted on an annual basis, or earlier if warranted, where the level of capitalisation of Bank One is determined using different types of plausible as well as unexpected stress scenarios.

Stress testing forms an integral part of the ICAAP. Stress testing is performed monthly to assess the impact for market risks and reported to the Assets & Liabilities Committee. The same exercise is carried out more intensively on a yearly basis including on other risks not included in the actual capital computations and reported in the ICAAP report.

Assessment of the overall capital adequacy through the ICAAP requires thorough identification of all material risks, measurement of those that can be reliably quantified, and systematic assessment for the limitations of minimum risk-based capital requirements so that the Bank is in norms with the regulatory body.

Moreover, the supervisory review and evaluation process is used to evaluate the Bank's risk profile including an assessment of the level of risk and the risk management systems for the main risks such as credit, operational, market, liquidity, strategic and reputation risks.

Methodology and Assumptions

Type of Risk	Methodology for Assessment
Operational Risk	Risk and Control Self Assessment / Operational Risk Heat Map
Concentration Risk	HH Index and Stress Testing
Country Risk	Quantitative and Qualitative Assessment
Liquidity Risk	Ratio Analysis and Stress Testing
Interest Rate Risk in Banking Book	Gap Analysis and Stress Testing
Compliance Risk	Qualitative Assessment
Reputational Risk	Reputation Heat Map

at Bank One we actively encourage our staff to adopt measures to reduce our

CARBON

footprint

without forgetting to give

CREDIT

to our customers who fully support our initiatives

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Bank. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This 2nd March 2017

Sarit Raja-Shah
Director

Ravneet Chowdhury
Chief Executive Officer

Pratul Hemraj Dharamshi Shah
Director and Chairman of Audit Committee

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedure manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Audit Committee, Conduct Review & Corporate Governance and Risk Management Committee, which comprise Independent Directors, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

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

.

This 2nd March 2017

Sarit Raja-Shah
Director

Ravneet Chowdhury
Chief Executive Officer

Pratul Hemraj Dharamshi Shah
Director and Chairman of Audit Committee

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BANK ONE LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Bank One Limited (the "Bank") as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of Bank One Limited set out on pages 70 to 135 comprise:

- The statement of financial position as at 31 December 2016;
- The statement of profit or loss for the year then ended;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes comprising significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

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

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises the financial highlights, the corporate profile, the Chairman's statement, the CEO's report, the economic review, the corporate governance report, the company secretary certificate, the certificate of compliance, the corporate sustainability report, the management discussion and analysis, the risk management report, the statement of directors' responsibilities in respect of financial statements and the statement of managements' responsibility for financial reporting but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Bank other than in our capacity as auditor and tax advisor;

(b) we have obtained all the information and explanations we have required; and

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

Mauritian Banking Act 2004

The Mauritian Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) 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 Mauritian Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius; and

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

Mauritian Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report on pages 17 to 35 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 17 to 35 is consistent with the requirements of the Code.

Other Matter

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

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

02 March 2017

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Dec-16	Dec-15	Dec-14
		Rs 000	Rs 000	Rs 000
Interest income		**1,022,557**	902,756	914,867
Interest expense		**(323,403)**	(294,463)	(350,123)
Net interest income	3	**699,154**	608,293	564,744
Fee and commission income		**411,836**	318,988	180,253
Fee and commission expense		**(200,132)**	(151,946)	(76,327)
Net fee and commission income	4	**211,704**	167,042	103,926
Net gain on dealing in foreign currencies and derivatives	5	**84,015**	72,258	48,998
Other operating income	6	**397**	9,401	3,739
		84,412	81,659	52,737
Operating income		**995,270**	856,994	721,407
Personnel expenses	9	**(313,654)**	(311,032)	(254,286)
Depreciation and amortisation	18 & 19	**(34,392)**	(35,189)	(37,850)
Other expenses	10	**(144,785)**	(134,476)	(140,361)
Total expenses		**(492,831)**	(480,697)	(432,497)
Profit before impairment		**502,439**	**376,297**	**288,910**
Net impairment loss on financial assets	7	**(153,626)**	(165,158)	(153,444)
Impairment loss on intangible assets	8	**-**	-	(15,147)
Total impairment loss		**(153,626)**	(165,158)	(168,591)
Profit before income tax		**348,813**	211,139	120,319
Income tax (expense)/credit	11	**(37,229)**	15,790	(3,199)
Profit for the year		**311,584**	226,929	117,120
Basic earnings per share (Rs)	12	**36.38**	30.37	16.01

The notes on pages 74 to 135 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Profit for the year	**311,584**	226,929	117,120
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss: Remeasurement of defined benefit obligation net of tax (note 27)	**(4,924)**	(2,063)	(6,433)
Revaluation on building net of tax	**(1,561)**	-	3,208
Items that may be reclassified subsequently to profit or loss: Net fair value gain/(loss) on available for sale investment securities net of tax	**7,586**	(6,893)	10,297
Other Comprehensive Income for the year	**1,101**	(8,956)	7,072
Total Comprehensive Income for the year	**312,685**	217,973	124,192

The notes on pages 74 to 135 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	Dec-16	Dec-15	Dec-14
		Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	13	**4,584,789**	3,670,672	4,724,580
Derivative assets held for risk management	14	**1,337**	207	982
Loans and advances to banks	15	**1,650,343**	534,289	313,830
Loans and advances to customers	16	**13,750,096**	12,335,145	10,543,587
Investment Securities	17	**3,791,030**	2,526,420	1,294,424
Property and equipment	18	**372,417**	322,653	328,056
Intangible assets	19	**40,693**	37,424	37,728
Deferred tax assets	20	**71,918**	95,399	59,641
Other assets	21	**1,024,519**	774,326	750,487
Total assets		**25,287,142**	20,296,535	18,053,315
LIABILITIES				
Deposits from customers	22	**22,187,299**	17,321,879	15,470,040
Derivative liabilities held for risk management	14	**11,423**	5,622	13,477
Subordinated liabilities	23	**524,390**	410,635	426,732
Other borrowed funds	24	**188,431**	474,379	372,642
Current tax liabilities	25	**6,959**	1,880	20,504
Other liabilities	26	**240,301**	266,486	277,239
Total liabilities		**23,158,803**	18,480,881	16,580,634
EQUITY				
Stated capital	28	**856,456**	856,456	731,456
Retained earnings		**967,011**	707,284	471,510
Other reserves		**304,872**	251,914	269,715
Total Equity		**2,128,339**	1,815,654	1,472,681
Total equity and liabilities		**25,287,142**	20,296,535	18,053,315

These financial statements were approved and authorised for issue by the Board of Directors on 2nd March 2017

Sarit Raja-Shah
Director

Ravneet Chowdhury
Chief Executive Officer

Pratul Hemraj Dharamshi Shah
Director and Chairman of Audit Committee

The notes on pages 74 to 135 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Stated capital	Revaluation surplus	Statutory reserve	General Banking reserve	Fair value reserve	Retirement Benefit Plan reserve	Retained earnings	Total equity
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2014		731,456	75,687	93,476	-	3,215	(19,396)	464,051	1,348,489
Profit for the year		-	-	-	-	-	-	117,120	117,120
Other comprehensive income for the year		-	3,208	-	-	10,297	(6,433)	-	7,072
Total comprehensive income		-	3,208	-	-	10,297	(6,433)	117,120	124,192
Transfer to general banking reserve		-	-	-	92,093	-	-	(92,093)	-
Issue of shares		-	-	-	-	-	-	-	-
Transfer to statutory reserve		-	-	17,568	-	-	-	(17,568)	-
Total transactions with owners		-	-	17,568	92,093	-	-	(109,661)	-
Balance as at 31 December 2014		**731,456**	**78,895**	**111,044**	**92,093**	**13,512**	**(25,829)**	**471,510**	**1,472,681**
Balance as at 1 January 2015		731,456	78,895	111,044	92,093	13,512	(25,829)	471,510	1,472,681
Profit for the year		-	-	-	-	-	-	226,929	226,929
Other comprehensive income for the year		-	-	-	-	(6,893)	(2,063)	-	(8,956)
Total comprehensive income		-	-	-	-	(6,893)	(2,063)	226,929	217,973
Issue of shares	28	125,000	-	-	-	-	-	-	125,000
Transfer to general banking reserve		-	-	-	(42,884)	-	-	42,884	-
Transfer to statutory reserve		-	-	34,039	-	-	-	(34,039)	-
Total transactions with owners		125,000	-	34,039	(42,884)	-	-	8,845	125,000
Balance as at 31 December 2015		**856,456**	**78,895**	**145,083**	**49,209**	**6,619**	**(27,892)**	**707,284**	**1,815,654**
Balance as at 1 January 2016		856,456	78,895	145,083	49,209	6,619	(27,892)	707,284	1,815,654
Profit for the year		-	-	-	-	-	-	311,584	311,584
Other comprehensive income for the year		-	(1,561)	-	-	7,586	(4,924)	-	1,101
Total comprehensive income		-	(1,561)	-	-	7,586	(4,924)	311,584	312,685
Transfer to general banking reserve		-	-	-	5,119	-	-	(5,119)	-
Transfer to statutory reserve		-	-	46,738	-	-	-	(46,738)	-
Total transactions with owners		-	-	46,738	5,119	-	-	(51,857)	-
Balance as at 31 December 2016		**856,456**	**77,334**	**191,821**	**54,328**	**14,205**	**(32,816)**	**967,011**	**2,128,339**

Revaluation surplus
Revaluation surplus, which comprises the changes in the carrying amount arising on revaluation of property and equipment.
Statutory reserve
Statutory reserve, which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Section 21(1) of the Banking Act 2004.
Fair value reserve
Fair value reserve, which comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.
General Banking Reserve
General Banking reserve comprises of portfolio provisions in line with the Bank of Mauritius macro-prudential guidelines and provisions for country risk.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Cash flows from operating activities			
Profit before income tax	**348,813**	211,139	120,319
Net change on provision for credit impairment (note 7)	**153,626**	165,158	153,444
Impairment of intangible asset (note 19)	**-**	-	15,147
Depreciation (note 18)	**21,045**	22,124	21,630
Amortisation (note 19)	**13,347**	13,065	16,220
Loss/(gain) on disposal of property and equipment	**6,091**	4,222	(531)
Change in provisions and pensions obligations	**2,226**	(2,910)	(18,444)
Gain on sale of securities	**(2,360)**	(7,656)	(12)
Others	**(4,164)**	15,422	(61)
Net interest income	**(699,154)**	(608,293)	(564,744)
	(160,530)	(187,729)	(257,032)
Changes in operating assets and liabilities			
Movement in Derivatives	**4,671**	(7,080)	9,242
(Increase)/decrease in loans and advances			
-to banks	**(1,127,321)**	(222,680)	(166,500)
-to customers	**(1,536,400)**	(1,938,808)	857,075
(Increase)/decrease in other assets	**(247,858)**	596	28,893
Increase in deposits from customers	**4,824,760**	1,855,421	307,325
(Decrease)/increase in other liabilities	**(43,585)**	(14,453)	102,635
Interest received	**1,001,647**	887,070	921,295
Interest paid	**(282,743)**	(298,045)	(392,109)
Income tax paid	**(9,264)**	(33,820)	(25,643)
Net cash from operating activities	**2,423,377**	40,472	1,385,181
Cash flows from investing activities			
Purchase of investment securities	**(7,765,000)**	(2,509,174)	(712,186)
Proceeds from sale of investment securities	**6,967,049**	1,769,312	930,100
Purchase of property and equipment (note 18)	**(79,752)**	(21,239)	(44,512)
Proceeds from sale of other assets	**9,809**	-	-
Proceeds from sale of property and equipment	**3,287**	295	1,261
Purchase of intangible assets (note 19)	**(16,623)**	(12,761)	(6,739)
Net cash (used in)/from investing activities	**(881,230)**	**(773,567)**	**167,924**
Cash flows from financing activities			
Proceeds from shares issued (note 28)	**-**	125,000	-
Net Proceeds from/(redemption) subordinated liabilities	**119,884**	(37,209)	(16,653)
Repayment of other borrowed funds	**(34,208)**	(187,412)	(79,370)
Proceeds from other borrowed funds	**-**	-	272
Net cash from/(used in) financing activities	**85,676**	(99,621)	(95,751)
Cash and cash equivalents at the beginning of the year	**3,891,864**	4,724,580	3,267,226
Net cash from operating activities	**2,423,377**	40,472	1,385,181
Net cash (used in)/from investing activities	**(881,230)**	(773,567)	167,924
Net cash from/(used in) financing activities	**85,676**	(99,621)	(95,751)
Net increase/(decrease) in cash and cash equivalents	**1,627,823**	(832,716)	1,457,354
Cash and cash equivalents at end of year (note 13)	**5,519,687**	3,891,864	4,724,580

The notes on pages 74 to 135 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Bank One Limited (The Bank) is a privately owned entity incorporated on 26 March 2002 in the Republic of Mauritius and licensed with the Bank of Mauritius to carry out banking business. The Bank is owned jointly by Ciel Finance Ltd and I&M Holdings Limited, holding 50% shareholding each. The Bank is domiciled in the Republic of Mauritius with registered address as follows:

Bank One Limited
16, Sir William Newton Street
Port Louis
Mauritius
Telephone: (230) 202 9200
Fax: (230) 210 4712
Website: www.bankone.mu

1.1 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

The financial statements of Bank One Limited comply with the Mauritian Companies Act 2001 and the Banking Act 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS), Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned. Where necessary, comparatives 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 the following assets and liabilities that are measured at fair value:

1) available-for-sale financial assets;
2) certain classes of property and equipment;
3) Defined pension benefits plan;
4) Derivative assets and liabilities held for risk management purposes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1.2.

New standards, amendments and interpretations to standards effective 1 January 2016

No new standards, amendments and interpretations to standards that became effective for annual periods beginning 1 January 2016 have a material impact on the Bank's financial statements.

New standards, amendments and interpretations to standards not yet adopted

A number of new standards, amendments, interpretations to standards are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the Bank's financial statements, except the following:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The changes will have a material impact on the Bank's financial statements. Management has already set up a project team and has already started working based on an implementation basis.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The changes will not have a material impact on the Bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(a) Basis of preparation (Cont'd)

New standards, amendments and interpretations to standards not yet adopted (Cont'd)

IFRS 16, On 13 January 2016, the IASB published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. The standards applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. The changes will not have a material impact on the Bank's 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. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

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

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

(c) Interest income and expense

Interest income and expense are recognised in profit or loss for all interest bearing financial instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a receivable is impaired, the Bank reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

(e) Net gain/(loss) on dealing in foreign currencies and derivatives

Net gain/(loss) on dealing in foreign currencies and derivatives comprise of net gains on foreign exchange transactions, fair value gain/(loss) on derivatives and translation differences.

(f) Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of statement of cash flows, cash and cash equivalents comprise cash and unrestricted balances with Bank of Mauritius, balances with less than 90 days maturity from the date of acquisition including: borrowings from banks in Mauritius and abroad, balances with other financial institutions, investment securities and trading assets. The mandatory cash balance is included in other assets

Cash and cash equivalents are carried at amortised cost.

(g) Derivative financial instruments

Derivative financial instruments include 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 fair value. Gains or losses arising from change in fair value of the derivatives are included in the profit or loss as net gain/(loss) on dealing in foreign currencies and derivatives. 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. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately in 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.

(h) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Bank intends to sell immediately or in the short-term, which are classified as held-for-trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;

(ii) those that the Bank upon initial recognition designates as available-for-sale; or

(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(h) Loans and receivables (Cont'd)

Loans and receivables are initially recognised at fair value – which is the fair value consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loan to banks and loans to customers. Interest on loans receivable and loans and advances is included in the statement of profit or loss and is reported as interest income on loans. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit or loss as 'net impairment loss on financial assets'.

(i) Investment securities

(i) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Directors have the positive intention and ability to hold to maturity, other than:

(a) those that the Bank upon initial recognition designates as at fair value through profit or loss;

(b) those that the Bank designates as available-for-sale; and

(c) those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

(ii) Available-for-sale

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the fair value consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income and cumulated in a separate reserve in equity, revaluation reserve, until the financial asset is derecognised.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustment recognised in equity are released in the statement of profit or loss as "Gains or losses on sale of available-for-sale securities" under "other operating income". However, interest is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available-for-sale are recognised as other operating income in profit or loss.

The fair value of a debt instrument is the present value of the expected future cash flows discounted at the current market rate of interest for a similar financial asset. Changes in the fair value of instruments designated as available-for-sale are recognised in the statement of comprehensive income.

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

(j) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') at a predetermined price are reclassified in the financial statements as trading or investment securities and the counterparty liability is included in 'borrowings from other financial institutions'. Securities purchased under agreements to resell ('reverse repos') are recorded as loans to other banks or customers, 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.

(k) Impairment of financial assets

(i) Assets carried at amortised cost

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

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by the directors for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(k) Impairment of financial assets (Cont'd)

(i) Assets carried at amortised cost (Cont'd)

Additional provisions for certain specific sectors are made in accordance with the BOM macro-prudential measures. Country risk provisions are made based on the internal policy of the Bank.

All provisions with regard to macro-prudential measures and country risk are booked as appropriation of earnings and kept in General Banking Reserve.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account in profit or loss for the year.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Assets classified as available-for-sale

In the case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If in a subsequent period, the fair value of an equity or debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or Loss, the impairment loss is reversed through profit or loss.

(l) 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 set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) Recognition and derecognition of financial assets

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

n) Reclassification of financial assets

The Bank may choose to reclassify a non-derivative trading financial asset out of held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Reclassifications are made at fair value as at the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(o) Classes of financial instruments

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification can be seen in the table below:

Category		Class		Subclasses
Financial Assets	Loans and receivables	Loans and advances to banks		Term Loans
		Loans and advances to customers	Loans to individuals	Credit Cards Mortgages Other Retail Loans
			Loans to corporate entities	Corporate Customers
			Loans to entities outside Mauritius	Offshore Retail and Corporate loans
	Held-to-maturity investment securities	Investment securities Debt instruments		Unlisted
	Available-for-sale investment securities	Investment securities Debt instruments		Unlisted
		Investment securities Equity instruments		Unlisted
	Derivatives assets held for risk management			
Financial liabilities	Deposits	Deposits from customers		Retail Customers Corporate Customers International Customers Government
	Derivatives liabilities held for risk management			
	Borrowings	Other borrowed funds		Local and foreign banks
	Subordinated liabilities			
Off-balance sheet financial Instruments	Loans commitments			Retail Customers Corporate Customers International Customers Private Customers
	Guarantees, acceptances and other financial facilities		Acceptances Guarantees Letters of credit	Retail Customers Corporate Customers International Customers

(p) Property and equipment

Property and equipment (except land and building) are carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are stated at revalued amounts. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets 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 & Office Equipment	3-5 years
Furniture, fixtures	10 years
Motor Vehicles	5 years

The assets' residual values and useful lives and depreciation methods are reviewed and adjusted prospectively 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(p) Property and equipment (Cont'd)

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised as income or expense in profit or loss. On disposal of revalued assets, the corresponding amounts included in the revaluation surplus are transferred to retained earnings.

Revaluation of property

Properties are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to Other Comprehensive Income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in Other Comprehensive Income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

(q) Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

(ii) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any.

(r) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (cash generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(s) Financial Liabilities

The Bank`s holding in financial liabilities represents mainly deposits from customers, subordinated liabilities, other borrowed funds and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

For subordinated liabilities and other borrowed funds, the initial fair value equal their proceeds (fair value of consideration received) net of transaction costs incurred.

(t) Provisions for Liabilities

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.

(u) Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

(ii) 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 statement 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they occur.

The Bank determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate to the net defined benefit liability/(asset) and the fair value of the planned asset.

Net interest expense/(income) is recognised in statement of profit or loss.

Service costs comprising of current service cost and past service cost are recognised immediately in the statement of profit or loss. Current service cost reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit charges curtailments and settlements.

(iii) Preferential loans to employees

The Bank grants loans to its employees at preferential rates. The prepaid employee benefits on these loans is accounted for under 'other assets' and is recognised in profit or loss over the shorter of the life of the loan and the expected service life of the employee. The interest rate on the loan reverts to market rate from the day the employee is no longer employed by the Bank. There may be cases where, following special arrangements, the Bank agrees to keep the loan of the leavers at preferential rates.

The prepaid employee benefits is the difference between the present value of future cash flows discounted at commercial rate (which are rates that would be given to similar customers in arm's length transactions), and the carrying amount of the loan. Interest on such loans is then recognised at market rate over the life of the loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(u) Employee benefits (Cont'd)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or when the employee accepts voluntary redundancy in exchange of these benefits. The Bank recognises termination benefits at the earlier of the following dates:

a) When the Bank can no longer withdraw the offer of those benefits;

b) When the Bank recognises costs for a restructuring that is within the scope of IAS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Income Tax

Tax expense for the period includes current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are recoverable or unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The Bank is also liable to pay a special levy on taxable income for Segment A and operating income and profit before tax for Segment B based on the rates enacted at the reporting date.

The Bank also makes a statutory provision for CSR activities at the rate of 2% of chargeable income (Segment A only) as per Income Tax Act 1995 Section 50L.

(ii) Deferred income 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 and equipment, provision for impairment losses on loans and advances and provision for employee benefits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authorities.

(w) Stated Share Capital

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

(x) Dividend policy

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations.

(y) Leases

Accounting for leases - where the Bank is the lessor

(i) Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable, the amount being equal to the net investment in the leases after specific provision for bad and doubtful debts in respect of all identified impaired leases in the light of periodical reviews.

The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Accounting for leases - where the Bank is the lessee

(ii) Operating Leases

Where the Bank is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Bank, the total lease payments are charged to profit or loss for the year (rental expense) on a straight-line basis over the period of the lease.

(z) Acceptances, letters of credit and financial guarantee contracts

Acceptances and letters of credit

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 customers. Acceptances and letters of credit are accounted for as off-balance sheet items and are disclosed as contingent liabilities and commitments.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation calculated to recognise in profit or loss the fee income earned on a straight-line basis over the life of the guarantee and the best estimate of the expenditure required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of Management. Any increase in the liability relating to guarantees is taken to profit or loss.

(aa) Segmental reporting

In accordance with the Bank of Mauritius Guidelines, the Bank's business has been split into Segment A and Segment B.

Segment B is essentially directed to the provision of international financial services that gives rise to foreign source income. Such services may be fund based or non-fund based.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.1 Significant Accounting Policies (Cont'd)

(aa) Segmental reporting (Cont'd)

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

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.

(ab) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where International Accounting Standard 8 on Accounting Policies, changes in accounting estimates and errors apply, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regards to future events.

Accounting policies and Directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank. The Directors use estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Had there been a decline in the recoverable amount of impaired loans by 1%, the Bank would have recognised an additional impairment charge of Rs4m in its 2016 financial statements.

(b) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require Management to make estimates.

Had there been a decline/increase in fair value of all the investments by 5%, the Bank would have recognised a movement of -/+ Rs1.8m as fair value (loss)/gain in its 2016 financial statements.

(c) Held-to-maturity investments

In accordance with IAS 39 guidance, the Bank classifies some 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 were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would decrease by Rs37m, with a corresponding entry in the fair value reserve in shareholders' equity.

(d) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year and which are validated by the Bank. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Should there be a 1% increase in the future long-term salary increase assumption, there would be an increase in the defined benefit obligation by Rs 13m and a 1% increase in discount rate would lead to a decrease of Rs10m in the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

The Bank`s business involves taking risks in a targeted manner and managing them professionally. The core functions of the Bank`s risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk Management is carried out by the Risk Department under policies approved by the Board of Directors. The Risk Department identifies, evaluates and monitors financial risk in close collaboration with the operating units including Treasury.

(b) Credit Risk

Credit Risk is the risk of suffering financial loss, should any of the Bank`s customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit Risk arises mainly from commercial and retail advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities, including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties.

Credit Risk is the single largest risk for the Bank`s business. The directors therefore carefully manage the exposure of the Bank to Credit Risk. The Credit Risk management and control are Centralised in a Credit Risk management team, which reports to the Chief Risk Officer who in turn reports to the Chief Executive Officer.

Other disclosures on credit risk are outlined on pg 53-56 of the Risk Management Report.

Analysis of loans and advances

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Neither past due nor impaired	14,105,648	11,516,131	9,298,116
Past due but not impaired	775,083	909,172	1,202,615
Impaired	1,225,584	1,184,050	941,199
Gross	16,106,315	13,609,353	11,441,930
Less allowance for credit impairment	(705,876)	(739,919)	(584,513)
Net	15,400,439	12,869,434	10,857,417
Loans and advances renegotiated	1,167,127	561,096	234,417
Fair value of collaterals	1,163,643	561,096	233,382

Maximum exposure to credit risk before collateral and other credit risk enhancements.
Credit risk exposures relating to on balance sheet assets are as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Balances with banks in Mauritius, banks abroad and inter bank loans	4,420,263	3,428,577	4,424,412
Derivative assets held for risk management	1,337	207	982
Government of Mauritius/Bank of Mauritius Bills	2,238,768	1,717,175	652,716
Other Investments	1,552,262	809,245	641,708
Loans and advances to customers & banks	15,400,439	12,869,434	10,857,417
Other assets	1,014,865	764,495	737,581
Credit risk exposures relating to off-balance sheet assets are as follows:	24,627,934	19,589,133	17,314,816
Financial guarantees	692,453	564,448	512,207
Loan commitments and other credit related liabilities	969,809	874,003	372,951
Total	26,290,196	21,027,584	18,199,974

Types of collateral and credit enhancements held at year end:

- Fixed and Floating Charges on Properties and other Assets
- Privilège D'Inscription
- Lien on Vehicle/Equipment/Machinery
- Pledge on Shares/Rent/Proceeds of Crops
- Lien on Deposits
- Assignment of Life Policy/General Insurance Policy
- Bank Guarantee/Personal Guarantee/Government Guarantee
- Nantissement de Parts Sociales dans le capital d'une Société
- Leasing of Machinery/Equipment/ Vehicle with the Bank as a Lessor
- Pledge of deposits from other Financial Institution/Licensed Deposit Taker

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit Risk (Cont'd)

	Dec-16	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	4,420,263	211,966	2,769,805	1,177,121	261,371
Derivative assets held for risk management	1,337	520	277	540	-
Loans and advances to banks	1,650,343	-	1,292,909	-	357,434
Loans and advances to customers	13,750,096	9,203,729	3,271,164	233,031	1,042,172
Government of Mauritius/Bank of Mauritius Bills	2,238,768	2,238,768	-	-	-
Other Investments	1,552,262	554,325	996,796	1,141	-
Other assets	1,014,865	1,014,865	-	-	-
Total assets	**24,627,934**	**13,224,173**	**8,330,951**	**1,411,833**	**1,660,977**
On balance sheet country region percentage	100%	54%	34%	6%	7%
Credit Risk Exposure relating to off-balance sheet items as follows:					
Financial guarantees and other credit related liabilities	692,454	650,268	42,186	-	-
Off-balance sheet country region percentage	100%	94%	6%	-	-

	Dec-15	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	3,428,577	40,912	2,353,303	201,324	833,038
Derivative assets held for risk management	207	3	-	204	-
Loans and advances to banks	534,289	-	534,289	-	-
Loans and advances to customers	12,335,145	8,704,729	2,693,813	598,127	338,476
Government of Mauritius/Bank of Mauritius Bills	1,717,175	1,717,175	-	-	-
Other Investments	809,245	388,692	419,556	-	997
Other assets	764,495	762,516	-	1,979	-
Total assets	**19,589,133**	**11,614,027**	**6,000,961**	**801,634**	**1,172,511**
On balance sheet country region percentage	100%	59%	31%	4%	6%
Credit Risk Exposure relating to off-balance sheet items as follows:					
Financial guarantees and other credit related liabilities	564,197	357,131	207,066	-	-
Off-balance sheet country region percentage	100%	63%	37%	-	-

	Dec-14	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	4,424,412	108,287	2,952,521	296,413	1,067,191
Derivative assets held for risk management	982	139	113	730	-
Loans and advances to banks	313,830	-	313,830	-	-
Loans and advances to customers	10,543,587	8,590,912	1,034,077	222,483	696,115
Government of Mauritius/Bank of Mauritius Bills	652,716	652,716	-	-	-
Other Investments	641,708	369,002	26,945	105,722	140,039
Other assets	737,581	737,581	-	-	-
Total assets	**17,314,816**	**10,458,637**	**4,327,486**	**625,348**	**1,903,345**
On balance sheet country region percentage	100%	60%	25%	4%	11%
Credit Risk Exposure relating to off-balance sheet items as follows:					
Financial guarantees and other credit related liabilities	512,207	348,398	83,330	11,949	68,530
Off-balance sheet country region percentage	100%	68%	16%	2%	13%

The Table below represents an analysis of trading assets and investment securities at 31 December 2016 and comparatives for December 2015 and 2014. Since the Bank does not have any internal rating tool, the ratings (where applicable) are based on assessment effected by Standard & Poors agency at end of each financial year.

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Cash and cash equivalents			
AAA TO AA	-	-	-
AA- To A	1,431,855	775,308	1,290,212
BBB+ To BB	1,698,936	2,069,081	1,607,902
UNRATED	1,289,472	584,188	1,526,298
TOTAL	**4,420,263**	3,428,577	4,424,412
Derivatives Assets			
AA-	540	204	730
BBB+	277	-	113
BBB-	-	-	-
UNRATED	520	3	139
TOTAL	**1,337**	207	982
Government of Mauritius/Bank of Mauritius Bills			
UNRATED	2,238,768	1,717,175	652,716
Investments and securities			
A To A+	-	-	105,722
B+	225,159	-	-
BBB-	-	-	140,039
UNRATED	1,327,103	809,245	395,947
TOTAL	**3,791,030**	2,526,420	1,294,424
Loans and advances to banks			
BB-	216	-	313,830
B+	361,044	356,177	-
BB+	361,044	-	-
UNRATED	928,039	178,112	-
TOTAL	**1,650,343**	534,289	313,830
Loans and advances to customers			
AAA To AA	1,232,959	828,804	616,883
BBB- To B	2,558,213	2,605,335	860,475
CC	243,294	-	-
UNRATED	9,715,630	8,901,006	9,066,229
TOTAL	**13,750,096**	12,335,145	10,543,587
Other Assets			
UNRATED	1,014,865	764,495	737,581
TOTAL	**24,627,934**	19,589,133	17,314,816
Off-balance sheet ratings			
AAA TO AA	20	360	68,094
BBB- TO B+	137,790	4,544	130
UNRATED	1,524,453	1,433,547	816,934
TOTAL	**1,662,263**	1,438,451	885,158

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Capital Structure

The Bank`s objectives when managing capital are:

i) to comply with the capital requirements set by the Bank of Mauritius;

ii) to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

iii) to maintain a strong capital base to support the development of its business.

Other disclosures on capital and risk assets are included on pg 60-63 of the Risk Management Report.

Details of Tier 1 capital, Tier 2 capital, total Risk-Weighted Assets and Capital Adequacy Ratio are given below:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Tier 1 Capital	**1,865,762**	1,546,813	1,188,671
Tier 2 Capital	**744,528**	428,484	491,318
Total Capital Base	**2,610,290**	1,975,297	1,679,989
Total Risk Weighted Assets	**20,190,356**	15,284,622	13,053,146
Capital Adequacy Ratio	**12.93%**	12.92%	12.87%

The minimum statutory capital adequacy ratio is fixed at 10%.

(d) Market Risk

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non-trading activities are concentrated in the Bank's Treasury and Market Risk teams. Regular reports are submitted to the Management and the Board of Directors. The Board of Directors approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out.

Implementation of the policies and business strategies are delegated to Management and the Risk Management Unit.

Other disclosures on Market Risk are outlined on pg 57-58 of the Risk Management Report.

(e) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored daily. The table below summarises the Bank`s exposure to foreign exchange risk as at 31 December 2016. Included in the table are the Bank`s financial instruments at carrying amounts, categorised by currency.

Other disclosures on Currency Risk are outlined on pg 57-58 of the Risk Management Report.

	USD	EUR	GBP	OTHERS	TOTAL
At 31 December 2016	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	3,031,172	1,006,697	103,269	95,287	**4,236,425**
Derivative assets held for risk management	-	-	539	278	**817**
Loans and advances to banks	1,650,343	-	-	-	**1,650,343**
Loans and advances to customers	5,937,851	647,954	168,886	-	**6,754,691**
Investment Securities	962,914	96,606	-	33,882	**1,093,402**
Other assets	74,819	22,109	4,622	-	**101,550**
Total assets	**11,657,099**	**1,773,366**	**277,316**	**129,447**	**13,837,228**
LIABILITIES					
Deposits	9,822,352	1,079,854	1,399,428	158,423	**12,460,057**
Derivative liabilities held for risk management	10,406	-	455	2	**10,863**
Subordinated liabilities	-	374,467	-	-	**374,467**
Other borrowed funds	25,361	154,825	-	8,245	**188,431**
Other liabilities	34,459	308	184	-	**34,951**
Total liabilities	**9,892,578**	**1,609,454**	**1,400,067**	**166,670**	**13,068,769**
Net on balance sheet position	**1,764,521**	**163,912**	**(1,122,751)**	**(37,223)**	**768,459**
Credit commitments undrawn	**495,577**	**-**	**-**	**-**	**495,577**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency Risk (Cont'd)

	USD	EUR	GBP	OTHERS	TOTAL
At 31 December 2015	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	3,120,188	145,063	64,214	88,420	**3,417,885**
Derivative assets held for risk management	1	3	3	200	**207**
Loans and advances to banks	534,289	-	-	-	**534,289**
Loans and advances to customers	4,417,345	741,787	579,345	-	**5,738,477**
Investment Securities	393,294	997	-	26,299	**420,590**
Other assets	27,901	26,270	3,079	-	**57,250**
Total assets	**8,493,018**	**914,120**	**646,641**	**114,919**	**10,168,698**
LIABILITIES					
Deposits	6,872,386	1,175,598	1,288,095	169,593	**9,505,672**
Derivative liabilities held for risk management	696	881	4,045	-	**5,622**
Subordinated liabilities	164,094	-	-	-	**164,094**
Other borrowed funds	179,855	194,325	-	199	**374,379**
Other liabilities	36,561	1,330	8,116	(667)	**45,340**
Total liabilities	**7,253,592**	**1,372,134**	**1,300,256**	**169,125**	**10,095,107**
Net on balance sheet position	**1,239,426**	**(458,014)**	**(653,615)**	**(54,206)**	**73,591**
Credit commitments undrawn	**84,386**	**-**	**-**	**-**	**84,386**

	USD	EUR	GBP	OTHERS	TOTAL
At 31 December 2014	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	4,052,577	210,429	38,642	40,962	**4,342,610**
Derivative assets held for risk management	135	1	599	244	**979**
Loans and advances to banks	313,830	-	-	-	**313,830**
Loans and advances to customers	2,892,575	952,832	235,763	-	**4,081,170**
Investment Securities	174,490	890	99,293	-	**274,673**
Other assets	30,295	22,578	5,357	-	**58,230**
Total assets	**7,463,902**	**1,186,730**	**379,654**	**41,206**	**9,071,492**
LIABILITIES					
Deposits	5,654,156	1,059,881	1,559,617	115,323	**8,388,977**
Derivative liabilities held for risk management	5,595	4	57	-	**5,656**
Subordinated liabilities	177,381	-	-	-	**177,381**
Other borrowed funds	-	372,370	-	272	**372,642**
Other liabilities	28,874	1,781	579	333	**31,567**
Total liabilities	**5,866,006**	**1,434,036**	**1,560,253**	**115,928**	**8,976,223**
Net on balance sheet position	**1,597,896**	**(247,306)**	**(1,180,599)**	**(74,722)**	**95,269**
Currency forwards and swaps (Contractual/nominal amount)	**1,644,432**	**5,656**	**24,917**	**1,254**	**1,676,259**
Credit commitments undrawn	**95,738**	**12,355**	**237**	**-**	**108,330**

(f) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The table below summarises the Bank`s non-trading book fair value exposure to interest rate risks. It includes the Bank`s financial instruments at carrying value categorised by the earlier of contractual maturity and date of repricing.

Other disclosures on Interest Rate Risk are found on pg 57-58 of the Risk Management Report.

Interest Sensitivity of Assets and Liabilities - Repricing Analysis

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non interest Bearing	Total
At 31 December 2016	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	2,730,694	169,983	-	-	-	-	1,684,112	**4,584,789**
Derivative assets held for risk management	-	-	-	-	-	-	1,337	**1,337**
Loans and advances to banks	213	-	220,395	357,434	1,072,301	-	-	**1,650,343**
Loans and advances to customers	1,088,592	10,905,504	265,521	130	147,819	116,945	1,225,585	**13,750,096**
Investment Securities	1,022,727	1,199,148	231,598	258,922	785,058	256,662	36,915	**3,791,030**
Other assets	-	-	-	-	-	-	1,014,865	**1,014,865**
Total assets	**4,842,226**	**12,274,635**	**717,514**	**616,486**	**2,005,178**	**373,607**	**3,962,814**	**24,792,460**
LIABILITIES								
Deposits	1,258,710	8,340,088	1,055,848	995,143	675,420	156,769	9,705,321	**22,187,299**
Derivative liabilities held for risk management	-	-	-	-	-	-	11,423	**11,423**
Subordinated liabilities	-	524,390	-	-	-	-	-	**524,390**
Other borrowed funds	-	-	39,918	-	114,907	-	33,606	**188,431**
Other liabilities	-	-	-	-	-	-	247,260	**247,260**
Total liabilities	**1,258,710**	**8,864,478**	**1,095,766**	**995,143**	**790,327**	**156,769**	**9,997,610**	**23,158,803**
Interest rate sensitivity gap	**3,583,516**	**3,410,157**	**(378,252)**	**(378,657)**	**1,214,851**	**216,838**	**(6,025,142)**	**1,643,311**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk (Cont'd)

Interest Sensitivity of Assets and Liabilities - Repricing Analysis (Cont'd)

At 31 December 2015	Up to 1 month Rs 000	1 to 3 months Rs 000	3 to 6 months Rs 000	6 to 12 months Rs 000	1 to 3 Years Rs 000	> 3 Years Rs 000	Non interest Bearing Rs 000	Total Rs 000
ASSETS								
Cash and cash equivalents	2,949,225	-	-	-	-	-	721,447	**3,670,672**
Derivative assets held for risk management	-	-	-	-	-	-	207	**207**
Loans and advances to banks	-	534,289	-	-	-	-	-	**534,289**
Loans and advances to customers	1,173,188	5,649,259	383,046	1,268,040	1,461,449	1,950,636	449,527	**12,335,145**
Investment Securities	207,579	400,811	577,341	374,435	869,722	67,345	29,187	**2,526,420**
Other assets	-	-	-	-	-	-	764,495	**764,495**
Total assets	**4,329,992**	**6,584,359**	**960,387**	**1,642,475**	**2,331,171**	**2,017,981**	**1,964,863**	**19,831,228**
LIABILITIES								
Deposits	1,517,248	6,819,751	240,388	1,587,948	456,955	34,349	6,665,240	**17,321,879**
Derivative liabilities held for risk management	-	-	-	-	-	-	5,622	**5,622**
Subordinated liabilities	161,093	249,542	-	-	-	-	-	**410,635**
Other borrowed funds	279,854	-	34,060	-	82,641	77,625	199	**474,379**
Other liabilities	-	-	-	-	-	-	266,486	**266,486**
Total liabilities	**1,958,195**	**7,069,293**	**274,448**	**1,587,948**	**539,596**	**111,974**	**6,937,547**	**18,479,001**
Interest rate sensitivity gap	**2,371,797**	**(484,934)**	**685,939**	**54,527**	**1,791,575**	**1,906,007**	**(4,972,684)**	**1,352,227**

At 31 December 2014	Up to 1 month Rs 000	1 to 3 months Rs 000	3 to 6 months Rs 000	6 to 12 months Rs 000	1 to 3 Years Rs 000	> 3 Years Rs 000	Non interest Bearing Rs 000	Total Rs 000
ASSETS								
Cash and cash equivalents	4,157,625	158,500	-	-	-	-	408,455	**4,724,580**
Derivative assets held for risk management	-	-	-	-	-	-	982	**982**
Loans and advances to banks	-	-	156,915	-	156,915	-	-	**313,830**
Loans and advances to customers	566,346	6,234,261	228,766	591,863	892,352	1,670,144	359,855	**10,543,587**
Investment Securities	206,971	304,929	139,220	27,413	526,876	61,045	27,970	**1,294,424**
Other assets	-	-	-	-	-	-	737,581	**737,581**
Total assets	**4,930,942**	**6,697,690**	**524,901**	**619,276**	**1,576,143**	**1,731,189**	**1,534,843**	**17,614,984**
LIABILITIES								
Deposits	1,080,455	6,253,397	782,610	1,223,605	544,704	7,404	5,577,865	**15,470,040**
Derivative liabilities held for risk management	-	-	-	-	-	-	13,477	**13,477**
Subordinated liabilities	-	249,351	-	-	-	177,381	-	**426,732**
Other borrowed funds	272	14,262	53,153	-	138,215	166,740	-	**372,642**
Other liabilities	-	-	-	-	-	-	277,239	**277,239**
Total liabilities	**1,080,727**	**6,517,010**	**835,763**	**1,223,605**	**682,919**	**351,525**	**5,868,581**	**16,560,130**
Interest rate sensitivity gap	**3,850,215**	**180,680**	**(310,862)**	**(604,329)**	**893,224**	**1,379,664**	**(4,333,738)**	**1,054,854**

(g) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. The Bank`s liquidity management process is carried out by the Bank Treasury team. The Bank uses the maturity gap report for measurement and management of liquidity risk. The maturity gap report slots the inflows and outflows in different maturity buckets as defined by the Bank of Mauritius, according to the expected timing of cash flows.

Other disclosures on liquidity and management are included on pg 58 of the Risk Management Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity Risk (Cont'd)

Maturities of Assets & Liabilities:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity items	Total
At 31 December 2016	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	4,587,277	-	-	-	-	-	-	**4,587,277**
Derivative assets held for risk management	1,066	271	-	-	-	-	-	**1,337**
Loans and advances to banks	2,923	35,499	260,493	434,552	996,947	-	-	**1,730,414**
Loans and advances to customers	1,338,792	2,591,718	1,719,302	1,999,691	4,338,121	5,799,299	-	**17,786,923**
Investment Securities	1,023,933	1,205,404	253,801	283,825	843,292	181,994	36,915	**3,829,164**
Other assets	-	-	-	-	-	-	1,014,865	**1,014,865**
Total assets	**6,953,991**	**3,832,892**	**2,233,596**	**2,718,068**	**6,178,360**	**5,981,293**	**1,051,780**	**28,949,980**
LIABILITIES								
Deposits	16,767,323	873,192	1,654,645	1,582,240	1,031,544	411,153	32,851	**22,352,948**
Derivative liabilities held for risk management	11,301	102	-	-	19	-	-	**11,422**
Subordinated liabilities	1,115	5,994	3,344	69,029	75,103	720,904	-	**875,489**
Other borrowed funds	33,606	-	40,551	-	115,684	-	-	**189,841**
Other liabilities	-	-	-	-	-	-	240,301	**240,301**
Total liabilities	**16,813,345**	**879,288**	**1,698,540**	**1,651,269**	**1,222,350**	**1,132,057**	**273,152**	**23,670,001**
Net liquidity gap	**(9,859,354)**	**2,953,604**	**535,056**	**1,066,799**	**4,956,010**	**4,849,236**	**778,628**	**5,279,979**

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity items	Total
At 31 December 2015	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	3,658,660	-	-	-	-	-	-	**3,658,660**
Derivative assets held for risk management	204	-	3	-	-	-	-	**207**
Loans and advances to banks	537	1,164	1,745	543,125	-	-	-	**546,571**
Loans and advances to customers	1,147,804	958,189	1,048,562	2,135,079	3,019,749	5,878,305	-	**14,187,688**
Investment Securities	221,117	370,500	195,589	597,270	1,172,228	183,305	29,187	**2,769,196**
Other assets	-	-	-	-	-	-	764,495	**764,495**
Total assets	**5,028,322**	**1,329,853**	**1,245,899**	**3,275,474**	**4,191,977**	**6,061,610**	**793,682**	**21,926,817**
LIABILITIES								
Deposits	13,285,470	833,377	371,077	1,939,973	827,941	233,116	-	**17,490,954**
Derivative liabilities held for risk management	4,882	625	115	-	-	-	-	**5,622**
Subordinated liabilities	44,682	3,540	55,165	59,586	82,197	249,171	-	**494,341**
Other borrowed funds	283,034	34,061	4,440	-	117,021	65,500	-	**504,056**
Other liabilities	-	-	-	-	-	-	266,486	**266,486**
Total liabilities	**13,618,068**	**871,603**	**430,797**	**1,999,559**	**1,027,159**	**547,787**	**266,486**	**18,761,459**
Net liquidity gap	**(8,589,746)**	**458,250**	**815,102**	**1,275,915**	**3,164,818**	**5,513,823**	**527,196**	**3,165,358**

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity items	Total
At 31 December 2014	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	4,566,080	158,500	-	-	-	-	-	**4,724,580**
Derivative assets held for risk management	952	13	18	-	-	-	-	**983**
Loans and advances to banks	-	-	159,379	-	171,984	-	-	**331,363**
Loans and advances to customers	1,441,633	796,109	438,267	636,555	1,570,603	6,115,769	-	**10,998,936**
Investment Securities	207,636	341,057	147,926	27,897	561,146	74,677	27,970	**1,388,309**
Other assets	-	-	-	-	-	-	737,581	**737,581**
Total assets	**6,216,301**	**1,295,679**	**745,590**	**664,452**	**2,303,733**	**6,190,446**	**765,551**	**18,181,752**
LIABILITIES								
Deposits	11,976,820	670,941	933,193	1,486,099	369,699	54,360	-	**15,491,112**
Derivative liabilities held for risk management	1,950	6,139	5,388	-	-	-	-	**13,477**
Subordinated liabilities	-	-	-	-	150,033	276,700	-	**426,733**
Other borrowed funds	272	14,262	53,153	185	138,215	186,785	-	**392,872**
Other liabilities	-	-	-	-	-	-	277,239	**277,239**
Total liabilities	**11,979,042**	**691,342**	**991,734**	**1,486,284**	**657,947**	**517,845**	**277,239**	**16,601,433**
Net liquidity gap	**(5,762,741)**	**604,337**	**(246,144)**	**(821,832)**	**1,645,786**	**5,672,601**	**488,312**	**1,580,319**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity Risk (Cont'd)

Derivative Cash Flows

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Maturity items Rs 000	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
As at 31 December 2016								
Inflows	**1,948,581**	**130,698**	-	-	**451**	-	-	**2,079,730**
Outflows	**1,958,404**	**130,181**	-	-	**459**	-	-	**2,089,044**
As at 31 December 2015								
Inflows	1,286,640	11,640	4,906	-	-	-	-	1,303,186
Outflows	1,291,258	12,119	5,088	-	-	-	-	1,308,465
As at 31 December 2014								
Inflows	1,594,147	197,748	84,124	-	-	-	-	1,876,019
Outflows	1,563,346	203,891	90,083	-	-	-	-	1,857,320

(h) Financial Instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

	Carrying Value			Fair Value		
	2016 Rs 000	2015 Rs 000	2014 Rs 000	**2016 Rs 000**	2015 Rs 000	2014 Rs 000
Financial assets						
Cash and cash equivalents	**4,584,789**	3,670,672	4,724,580	**4,584,789**	3,670,672	4,724,580
Loans and advances	**15,400,439**	12,869,434	10,857,417	**15,339,530**	12,746,264	11,312,765
Investment & Securities	**2,296,326**	1,683,082	879,260	**2,259,564**	1,664,150	855,082
Other Assets	**1,014,865**	764,495	728,581	**1,014,865**	764,495	728,581
Financial liabilities						
Deposits	**22,187,299**	17,321,879	15,470,040	**22,142,038**	17,291,055	15,491,112
Subordinated liabilities	**524,390**	410,635	426,732	**524,390**	410,635	426,732
Other borrowed funds	**188,431**	474,379	372,642	**188,431**	474,379	372,642
Other liabilities	**240,301**	266,486	277,239	**240,301**	266,486	277,239
Off-balance sheet						
Loan commitments	**969,809**	874,003	372,951	**969,809**	874,003	372,951
Other contingent liabilities	**722,407**	606,763	580,560	**722,407**	606,763	580,560

(i) Cash resources
The fair value of cash resources is equal to their carrying amount as these are for short terms only.

(ii) Loans and advances to banks and to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. The fair value is calculated by applying the market rates to the fixed rate term loans.

(iii) Investment securities
Interest-bearing held-to-maturity investments include Treasury Notes whose fair values are based on market prices or broker/dealer price quotations. Available-for-sale financial assets represent investment in Treasury Bills whose carrying amount equals their fair value.

(iv) Deposits and subordinated liabilities
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and debt securities issued not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Other financial assets and liabilities on the statement of financial position
The fair values of other assets, other borrowed funds, provisions and other liabilities at the reporting date approximate their fair values.

(vi) Off-balance sheet financial instruments
Guarantees, acceptances, loan commitments and other financial liabilities are shown at their fair values.

(i) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the Over-The-Counter derivative contracts, traded loans, issued structured debt and other investment securities.

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

As at 31 December 2016, the Bank holds equity investments with significant unobservable components falling under the level 3 fair value hierarchy. The technique used under level 3 is based on Net Asset Value. Derivatives held for risk management falling under category level 2, use quoted prices on Reuters platform. Level 3 fair values of land and building have been derived using the services of a Chartered Valuer.

Sensitivity analysis have been done on assets not measured at fair value and the results are shown in the Critical Accounting Estimates and Judgements on page 87.

The hierarchy requires the use of observable market data where applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy (Cont'd)

	Level 1	Level 2	Level 3	TOTAL
At 31 December 2016	Rs 000	Rs 000	Rs 000	Rs 000
Equity Investments				
Derivative Assets held for risk management	-	1,337	-	1,337
Investment Securities	-	1,457,789	-	1,457,789
Property & Equipment	-	-	232,330	232,330
Non-equity Investments				
Investment Securities	-	-	36,915	36,915
Total assets	**-**	**1,459,126**	**269,245**	**1,728,371**
Derivative liabilities held for risk management	-	11,423	-	11,423
Total liabilities	**-**	**11,423**	**-**	**11,423**

	Level 1	Level 2	Level 3	TOTAL
At 31 December 2015	Rs 000	Rs 000	Rs 000	Rs 000
Equity Investments				
Derivative Assets held for risk management	-	207	-	207
Investment Securities	-	814,151	-	814,151
Property & Equipment	-	-	236,159	236,159
Non-equity Investments				
Investment Securities	-	-	29,187	29,187
Total assets	**-**	**814,358**	**265,346**	**1,079,704**
Derivative liabilities held for risk management	-	5,622	-	5,622
Total liabilities	**-**	**5,622**	**-**	**5,622**

	Level 1	Level 2	Level 3	TOTAL
At 31 December 2014	Rs 000	Rs 000	Rs 000	Rs 000
Equity Investments				
Derivative Assets held for risk management	-	982	-	982
Investment Securities	-	387,194	-	387,194
Property & Equipment	-	-	239,999	239,999
Non-equity Investments				
Investment Securities	-	-	27,970	27,970
Total assets	**-**	**388,176**	**267,969**	**656,145**
Derivative liabilities held for risk management	-	13,477	-	13,477
Total liabilities	**-**	**13,477**	**-**	**13,477**

(j) Financial instruments by category

	Loans & Receivables	Financial assets at fair value through profit or loss	Held-to -Maturity	Available -for-sale	TOTAL
At 31 December 2016	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash and cash equivalents	4,584,789	-	-	-	4,584,789
Derivative Assets held for risk management	-	1,337	-	-	1,337
Loan and advances to banks	1,650,343	-	-	-	1,650,343
Loan and advances to customers	13,750,096	-	-	-	13,750,096
Investment Securities	-	-	2,296,326	1,494,704	3,791,030
Other assets	1,014,865	-	-	-	1,014,865
	21,000,093	**1,337**	**2,296,326**	**1,494,704**	**24,792,460**

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	TOTAL
	Rs 000	Rs 000	Rs 000
Financial Liabilities			
Deposits from customers	-	22,187,299	22,187,299
Derivative liabilities held for risk management	11,423	-	11,423
Subordinated liabilities	-	524,390	524,390
Other borrowed funds	-	188,431	188,431
Other liabilities	-	240,301	240,301
	11,423	**23,140,421**	**23,151,844**

	Loans & Receivables	Financial assets at fair value through profit or loss	Held-to -Maturity	Available -for-sale	TOTAL
At 31 December 2015	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash and cash equivalents	3,670,672	-	-	-	3,670,672
Derivative Assets held for risk management	-	207	-	-	207
Loan and advances to banks	534,289	-	-	-	534,289
Loan and advances to customers	12,335,145	-	-	-	12,335,145
Investment Securities	-	-	1,683,082	843,338	2,526,420
Other assets	764,495	-	-	-	764,495
	17,304,601	**207**	**1,683,082**	**843,338**	**19,831,228**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(j) Financial instruments by category (Cont'd)

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	TOTAL
	Rs 000	Rs 000	Rs 000
Financial Liabilities			
Deposits from customers	-	17,321,879	17,321,879
Derivative liabilities held for risk management	5,622	-	5,622
Subordinated liabilities	-	410,635	410,635
Other borrowed funds	-	474,379	474,379
Other liabilities	-	266,486	266,486
	5,622	**18,473,379**	**18,479,001**

	Loans & Receivables	Financial assets at fair value through profit or loss	Held-to -Maturity	Available -for-sale	TOTAL
At 31 December 2014	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash and cash equivalents	4,724,580	-	-	-	4,724,580
Derivative Assets held for risk management	-	982	-	-	982
Loan and advances to banks	313,830	-	-	-	313,830
Loan and advances to customers	10,543,587	-	-	-	10,543,587
Investment Securities	-	-	879,260	415,164	1,294,424
Other assets	737,581	-	-	-	737,581
	16,319,578	**982**	**879,260**	**415,164**	**17,614,984**

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	TOTAL
	Rs 000	Rs 000	Rs 000
Financial Liabilities			
Deposits from customers	-	15,470,040	15,470,040
Derivative liabilities held for risk management	13,477	-	13,477
Subordinated liabilities	-	426,732	426,732
Other borrowed funds	-	372,642	372,642
Other liabilities	-	277,239	277,239
	13,477	**16,546,653**	**16,560,130**

3. NET INTEREST INCOME

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Interest income			
Loans and advances to banks	**26,192**	33,708	7,549
Loans and advances to customers	**789,961**	693,890	745,258
Investment Securities	**88,712**	52,292	83,429
Placements with other banks	**117,692**	122,866	78,631
Total interest income	**1,022,557**	902,756	914,867
Interest expense			
Deposits from customers	**(288,205)**	(254,569)	(307,338)
Borrowings from banks	**(5,756)**	(4,616)	(6,361)
Subordinated liabilities	**(29,442)**	(35,278)	(36,424)
Total interest expense	**(323,403)**	(294,463)	(350,123)
Net interest income	**699,154**	608,293	564,744
(a) Segment A			
Interest income			
Loans and advances to customers	**508,649**	508,911	594,968
Investment Securities	**85,790**	51,674	69,280
Placements with other banks	**2,884**	1,091	109
Total interest income	**597,323**	561,676	664,357
Interest expense			
Deposits from customers	**(259,011)**	(227,972)	(272,058)
Borrowings from banks	**(5,335)**	(3,903)	(6,044)
Subordinated liabilities	**(19,427)**	(22,650)	(22,969)
Total interest expense	**(283,773)**	(254,525)	(301,071)
Net interest income	**313,550**	307,151	363,286
(b) Segment B			
Interest income			
Loans and advances to banks	**26,192**	33,708	7,549
Loans and advances to customers	**281,312**	184,979	150,290
Investment Securities	**2,922**	618	14,149
Placements with other banks	**114,808**	121,775	78,522
Total interest income	**425,234**	341,080	250,510
Interest expense			
Deposits from customers	**(29,194)**	(26,597)	(35,280)
Borrowings from banks	**(421)**	(713)	(317)
Subordinated liabilities	**(10,015)**	(12,628)	(13,455)
Total interest expense	**(39,630)**	(39,938)	(49,052)
Net interest income	**385,604**	301,142	201,458

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. NET FEE AND COMMISSION INCOME

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Fee and commission income			
Retail banking customer fees	**40,458**	39,085	39,257
Corporate banking credit related fees	**8,143**	10,517	12,276
International banking customer fees	**88,016**	58,441	50,810
Guarantees	**7,994**	5,604	3,616
Credit cards and e-commerce related fees	**236,767**	185,240	70,606
Other	**30,458**	20,101	3,688
Total fee and commission income	**411,836**	318,988	180,253
Fee and commission expense			
Interbank transaction fees	**(7,834)**	(4,006)	(760)
Credit cards and e-commerce related fees	**(167,685)**	(122,102)	(50,785)
Other	**(24,613)**	(25,838)	(24,782)
Total fee and commission expense	**(200,132)**	(151,946)	(76,327)
Net fee and commission income	**211,704**	167,042	103,926
(a) Segment A			
Fee and commission income			
Retail banking customer fees	**40,458**	39,085	39,257
Corporate banking credit related fees	**8,143**	10,517	12,276
Guarantees	**2,791**	3,165	2,633
Credit cards	**9,784**	9,710	11,222
Other	**14,931**	6,563	956
Total fee and commission income	**76,107**	69,040	66,344
Fee and commission expense			
Interbank transaction fees	**(3,925)**	(717)	(760)
Credit cards	**(7,098)**	(6,545)	(7,850)
Other	**(23,462)**	(24,798)	(23,897)
Total fee and commission expense	**(34,485)**	(32,060)	(32,507)
Net fee and commission income	**41,622**	36,980	33,837
(B) Segment B			
Fee and commission income			
International banking customer fees	**88,016**	58,441	50,810
Guarantees	**5,203**	2,439	983
Credit cards and e-commerce related fees	**226,983**	175,530	59,384
Other	**15,527**	13,538	2,732
Total fee and commission income	**335,729**	249,948	113,909
Fee and commission expense			
Interbank transaction fees	**(3,909)**	(3,289)	-
Credit cards and e-commerce related fees	**(160,587)**	(115,557)	(42,935)
Other	**(1,151)**	(1,040)	(885)
Total fee and commission expense	**(165,647)**	(119,886)	(43,820)
Net fee and commission income	**170,082**	130,062	70,089

5. NET GAIN/(LOSS) ON DEALING IN FOREIGN CURRENCIES AND DERIVATIVES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Profit/(loss) arising from dealing in foreign currencies	**94,100**	77,672	61,493
Net (loss) from derivatives	**(10,085)**	(5,414)	(12,495)
	84,015	72,258	48,998
(a) Segment A			
Profit arising from dealing in foreign currencies	**31,498**	45,061	23,755
Net (loss) from derivatives	**(3,566)**	(471)	(9,055)
	27,932	44,590	14,700
(b) Segment B			
Profit/(loss) arising from dealing in foreign currencies	**62,602**	32,611	37,738
Net (loss) from derivatives	**(6,519)**	(4,943)	(3,440)
	56,083	27,668	34,298

6. OTHER OPERATING INCOME

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Gain on sale of available-for-sale securities	**3,301**	11,530	-
Gain on sale of land through compulsory acquisition	**3,187**	-	443
Other	**(6,091)**	(2,129)	3,296
	397	9,401	3,739
(a) Segment A			
Gain on sale of available-for-sale securities	**3,301**	3,874	-
Gain on sale of land through compulsory acquisition	**3,187**	-	443
Other	**(6,091)**	(2,129)	543
	397	1,745	986
(b) Segment B			
Gain on sale of available-for-sale securities	**-**	7,656	-
Other	**-**	-	2,753
	-	7,656	2,753

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Provision for bad and doubtful debts	**(304,762)**	(262,542)	(268,911)
Bad debts written off for which no provisions were made	**(8,842)**	(17)	(283)
Provisions released during the year	**154,848**	97,316	115,615
Recoveries of advances written off	**5,130**	85	135
Net impairment loss on financial assets	**(153,626)**	(165,158)	(153,444)
(a) Segment A			
Provision for bad and doubtful debts	**(209,821)**	(236,000)	(268,911)
Bad debts written off for which no provisions were made	**(8,842)**	(17)	(283)
Provisions released during the year	**146,763**	97,316	60,241
Recoveries of advances written off	**5,130**	85	135
Net impairment loss on financial assets	**(66,770)**	(138,616)	(208,818)
(b) Segment B			
Provision for bad and doubtful debts	**(94,941)**	(26,542)	-
Provisions released during the year	**8,085**	-	55,374
Net impairment loss on financial assets	**(86,856)**	(26,542)	55,374

8. IMPAIRMENT LOSS ON INTANGIBLE ASSETS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Impairment loss on intangible assets	**-**	-	(15,147)

Impairment loss arising on goodwill initially recognised on purchase of Edge Forex Ltd treasury business, written off.

9. PERSONNEL EXPENSES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Wages and salaries	**(172,108)**	(165,627)	(147,714)
Compulsory social security obligations	**(7,583)**	(7,335)	(6,598)
Pension costs (note 27)	**(6,330)**	(1,770)	(6,121)
Deferred contribution plan	**(14,098)**	(12,691)	(10,723)
Other personnel expenses	**(113,535)**	(123,609)	(83,130)
	(313,654)	(311,032)	(254,286)
(a) Segment A			
Wages and salaries	**(127,190)**	(122,217)	(114,585)
Compulsory social security obligations	**(5,636)**	(5,427)	(5,155)
Pension costs (note 27)	**(6,330)**	(1,770)	(5,840)
Deferred contribution plan	**(10,325)**	(9,436)	(8,260)
Other personnel expenses	**(82,294)**	(92,388)	(66,369)
	(231,775)	(231,238)	(200,209)
(b) Segment B			
Wages and salaries	**(44,918)**	(43,410)	(33,129)
Compulsory social security obligations	**(1,947)**	(1,908)	(1,443)
Pension costs (note 27)	**-**	-	(281)
Deferred contribution plan	**(3,773)**	(3,255)	(2,463)
Other personnel expenses	**(31,241)**	(31,221)	(16,761)
	(81,879)	(79,794)	(54,077)

10. OTHER EXPENSES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Software licensing & other information technology cost	**(37,389)**	(38,605)	(35,540)
Premises related expenses	**(64,128)**	(59,466)	(56,896)
Legal and professional expenses	**(19,935)**	(8,500)	(24,433)
Others	**(23,333)**	(27,905)	(23,492)
	(144,785)	(134,476)	(140,361)
(a) Segment A			
Software licensing & other information technology cost	**(32,470)**	(34,813)	(30,071)
Premises related expenses	**(56,906)**	(52,733)	(50,985)
Legal and professional expenses	**(13,797)**	(5,418)	(16,017)
Others	**(18,705)**	(13,772)	(19,070)
	(121,878)	(106,736)	(116,143)
(b) Segment B			
Software licensing & other information technology cost	**(4,919)**	(3,792)	(5,469)
Premises related expenses	**(7,222)**	(6,733)	(5,911)
Legal and professional expenses	**(6,138)**	(3,082)	(8,416)
Others	**(4,628)**	(14,133)	(4,422)
	(22,907)	(27,740)	(24,218)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. INCOME TAX EXPENSE/(CREDIT)

	Dec-16	Dec-15	Dec-14
RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS	Rs 000	Rs 000	Rs 000
(a) Current tax expense			
Current period	14,343	15,196	29,814
Over provision in prior years	-	-	(2,304)
	14,343	15,196	27,510
(b) Deferred tax expense			
Originated and reversal of temporary differences (Note 20)	22,886	(30,986)	(24,311)
	37,229	(15,790)	3,199
(c) Reconciliation of effective tax rate			
Profit before income tax	348,813	211,139	120,319
Income tax at a rate of 2.8% & 27%	(6,096)	(22,294)	(16,131)
(2015: 3.8% & 27% - 2014: 3.3% & 17%)			
Non-deductible expenses	4,669	1,681	5,595
Income not subject to tax	(1,462)	(9,179)	(1)
Special levy on banks	4,065	3,179	10,084
Corporate Social Responsibility Fund	-	1,503	1,506
Other permanent differences-write offs of loans	7,779	9,580	-
Differences in rates	5,685	11,081	-
Other Differences	-	-	4,450
Losses utilised against segment B profit	22,555	-	-
Underprovision of deferred tax in prior years	34	(11,341)	(2,304)
Total income tax in income statement	37,229	(15,790)	3,199
(i) Segment A			
Current tax expense			
Current period	-	1,503	20,331
Over provision in prior years	-	-	(2,304)
	-	1,503	18,027
Deferred tax credit			
Originated and reversal of temporary differences	25,537	(29,861)	(24,311)
(ii) Segment B			
Current tax expense			
Current period	14,343	13,693	9,483
Deferred tax credit			
Originated and reversal of temporary differences	(2,651)	(1,125)	-

The Bank has used an effective tax rate of 27% under segment A activities in 2016 (2015-27%), but it is entitled to a foreign tax credit of 80% of normal corporation tax rate of 15% from segment B activities resulting to an effective tax rate of 3.4% for this segment. Special levy is calculated at the rate of 10% on chargeable income for Segment A. For Segment B, special levy is calculated at the rate of 1% on operating profit and 3.4% on profit before income tax less foreign tax credit of 80%.

12. BASIC EARNINGS PER SHARE

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Profit for the year	311,584	226,929	117,120
Weighted average number of ordinary shares	8,564,560	7,472,094	7,314,560
Earnings per share - Basic (Rs.)	36.38	30.37	16.01

13. CASH AND CASH EQUIVALENTS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Cash in hand	149,143	220,661	279,457
Foreign currency notes and coins	15,383	21,434	20,711
Unrestricted balances with central banks (Note i)	211,966	40,912	108,286
Money market placements (Note ii)	2,730,694	2,323,181	2,939,463
Balances with banks abroad	1,477,603	1,064,484	1,376,663
	4,584,789	3,670,672	4,724,580
Current	4,584,789	3,670,672	4,724,580
(a) Segment A			
Cash in hand	149,143	220,661	279,457
Foreign currency notes and coins	15,383	21,434	20,711
Unrestricted balances with central banks (Note i)	211,966	40,912	108,286
	376,492	283,007	408,454
(b) Segment B			
Money market placements (Note ii)	2,730,694	2,323,181	2,939,463
Balance with banks abroad	1,477,603	1,064,484	1,376,663
	4,208,297	3,387,665	4,316,126

i) Balances with central banks over and above the minimum Cash Reserve Requirement (CRR) as disclosed in Note 21.

ii) Money market placements are investments maturing within three months.

For the purpose of the statement of cash flows, cash and cash equivalents include:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Cash and balances with banks	4,584,789	3,670,672	4,724,580
Securities maturing within 3 months	935,003	476,811	-
Borrowings from banks	(33,606)	(280,054)	-
Balance due in clearing	33,501	24,435	-
	5,519,687	3,891,864	4,724,580

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT

	Nominal	Assets Fair Value	Liabilities Fair Value
As at 31 December 2016	Rs 000	Rs 000	Rs 000
Currency Forwards	21,840	7	590
Currency Swaps	2,067,203	1,330	10,833
	2,089,043	**1,337**	**11,423**
Segment A	812,656	520	4,086
Segment B	1,276,387	817	7,337
Current	**2,089,043**	**1,337**	**11,423**

	Nominal	Assets Fair Value	Liabilities Fair Value
As at 31 December 2015	Rs 000	Rs 000	Rs 000
Currency Forwards	34,031	7	190
Currency Swaps	1,274,234	200	5,432
	1,308,265	**207**	**5,622**
Segment A	63,332	3	474
Segment B	1,244,933	204	5,148
Current	**1,308,265**	**207**	**5,622**

	Nominal	Assets Fair Value	Liabilities Fair Value
As at 31 December 2014	Rs 000	Rs 000	Rs 000
Currency Forwards	187,714	139	7,673
Currency Swaps	1,669,606	843	5,804
	1,857,320	**982**	**13,477**
Segment A	186,472	139	9,194
Segment B	1,670,848	843	4,283
Current	**1,857,320**	**982**	**13,477**

15. LOANS AND ADVANCES TO BANKS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Outside Mauritius	**1,667,012**	539,685	317,000
	1,667,012	539,685	317,000
Less: allowance for credit impairment	**(16,669)**	(5,396)	(3,170)
	1,650,343	534,289	313,830
Current	**578,043**	534,289	156,915
Non Current	**1,072,300**	-	156,915
(a) Segment B			
Outside Mauritius	**1,667,012**	539,685	317,000
	1,667,012	539,685	317,000
Less: allowance for credit impairment	**(16,669)**	(5,396)	(3,170)
	1,650,343	534,289	313,830
(b) Remaining term to maturity			
Up to 3 months	**216**	-	-
Over 3 months and up to 6 months	**222,620**	-	158,500
Over 6 months and up to 12 months	**361,044**	539,685	-
Over 1 year and up to 5 years	**1,083,132**	-	158,500
	1,667,012	539,685	317,000

	Specific allowances for impairment	Portfolio allowances for impairment	Total
(c) Allowance for credit impairment	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2014	-	1,923	1,923
Provision during the year	-	1,247	1,247
Balance as at 31 December 2014	**-**	**3,170**	**3,170**
Provision during the year	-	2,226	2,226
Balance as at 31 December 2015	**-**	**5,396**	**5,396**
Provision during the year	-	11,273	11,273
Balance as at 31 December 2016	**-**	**16,669**	**16,669**

16. LOANS AND ADVANCES TO CUSTOMERS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Retail customers			
- Credit cards	**50,016**	50,713	73,822
- Mortgages	**1,833,013**	2,012,715	2,223,689
- Other retail loans	**1,774,410**	2,142,154	2,490,275
Corporate customers	**6,557,866**	6,024,941	5,100,119
Entities outside Mauritius	**4,223,998**	2,839,145	1,237,025
	14,439,303	13,069,668	11,124,930
Less: allowance for credit impairment	**(689,207)**	(734,523)	(581,343)
	13,750,096	12,335,145	10,543,587
Current	**5,277,768**	4,344,296	3,273,724
Non current	**8,472,328**	7,990,849	7,269,863
Net finance lease receivables included in loans and advances to customers above are as follows:	**171,147**	**183,867**	**216,767**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

	Dec-16	Dec-15	Dec-14
(a) Segment A	**Rs 000**	Rs 000	Rs 000
Retail customers			
- Credit cards	**50,016**	50,713	73,822
- Mortgages	**1,795,157**	1,920,833	2,125,929
- Other retail loans	**1,495,888**	1,887,330	2,142,356
Corporate customers	**5,427,043**	4,288,210	3,835,798
	8,768,104	8,147,086	8,177,905
Less allowance for credit impairment	**(553,879)**	(680,031)	(555,747)
	8,214,225	7,467,055	7,622,158
(b) Segment B			
Retail customers			
- Mortgages	**37,856**	91,882	97,760
- Other retail loans	**278,522**	254,824	347,919
Corporate customers	**1,130,823**	1,736,731	1,264,321
Entities outside Mauritius	**4,223,998**	2,839,145	1,237,025
	5,671,199	4,922,582	2,947,025
Less allowance for credit impairment	**(135,328)**	(54,492)	(25,596)
	5,535,871	4,868,090	2,921,429
(c) Remaining term to maturity			
Up to 3 months	**4,136,619**	2,577,276	2,237,731
Over 3 months and up to 6 months	**761,562**	520,806	438,211
Over 6 months and up to 12 months	**443,594**	1,298,221	635,775
Over 1 year and up to 5 years	**6,157,599**	5,086,151	4,212,964
Over 5 years	**2,939,929**	3,587,214	3,600,249
	14,439,303	13,069,668	11,124,930
(d) Credit concentration of risk by sectors			
Agriculture and fishing	**829,771**	558,772	487,770
Manufacturing	**822,286**	776,890	483,526
of which Export Processing Zone License holders	**96,963**	18,327	19,178
Tourism	**954,424**	1,001,644	1,064,404
Transport	**551,635**	425,907	442,507
Construction	**3,426,553**	3,765,596	3,623,871
of which Residential Mortgages	**1,843,385**	2,034,612	2,223,689
of which other constructions	**1,583,168**	1,730,984	1,400,182
Financial and business services	**1,033,239**	744,594	399,990
Traders	**3,104,646**	2,595,491	1,784,327
Personal	**761,309**	956,439	1,161,004
of which credit cards	**50,016**	50,713	73,822
Professional	**14,130**	28,257	50,334
Global business license holders	**1,090,086**	1,517,069	1,249,881
Others	**1,851,224**	699,009	377,316
	14,439,303	13,069,668	11,124,930

	Dec-16	Dec-15	Dec-14
(e) Credit concentration of risk by sectors (Cont'd)	**Rs 000**	Rs 000	Rs 000
Segment A			
Agriculture and Fishing	**715,933**	392,369	319,972
Manufacturing	**375,889**	348,893	404,442
of which Export Processing Zone License holders	**95,163**	15,788	16,785
Tourism	**945,214**	992,542	895,545
Transport	**160,308**	199,763	223,772
Construction	**2,721,318**	3,052,329	3,221,688
of which Residential Mortgages	**1,805,432**	1,942,730	2,125,929
of which other constructions	**915,886**	1,109,599	1,095,759
Financial and business services	**775,156**	377,584	239,109
Traders	**2,026,452**	1,609,139	1,520,718
Personal	**705,079**	892,075	1,068,173
of which credit cards	**50,016**	50,713	73,822
Professional	**14,130**	28,257	50,334
Others	**328,625**	254,135	234,152
	8,768,104	8,147,086	8,177,905
Segment B			
Agriculture and Fishing	**113,838**	166,403	167,798
Manufacturing	**446,397**	427,997	79,084
of which Export Processing Zone License holders	**1,800**	2,539	2,393
Tourism	**9,210**	9,102	168,859
Transport	**391,327**	226,144	218,735
Construction	**705,235**	713,267	402,183
of which Residential Mortgages	**37,953**	91,882	97,760
of which other constructions	**667,282**	621,385	304,423
Financial and business services	**258,083**	367,010	160,881
Traders	**1,078,194**	986,352	263,609
Personal	**56,230**	64,364	92,831
Global business license holders	**1,090,086**	1,517,069	1,249,881
Others	**1,522,599**	444,874	143,164
	5,671,199	4,922,582	2,947,025

Others include the following sectors: Media, Entertainment & Recreational Activities, Education, Modernisation & Expansion Enterprise Certificate Holders, Health Development Certificate Holders, Public Non-financial Corporations, State and Local Government, Infrastructure, ICT, Freeport Certificate Holders and others.

	Dec-16	Dec-15	Dec-14
Off-balance sheet by industry sector	**Rs 000**	Rs 000	Rs 000
Agriculture and Fishing	**13,614**	2,571	4,583
Manufacturing	**81,789**	171,943	27,550
Tourism	**52,892**	70,109	49,313
Transport	**17,746**	2,480	7,023
Construction	**336,192**	195,856	189,444
Financial & Business Services	**283,993**	203,736	7,579
Traders	**401,601**	281,406	49,543
Personal	**235,107**	245,525	101,624
Global business license holders	**31,371**	74,643	352,792
Others	**207,958**	190,182	95,707
	1,662,263	1,438,451	885,158

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(f) Allowance for credit impairment

	Specific allowances for impairment	Portfolio allowances for impairment	Total
	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2014	295,756	121,077	416,833
Provision for credit impairment for the year	298,713	-	298,713
Loans written off out of allowance	(5,111)	-	(5,111)
Provisions released	(124,845)	(4,247)	(129,092)
Balance as at 31 December 2014	**464,513**	**116,830**	**581,343**
Provision for credit impairment for the year	304,405	23,774	328,179
Loans written off out of allowance	(90,185)	-	(90,185)
Provisions released	(84,814)	-	(84,814)
Balance as at 31 December 2015	**593,919**	**140,604**	**734,523**
Provision for credit impairment for the year	351,114	17,727	368,841
Loans written off out of allowance	(246,726)	-	(246,726)
Provisions released	(167,431)	-	(167,431)
Balance as at 31 December 2016	**530,876**	**158,331**	**689,207**

(g) Investment in finance leases

The amount of investments in finance leases included in the loans and advances to customers is outlined below:

	Up to 1 Year	1 to 5 Years	Over 5 Years	Dec-16 Total	Dec-15 Total	Dec-14 Total
	Rs 000	Rs 000	Rs 000	**Rs 000**	Rs 000	Rs 000
Gross investment in finance leases	10,927	249,020	151,923	**411,870**	472,670	497,580
Unearned finance income	(8,537)	(170,989)	(59,468)	**(238,994)**	(286,945)	(278,623)
Present value of minimum lease payments	2,390	78,031	92,455	**172,876**	185,725	218,957
Allowance for impairment	-	-	-	**(1,729)**	(1,858)	(2,190)
	-	-	-	**171,147**	183,867	216,767

Under finance lease, all the risks and rewards of ownership of the asset are transferred to the lessee. The finance lease agreement gives the lessee an option to buy the asset at a discounted price to the fair market value at the end of the lease term. The term of the lease contract generally ranges from five to seven years. All finance lease receivables are secured over the asset leased and in some cases additional guarantees are taken from the lessee.

Amount due from lessees under finance leases are recorded under loans and receivables. Finance lease income is allocated to the accounting period so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

(h) Allowance for credit impairment by industry sectors

	Dec -16					Dec -15	Dec -14
	Gross amount of loans	Impaired loans	Specific allowances for credit impairment	Portfolio allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
	Rs 000	Rs 000	Rs 000	Rs 000	**Rs 000**	Rs 000	Rs 000
Agriculture and fishing	829,771	2,488	2,107	12,783	**14,890**	25,488	21,788
Manufacturing	822,286	31,290	23,685	8,723	**32,408**	30,085	13,479
of which Export Processing Zone license holders	96,963	-	-	1,315	**1,315**	243	270
Tourism	954,424	83,161	16,319	13,319	**29,638**	19,541	16,664
Transport	551,635	123,072	6,185	4,768	**10,953**	8,612	6,541
Construction	3,426,553	571,322	299,344	34,645	**333,989**	339,008	226,747
of which Residential Mortgages	1,843,385	175,834	78,985	22,647	**101,632**	86,884	66,209
of which other constructions	1,583,168	395,488	220,359	11,999	**232,358**	252,124	160,538
Financial and business services	1,033,239	-	-	12,280	**12,280**	10,115	5,851
Traders	3,104,646	180,186	84,573	35,256	**119,829**	121,736	118,344
Personal	761,309	103,768	60,561	7,896	**68,457**	98,183	127,324
of which credit cards	50,016	5,206	5,267	832	**6,099**	19,543	21,188
Professional	14,130	3,308	1,028	147	**1,175**	388	663
Global business license holders	1,090,086	83,188	9,435	9,801	**19,236**	19,895	11,999
Others	1,851,224	43,801	27,639	18,713	**46,352**	61,472	31,943
	14,439,303	1,225,584	530,876	158,331	**689,207**	734,523	581,343

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(h) Allowance for credit impairment by industry sectors (Cont'd)

	Dec -16					Dec -15	Dec -14
	Gross amount of loans	Impaired loans	Specific allowances for credit impairment	Portfolio allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
Segment A	Rs 000	Rs 000	Rs 000	Rs 000	**Rs 000**	Rs 000	Rs 000
Agriculture & Fishing	715,933	2,488	2,107	12,734	**14,841**	25,015	21,275
Manufacturing	375,889	31,290	23,685	4,591	**28,276**	26,328	13,167
of which Export Processing Zone License Holders	95,163	-	-	1,297	**1,297**	218	246
Tourism	945,214	83,161	16,319	13,319	**29,638**	19,541	15,056
Transport	160,308	17,209	6,185	1,935	**8,120**	6,357	4,354
Construction	2,721,318	451,060	222,978	30,764	**253,742**	327,728	222,559
of which Residential Mortgages	1,805,432	157,289	75,095	22,455	**97,550**	82,867	63,461
of which other constructions	915,886	293,771	147,883	8,310	**156,193**	244,861	159,098
Financial & Business Services	775,156	-	-	10,081	**10,081**	7,171	5,004
Traders	2,026,452	170,477	83,766	24,816	**108,582**	112,106	116,118
Personal	705,079	103,768	60,561	7,337	**67,898**	98,047	126,919
of which credit cards	50,016	5,206	5,267	832	**6,099**	19,543	21,188
Professional	14,130	3,308	1,028	147	**1,175**	388	663
Others	328,625	43,801	27,639	3,887	**31,526**	57,350	30,632
	8,768,104	906,562	444,268	109,611	**553,879**	680,031	555,747
Segment B							
Agriculture & Fishing	113,838	-	-	49	**49**	473	513
Manufacturing	446,397	-	-	4,132	**4,132**	3,757	312
of which Export Processing Zone License Holders	1,800	-	-	18	**18**	25	24
Tourism	9,210	-	-	-	**-**	-	1,608
Transport	391,327	105,863	-	2,833	**2,833**	2,255	2,187
Construction	705,235	120,262	76,366	3,881	**80,247**	11,280	4,188
of which Residential Mortgages	37,953	18,545	3,890	192	**4,082**	4,017	2,748
of which other constructions	667,282	101,717	72,476	3,689	**76,165**	7,263	1,440
Financial & Business Services	258,083	-	-	2,199	**2,199**	2,944	847
Traders	1,078,194	9,709	807	10,440	**11,247**	9,630	2,226
Personal	56,230	-	-	559	**559**	136	405
Global Business License Holders	1,090,086	83,188	9,435	9,801	**19,236**	19,895	11,999
Others	1,522,599	-	-	14,826	**14,826**	4,122	1,311
	5,671,199	319,022	86,608	48,720	**135,328**	54,492	25,596

17. INVESTMENT SECURITIES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Available-for-sale investment securities	**1,494,704**	843,338	415,164
Held-to-maturity investment securities	**2,296,326**	1,683,082	879,260
	3,791,030	2,526,420	1,294,424
Current	**2,487,922**	949,423	291,341
Non-Current	**1,303,108**	1,576,997	1,003,083
Available-for-sale investment securities			
Equity shares in Oriental Commercial Bank Ltd (Kenya)	**33,882**	26,298	25,251
Bank/Government of Mauritius securities and other corporate bonds	**1,457,789**	814,151	387,194
Equity	**3,033**	2,889	2,719
	1,494,704	843,338	415,164
(a) Segment A			
Bank/Government of Mauritius securities	**1,457,789**	814,151	240,115
Others	**1,892**	1,892	1,829
	1,459,681	816,043	241,944
(b) Segment B			
Equity shares in Oriental Commercial Bank Ltd (Kenya)	**33,882**	26,298	25,251
Corporate Bonds	**-**	-	147,079
Others	**1,141**	997	890
	35,023	27,295	173,220

The Bank holds 4,597,210 shares, representing 3.69% shareholding of Oriental Commercial Bank Ltd, incorporated and operating in Kenya. The available for sale investment securities are classified as level 3 on the fair value hierarchy and are valued on a Net Asset Value basis based on latest financial statements as at 30 September 2016.

Held-to-maturity investment securities	**Dec-16**	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	**145,503**	221,892	221,567
Government of Mauritius Bills	**-**	124,789	11,848
Bank of Mauritius Bills	**-**	-	127,748
Treasury Bills / Notes issued by Government of Mauritius	**635,476**	556,343	51,438
Corporate Bonds/Other Bank Placements	**1,515,347**	780,058	466,659
	2,296,326	1,683,082	879,260
Segment A			
Government of Mauritius bonds	**145,503**	221,892	221,567
Government of Mauritius Bills	**-**	124,789	11,848
Bank of Mauritius Bills	**-**	-	127,748
Treasury Bills / Notes issued by Government of Mauritius	**635,476**	556,343	51,438
Corporate Bonds/Other Bank Placements	**433,367**	386,801	339,954
	1,214,346	1,289,825	752,555
Segment B			
Corporate Bonds/Other Bank Placements	**1,081,980**	393,257	126,705
	1,081,980	393,257	126,705

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. INVESTMENT SECURITIES (CONT'D)

Remaining term to maturity - 2016	Up to 3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	-	80,938	15,150	49,415	-	145,503
Government of Mauritius Bills	-	49,578	-	-	-	49,578
Treasury Bills / Notes issued by Government of Mauritius	26,327	-	50,255	509,317	-	585,899
Corporate Bonds/ Other Bank Placements	737,756	101,200	193,447	338,055	144,888	1,515,346
	764,083	**231,716**	**258,852**	**896,787**	**144,888**	**2,296,326**

Remaining term to maturity - 2015	Up to 3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	2,082	1,747	75,359	142,704	-	221,892
Government of Mauritius Bills	124,789	-	-	-	-	124,789
Treasury Bills / Notes issued by Government of Mauritius	1,220	152,326	150	402,647	-	556,343
Corporate Bonds/ Other Bank Placements	46,847	362,168	182,735	175,521	12,787	780,058
	174,938	**516,241**	**258,244**	**720,872**	**12,787**	**1,683,082**

Remaining term to maturity - 2014	Up to 3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Government of Mauritius bonds	-	-		221,567	-	221,567
Government of Mauritius Bills	11,848	-	-	-	-	11,848
Bank of Mauritius Bills	112,861	14,887	-	-	-	127,748
Treasury Bills / Notes issued by Government of Mauritius	-	25,040	-	26,398	-	51,438
Corporate Bonds/ Other Bank Placements	-	99,293	27,412	339,954	-	466,659
	124,709	**139,220**	**27,412**	**587,919**	**-**	**879,260**

18. PROPERTY AND EQUIPMENT

	Land and buildings	Computer and other equipment	Other fixed assets	Work in Progress	Total
Cost or Valuation	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2014	293,285	151,125	128,265	-	572,675
Acquisitions	-	22,670	19,434	2,408	44,512
Write off/Disposal	-	(1,638)	(5,006)	-	(6,644)
Revaluation loss	(4,821)	-	-	-	(4,821)
Balance as at 31 December 2014	**288,464**	**172,157**	**142,693**	**2,408**	**605,722**
Acquisitions	-	538	4,138	16,563	21,239
Disposal	-	-	1,243	(1,243)	-
Transfer to property and equipment	-	-	(1,525)	-	(1,525)
Write off	-	(1,510)	(7,691)	(1,568)	(10,769)
Balance as at 31 December 2015	**288,464**	**171,185**	**138,858**	**16,160**	**614,667**
Acquisitions	-	8,092	3,412	68,248	79,752
Transfer to property and equipment	-	8,546	-	(8,546)	-
Disposal	-	-	(11,275)	-	(11,275)
Write off/scrapped	-	(6,723)	(18,496)	-	(25,219)
Balance as at 31 December 2016	**288,464**	**181,100**	**112,499**	**75,862**	**657,925**
Accumulated depreciation					
Balance as at 1 January 2014	43,459	138,375	80,280	-	262,114
Depreciation for the year	5,006	7,701	8,923	-	21,630
Scrapped	-	(1,673)	(130)	-	(1,803)
Disposal adjustment	-	-	(4,275)	-	(4,275)
Balance as at 31 December 2014	**48,465**	**144,403**	**84,798**	**-**	**277,666**
Depreciation for the year	3,840	7,910	10,374	-	22,124
Disposal	-	-	(1,525)	-	(1,525)
Write off	-	(1,357)	(4,894)	-	(6,251)
Balance as at 31 December 2015	**52,305**	**150,956**	**88,753**	**-**	**292,014**
Depreciation for the year	3,829	7,565	9,651	-	21,045
Disposal	-	-	(9,898)	-	(9,898)
Write off/scrapped	-	(6,290)	(11,363)	-	(17,653)
Balance as at 31 December 2016	**56,134**	**152,231**	**77,143**	**-**	**285,508**
Net book value as at 31 December 2016	**232,330**	**28,869**	**35,356**	**75,862**	**372,417**
Net book value as at 31 December 2015	**236,159**	**20,228**	**50,105**	**16,160**	**322,653**
Net book value as at 31 December 2014	**239,999**	**27,754**	**57,895**	**2,408**	**328,056**
Net book value as at 31 December 2016 by segments					
Segment A	232,330	28,817	34,049	75,862	371,058
Segment B	-	52	1,307	-	1,359
	232,330	**28,869**	**35,356**	**75,862**	**372,417**
Net book value as at 31 December 2015 by segments					
Segment A	236,159	20,150	48,397	16,160	320,866
Segment B	-	78	1,708	-	1,787
	236,159	**20,228**	**50,105**	**16,160**	**322,653**
Net book value as at 31 December 2014 by segments					
Segment A	239,999	27,661	57,878	2,408	327,946
Segment B	-	93	17	-	110
	239,999	**27,754**	**57,895**	**2,408**	**328,056**

The Company's land and building were last revalued in 2017 by V. Ramjee & Associates Ltd (Chartered Valuer). The basis of valuation is based on market value, defined in accordance with International Valuation Standard Committee and the accounts were amended to reflect the fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

18. PROPERTY AND EQUIPMENT (CONT'D)

	Dec 16	Dec 15	Dec 14
	Rs 000	Rs 000	Rs 000
Land & Building excluding revaluation	**142,551**	146,571	150,591

19. INTANGIBLE ASSETS

	Goodwill	Computer Software	Work in Progress	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2014	15,147	131,528	-	146,675
Additions	-	6,739	-	6,739
Impairment loss (note 8)	(15,147)	-	-	(15,147)
Balance as at 31 December 2014	**-**	**138,267**	**-**	**138,267**
Additions	-	2,580	10,181	12,761
Transfer to intangibles	-	5,824	(5,824)	-
Balance as at 31 December 2015	**-**	**146,671**	**4,357**	**151,028**
Additions	-	6,922	9,701	16,623
Transfer to intangibles	-	11,611	(11,611)	-
Scrapped	-	(85)	-	(85)
Balance as at 31 December 2016	**-**	**165,119**	**2,447**	**167,566**
Amortisation				
Balance as at 1 January 2014	-	84,319	-	84,319
Charge for the year	-	16,220	-	16,220
Balance as at 31 December 2014	**-**	**100,539**	**-**	**100,539**
Charge for the year	-	13,065	-	13,065
Balance as at 31 December 2015	**-**	**113,604**	**-**	**113,604**
Charge for the year	-	13,347	-	13,347
Scrapped	-	(78)	-	(78)
Balance as at 31 December 2016	**-**	**126,873**	**-**	**126,873**
Net book value as at 31 December 2016	**-**	**38,246**	**2,447**	**40,693**
Net book value as at 31 December 2015	**-**	**33,067**	**4,357**	**37,424**
Net book value as at 31 December 2014	**-**	**37,728**	**-**	**37,728**
Net book value as at 31 December 2016 by segments				
Segment A	-	35,793	2,447	38,240
Segment B	-	2,453	-	2,453
	-	**38,246**	**2,447**	**40,693**
Net book value as at 31 December 2015 by segments				
Segment A	-	29,033	4,357	33,390
Segment B	-	4,034	-	4,034
		33,067	**4,357**	**37,424**
Net book value as at 31 December 2014 by segments				
Segment A	-	36,330	-	36,330
Segment B	-	1,398	-	1,398
	-	**37,728**	**-**	**37,728**

20. DEFERRED TAX ASSETS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
At start of year	**95,399**	59,641	25,982
Statement of profit or loss charge (note 11)	**(22,886)**	30,986	24,311
Amount recognised directly in Other Comprehensive Income:			
Deferred income tax on fair value adjustments	**(42)**	377	-
Over provision of deferred tax in previous years	**(1,561)**	-	-
Deferred income tax on actual losses on retirement benefits obligations	**1,008**	4,395	1,319
Deferred tax on revaluation of building	**-**	-	8,029
At end of year	**71,918**	95,399	59,641
Deferred tax assets			
Allowances for loan losses	**69,274**	91,200	62,808
Available-for-sale securities	**386**	428	52
Revaluation on building	**8,029**	8,029	8,029
Retirement Benefit Obligation	**3,620**	3,960	4,795
Deferred tax through OCI	**6,722**	5,714	1,319
	88,031	109,331	77,003
Deferred tax liabilities			
Accelerated capital allowances	**2,841**	2,220	5,650
Revaluation reserve	**13,272**	11,712	11,712
	16,113	13,932	17,362
Non current	**71,918**	95,399	59,641

Deferred income tax is calculated on all temporary differences under the liability method using an effective tax rate of 17% (2015 and 2014-17%) for segment A and an effective tax rate of 3% (2015 and 2014-3%) for segment B resulting from 80% tax relief for segment B activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. OTHER ASSETS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Mandatory balances with central bank*	**948,551**	724,929	657,241
Balance due in clearing	**33,501**	24,435	28,804
Non-banking assets acquired in satisfaction of debts	**8,789**	1,660	1,660
Others receivables	**33,678**	23,302	62,782
	1,024,519	774,326	750,487
Current	**70,960**	44,849	75,407
Non Current	**953,559**	729,477	675,080
(a) Segment A			
Mandatory balances with central bank	**948,551**	724,929	657,241
Balance due in clearing	**33,501**	24,435	28,804
Non-banking assets acquired in satisfaction of debts	**8,789**	1,660	1,660
Others receivables	**28,744**	21,278	53,938
	1,019,585	772,302	741,643
(b) Segment B			
Others receivables	**4,934**	2,024	8,844
	4,934	2,024	8,844

* Balances to be maintained with Central Bank as Cash Reserve requirement.

22. DEPOSITS FROM CUSTOMERS

(a) Deposits comprise of the following:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Retail Customers	**7,217,618**	6,089,279	6,084,397
Corporate Customers	**3,477,120**	2,108,142	1,373,926
International Customers	**11,125,380**	9,026,463	8,011,490
Government	**367,181**	97,995	227
	22,187,299	17,321,879	15,470,040
Current	**20,479,157**	16,398,781	15,053,117
Non Current	**1,708,142**	923,098	416,923

22. DEPOSITS FROM CUSTOMERS (CONT'D)

(b) The table below shows the remaining term to maturity for deposits by the type of customer:

			Time deposits with remaining term to maturity					
	Current accounts	Savings accounts	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 1 year and up to 5 years	Over 5 years	Totals
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 31 December 2016								
Retail customers	772,455	5,284,040	271,593	153,126	301,258	431,758	12,046	7,226,276
Corporate customers	807,550	438,341	616,489	499,037	551,180	537,809	-	3,450,406
International customers	7,171,260	1,121,806	1,152,860	448,504	600,751	656,257	-	11,151,438
Government	-	2,805	-	200,774	85,329	70,271	-	359,179
Total	**8,751,265**	**6,846,992**	**2,040,942**	**1,301,441**	**1,538,518**	**1,696,095**	**12,046**	**22,187,299**
At 31 December 2015								
Retail customers	445,485	4,647,126	172,821	131,522	253,780	438,545	-	6,089,279
Corporate customers	756,775	342,065	116,522	19,500	566,900	306,380	-	2,108,142
International customers	5,747,672	1,098,020	931,651	206,340	919,607	123,173	-	9,026,463
Government	-	2,395	-	-	40,600	55,000	-	97,995
Total	**6,949,932**	**6,089,606**	**1,220,994**	**357,362**	**1,780,887**	**923,098**	**-**	**17,321,879**
At 31 December 2014								
Retail customers	393,314	4,514,670	266,781	226,789	310,956	371,887	-	6,084,397
Corporate customers	442,394	245,737	333,915	170,000	164,500	17,380	-	1,373,926
International customers	4,882,832	785,361	781,059	531,414	1,003,168	27,656	-	8,011,490
Government	-	227	-	-	-	-	-	227
Total	**5,718,540**	**5,545,995**	**1,381,755**	**928,203**	**1,478,624**	**416,923**	**-**	**15,470,040**

(c) Deposits by Segments

At 31 December 2016								
Segment A	**1,580,005**	**5,725,186**	**888,082**	**852,937**	**937,767**	**1,039,838**	**12,046**	**11,035,861**
Segment B	**7,171,260**	**1,121,806**	**1,152,860**	**448,504**	**600,751**	**656,257**	**-**	**11,151,438**
At 31 December 2015								
Segment A	1,202,260	4,991,586	289,343	151,022	861,280	799,925	-	8,295,416
Segment B	5,747,672	1,098,020	931,651	206,340	919,607	123,173	-	9,026,463
At 31 December 2014								
Segment A	835,708	4,760,634	600,696	396,789	475,456	389,267	-	7,458,550
Segment B	4,882,832	785,361	781,059	531,414	1,003,168	27,656	-	8,011,490

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

23. SUBORDINATED LIABILITIES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Remaining term to maturity :			
Within 1 year	50,064	143,900	39,670
Over 1 year and up to 2 years	-	89,010	134,131
Over 2 years and up to 3 years	-	39,010	84,296
Over 3 years and up to 4 years	-	39,094	34,297
Over 4 years and up to 5 years	-	-	34,395
Over 5 years	474,326	99,621	99,943
	524,390	410,635	426,732
Current	50,064	143,900	39,670
Non current	474,326	266,735	387,062
(a) Segment A			
Within 1 year	50,064	99,920	32
Over 1 year and up to 2 years	-	50,000	99,784
Over 2 years and up to 3 years	-	-	50,000
Over 5 years	99,700	99,621	99,943
	149,764	249,541	249,759
(b) Segment B			
Within 1 year	-	43,980	39,638
Over 1 year and up to 2 years	-	39,010	34,347
Over 2 years and up to 3 years	-	39,010	34,296
Over 3 years and up to 4 years	-	39,094	34,297
Over 4 years and up to 5 years	-	-	34,395
Over 5 years	374,626	-	-
	374,626	161,094	176,973

Interest rates on the subordinated debts range between 7.55% and 8.75%. (between 7.55% and 8.93% in 2015 and between 7.55% and 9.525% in 2014).

Movement in subordinated liabilities			
Opening balance	410,635	426,732	428,386
Additions	374,626	-	-
Redemptions	(260,871)	(16,097)	(1,654)
Closing balance	524,390	410,635	426,732

24. OTHER BORROWED FUNDS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Borrowings from Bank of Mauritius*	154,825	194,325	372,370
Short term Borrowings from local banks	-	100,000	-
Short term Borrowings from banks abroad	33,606	180,054	272
	188,431	474,379	372,642
Current	73,524	314,114	67,687
Non current	114,907	160,265	304,955
Segment A			
Borrowings from Bank of Mauritius	154,825	194,325	372,370
Short term Borrowings from local banks	-	100,000	-
	154,825	294,325	372,370
Segment B			
Short term Borrowings from banks abroad (at market rates)	33,606	180,054	272
	33,606	180,054	272

*Borrowings from Bank of Mauritius relates to the special foreign currency line of credit availed to lend to export operators.Interest rates on the other borrowings are on average below 1%.

Remaining term to maturity: 2016	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings from Bank of Mauritius	39,917	39,918	74,990	-	-	-	154,825
	39,917	39,918	74,990	-	-	-	154,825

Remaining term to maturity: 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings from Bank of Mauritius	34,060	41,320	41,320	77,625	-	-	194,325
	34,060	41,320	41,320	77,625	-	-	194,325

Remaining term to maturity: 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings from Bank of Mauritius	67,415	47,714	61,976	61,976	133,289	-	372,370
	67,415	47,714	61,976	61,976	133,289	-	372,370

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

25. CURRENT TAX LIABILITIES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Special levy on banks	4,065	-	10,084
Corporate Social Responsibility Fund	170	1,842	1,506
Income tax	2,724	38	8,914
	6,959	1,880	20,504
Current	6,959	1,880	20,504

26. OTHER LIABILITIES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Liability for defined pension plan (note 27)	21,913	13,755	10,207
Bills payable	20,152	5,851	19,315
Other payables	197,756	246,400	218,550
Allowances for off-balance-sheet exposures	480	480	29,167
	240,301	266,486	277,239
Current	166,090	204,150	237,865
Non current	74,211	62,336	39,374
Segment A			
Liability for defined pension plan (note 27)	21,913	13,755	10,207
Bills payable	20,152	5,851	19,315
Other payables	134,640	178,618	183,395
Allowances for off-balance-sheet exposures	480	480	29,167
	177,185	198,704	242,084
Segment B			
Other payables	63,116	67,782	35,155
	63,116	67,782	35,155

27. PENSION OBLIGATIONS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Pension obligations under defined benefit plan			
Amounts recognised in the statement of financial position (Note 26)	21,913	13,755	10,207
Amounts charged to profit or loss statement (note 9)	6,330	1,770	6,121
Amount credited to other comprehensive income net of deferred tax	(4,924)	(2,063)	(6,433)

(a) Defined pension benefits

(i) The Bank makes contributions to a defined benefit plan that provides pension for employees upon retirement and is wholly funded. The assets of the funded plan are held and independently administered by Swan Life Ltd.

The following information is based on actuarial valuation report dated 31 December 2016 by Swan Life Ltd.

(ii) The amounts recognised in the statement of financial position are as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Present value of funded obligations	118,511	124,896	114,850
Fair value of plan assets	(96,598)	(111,141)	(104,643)
Liability in the statement of financial position	21,913	13,755	10,207

(iii) The movement in the defined benefit obligations over the year is as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
At 1 January	13,755	10,207	20,899
Amount recognised in profit and loss	6,330	1,770	6,121
Amount recognised in other comprehensive income (gross)	5,932	6,458	7,752
Contributions by the employer	(4,104)	(4,680)	(24,565)
At 31 December	21,913	13,755	10,207
Non current	21,913	13,755	10,207

(iv) The movement in the defined benefit obligations for the year is as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
At 1 January	124,896	114,850	99,452
Current service cost	4,168	4,565	4,146
Interest cost	8,186	8,214	7,204
Effects of curtailments/settlements	-	(3,894)	-
Experience losses/(gains) on the liabilities	(7,189)	4,033	5,408
Changes in assumptions underlying the present value of the scheme	12,090	1,266	-
Other			
Benefits paid	(23,640)	(4,138)	(1,360)
At 31 December	118,511	124,896	114,850

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. PENSION OBLIGATIONS (CONT'D)

(v) The movement in the fair value of plan assets of the year is as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
At 1 January	**111,141**	104,643	78,553
Return on plan assets	**6,527**	7,371	6,692
Employer's contribution	**4,104**	4,680	24,565
Scheme expenses	**(160)**	228	(983)
Cost of insuring risk benefits	**(343)**	(484)	(480)
Actuarial loss	**(1,031)**	(1,159)	(2,344)
Benefits paid	**(23,640)**	(4,138)	(1,360)
At 31 December	**96,598**	111,141	104,643

(vi) The amounts recognised in profit or loss are as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Current service cost	**4,168**	4,565	4,146
Scheme expenses	**160**	(228)	983
Cost of insuring risk benefits	**343**	484	480
Effects of curtailments/settlements	**-**	(3,894)	-
Net interest cost	**1,659**	843	512
Total included in employee benefit expense	**6,330**	1,770	6,121
Actual return on plan assets	**5,497**	6,213	4,347

(vii) The amounts recognised in other comprehensive income are as follows:

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Losses on pension scheme assets	**1,031**	1,159	2,344
Experience losses on the liabilities	**(7,189)**	4,033	5,408
Changes in assumptions underlying the present value of the scheme	**12,090**	1,266	-
	5,932	6,458	7,752

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	Dec-16	Dec-15	Dec-14
	%	%	%
Discount rate	**6.0**	7.0	7.0
Expected return on plan assets	**4.0**	4.0	7.0
Future salary growth rate	**4.0**	5.0	5.0

The assets of the plan are invested in Swan Life Ltd deposit administration fund. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above correspond to a notional allocation of the underlying investments based on the long-term strategy of the pension fund.

As the pension fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long-term expected return on asset assumption has been based on historical performance of the pension fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk-free rate. The risk-free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(ix) Sensitivity analysis on defined benefit obligations to changes in the weighted principal assumptions is:

	31 Dec 16 Inc / (Dec)	31 Dec 15 Inc / (Dec)	31 Dec 14 Inc / (Dec)
	Rs 000	Rs 000	Rs 000
Discount rate (1% movement)	**(9,918)**	(9,349)	(9,221)
Future salary growth rate (1% movement)	**13,383**	12,832	9,869

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the bank to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Bank expects to pay Rs 7.2m in contributions to its post-employment benefit plans for the year ending 31 December 2017.

(xiii) The weighted average duration of the defined benefit obligation is 9 years at the end of the reporting period.

(b) Defined Contribution Plans

The Bank expects to contribute 10% of the expected salary to its post-employment defined contribution plans for the year ending 31 December 2016.

28. SHARE CAPITAL

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Shares at no par value			
Stated capital	**856,456**	856,456	731,456
At start of year	**856,456**	731,456	731,456
Issue of shares	**-**	125,000	-
At end of year	**856,456**	856,456	731,456
No. of ordinary shares in issue (no par value)	**8,564,560**	8,564,560	7,314,560

29. CONTINGENT LIABILITIES

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Acceptances on account of customers	**72,785**	23,315	44,666
Guarantees on account of customers	**601,492**	487,617	417,885
Letters of credit and other obligations on account of customers	**18,176**	53,516	49,656
Other contingent items	**29,954**	42,315	68,353
	722,407	606,763	580,560
Segment A			
Acceptances on account of customers	**61,109**	14,133	27,362
Guarantees on account of customers	**292,631**	241,734	245,300
Letters of credit and other obligations on account of customers	**9,298**	20,669	21,023
Other contingent items	**17,448**	11,325	64,379
	380,486	287,861	358,064

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

29. CONTINGENT LIABILITIES (CONT'D)

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Segment B			
Acceptances on account of customers	**11,676**	9,182	17,304
Guarantees on account of customers	**308,861**	245,883	172,585
Letters of credit and other obligations on account of customers	**8,878**	32,847	28,633
Other contingent items	**12,506**	30,990	3,974
	341,921	318,902	222,496

30. COMMITMENTS

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
(a) Undrawn credit facilities	**969,809**	874,003	372,951
Segment A	**777,781**	803,943	260,798
Segment B	**192,028**	70,060	112,153

(b) Operating lease commitments - where Bank One is the lessee

The bank leases various branches under non-cancellable operating lease agreements. These leases have varying terms, escallation clauses and renewal rights.

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

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Not later than one year	**11,732**	13,963	15,817
Later than one year and not later than five years	**19,240**	21,818	29,815
Later than five years	**-**	1,133	1,202
	30,972	36,914	46,834

(c) Securities pledged

GOM bonds as collateral for the purpose of overnight facility from the Bank of Mauritius when required.

Treasury notes and GOM bonds as collateral for facilities availed under the Special Foreign Currency line of credit.

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
GOM bonds	**70,000**	120,000	220,000
Treasury notes/bills	**370,000**	270,000	30,800
	440,000	390,000	250,800

31. CONTINGENT ASSET

The Bank is entitled to net proceeds on recovery of certain assets by the Liquidator of Delphis Bank Limited (in liquidation).

32. RELATED PARTIES

	Name of relationship	Dec-16	Dec-15	Dec-14
		Rs 000	Rs 000	Rs 000
Loans and advances	Related Companies	**811,161**	447,113	489,177
	Directors	**367**	912	-
	Key Management Personnel	**25, 854**	34,369	17,647
Deposits	Related Companies	**78,087**	103,407	95,420
	Directors	**47,469**	18,042	-
	Key Management Personnel	**27,082**	39,103	14,855
Interest income	Related Companies	**16,878**	10,998	18,339
	Directors	**-**	67	-
	Key Management Personnel	**1,344**	1,548	817
Interest expense	Related Companies	**3,411**	362	753
	Directors	**755**	176	-
	Key Management Personnel	**4,245**	770	253
Fees and Expenses	Directors	**6,422**	7,753	8,408

Related companies refer to enterprises in which shareholders, key directors/key management personnel have significant interest as defined in the guideline issued by BOM.

Credit commitments for Directors/Senior Management Personnel equals to Rs7.1m and Rs98.7m relates to commitments with related companies.

Other disclosures are outlined on pg 55 of the Risk Management Report.

(a) Key Management personnel compensation

	Dec-16	Dec-15	Dec-14
	Rs 000	Rs 000	Rs 000
Salaries and short-term employee benefits	**66,790**	70,764	50,974
Post employment benefits	**4,429**	4,622	3,628
Termination benefits	**-**	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

33. SEGMENTAL STATEMENT OF FINANCIAL POSITION

	Dec-16			Dec-15			Dec-14		
	BANK	SEGMENT A	SEGMENT B	BANK	SEGMENT A	SEGMENT B	BANK	SEGMENT A	SEGMENT B
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets									
Cash and cash equivalents	**4,584,789**	**376,492**	**4,208,297**	3,670,672	283,007	3,387,665	4,724,580	408,454	4,316,126
Derivative assets held for risk management	**1,337**	**520**	**817**	207	3	204	982	139	843
Loan and advances to banks	**1,650,343**	**-**	**1,650,343**	534,289	-	534,289	313,830	-	313,830
Loan and advances to customers	**13,750,096**	**8,214,225**	**5,535,871**	12,335,145	7,467,055	4,868,090	10,543,587	7,622,158	2,921,429
Investment Securities	**3,791,030**	**2,674,027**	**1,117,003**	2,526,420	2,105,868	420,552	1,294,424	994,499	299,925
Property & Equipment	**372,417**	**371,058**	**1,359**	322,653	320,866	1,787	328,056	318,504	9,552
Intangible asset	**40,693**	**38,240**	**2,453**	37,424	33,390	4,034	37,728	36,330	1,398
Deferred tax asset	**71,918**	**68,143**	**3,775**	95,399	94,274	1,125	59,641	59,641	-
Other assets	**1,024,519**	**1,019,585**	**4,934**	774,326	772,302	2,024	750,487	741,643	8,844
Total assets	**25,287,142**	**12,762,290**	**12,524,852**	20,296,535	11,076,765	9,219,770	18,053,315	10,181,368	7,871,947
Liabilities									
Deposits from customers	**22,187,299**	**11,035,861**	**11,151,438**	17,321,879	8,295,416	9,026,463	15,470,040	7,458,550	8,011,490
Derivative liabilities held for risk management	**11,423**	**4,086**	**7,337**	5,662	474	5,148	13,477	9,194	4,283
Subordinated liabilities	**524,390**	**149,764**	**374,626**	410,635	249,541	161,094	426,732	249,759	176,973
Other borrowed funds	**188,431**	**154,825**	**33,606**	474,379	294,325	180,054	372,642	372,370	272
Current tax liabilities	**6,959**	**6,959**	**-**	1,880	1,880	-	20,504	13,669	6,835
Other liabilities	**240,301**	**177,185**	**63,116**	266,486	198,704	67,782	277,239	242,084	35,155
	23,158,803	**11,528,680**	**11,630,123**	18,480,881	9,040,340	9,440,541	16,580,634	8,345,626	8,235,008
Shareholders' Equity									
Stated Capital	**856,456**			856,456			731,456		
Retained earnings	**967,011**			707,284			471,510		
Other reserves	**304,872**			251,914			269,715		
	2,128,339			1,815,654			1,472,681		
Total equity and liabilities	**25,287,142**			20,296,535			18,053,315		

34. SEGMENTAL STATEMENT OF PROFIT OR LOSS

	Year ended Dec-16			Year ended Dec-15			Year ended Dec-14		
	BANK	SEGMENT A	SEGMENT B	BANK	SEGMENT A	SEGMENT B	BANK	SEGMENT A	SEGMENT B
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	**1,022,557**	**597,323**	**425,234**	902,756	561,676	341,080	914,867	664,357	250,510
Interest expense	**(323,403)**	**(283,773)**	**(39,630)**	(294,463)	(254,525)	(39,938)	(350,123)	(301,071)	(49,052)
Net interest income	**699,154**	**313,550**	**385,604**	608,293	307,151	301,142	564,744	363,286	201,458
Fee and commission income	**411,836**	**76,107**	**335,729**	318,988	69,040	249,948	180,253	66,344	113,909
Fee and commission expense	**(200,132)**	**(34,485)**	**(165,647)**	(151,946)	(32,060)	(119,886)	(76,327)	(32,507)	(43,820)
Net fee and commission income	**211,704**	**41,622**	**170,082**	167,042	36,980	130,062	103,926	33,837	70,089
Net gain/(loss) in dealing in foreign currencies and derivatives	**84,015**	**27,932**	**56,083**	72,258	44,590	27,668	48,998	14,700	34,298
Other operating income	**397**	**397**	**-**	9,401	1,745	7,656	3,739	986	2,753
	84,412	**28,329**	**56,083**	81,659	46,335	35,324	52,737	15,686	37,051
Operating income	**995,270**	**383,501**	**611,769**	856,994	390,466	466,528	721,407	412,809	308,598
Non Interest Expenses									
Personnel expenses	**(313,654)**	**(231,775)**	**(81,879)**	(311,032)	(231,238)	(79,794)	(254,286)	(200,209)	(54,077)
Depreciation & amortisation	**(34,392)**	**(32,080)**	**(2,312)**	(35,189)	(33,416)	(1,773)	(37,850)	(37,000)	(850)
Other Expenses	**(144,785)**	**(121,878)**	**(22,907)**	(134,476)	(106,736)	(27,740)	(140,361)	(116,143)	(24,218)
	(492,831)	**(385,733)**	**(107,098)**	(480,697)	(371,390)	(109,307)	(432,497)	(353,352)	(79,145)
Profit before Impairment	**502,439**	**(2,232)**	**504,671**	376,297	19,076	357,221	288,910	59,457	229,453
Net impairment loss on financial assets	**(153,626)**	**(66,770)**	**(86,856)**	(165,158)	(138,616)	(26,542)	(153,444)	(208,818)	55,374
Impairment loss on goodwill	**-**	**-**	**-**	-	-	-	(15,147)	(15,147)	-
	(153,626)	**(66,770)**	**(86,856)**	(165,158)	(138,616)	(26,542)	(168,591)	(223,965)	55,374
Profit before tax	**348,813**	**(69,002)**	**417,815**	211,139	(119,540)	330,679	120,319	(164,508)	284,827
Income tax (expense) /credit	**(37,229)**	**(25,537)**	**(11,692)**	15,790	28,357	(12,567)	(3,199)	6,284	(9,483)
Profit/(loss) after tax	**311,584**	**(94,539)**	**406,123**	226,929	(91,183)	318,112	117,120	(158,224)	275,344

BRANCH NETWORK

Branch	Address	Telephone	Fax
Head Office	16, Sir William Newton Street Port Louis	(230) 202 9200	(230) 212 6647
Triolet	Royal Road, Triolet	(230) 261 3194	(230) 261 5529
Goodlands	Royal Road, Goodlands	(230) 283 6491	(230) 283 6238
Rivière du Rempart	Royal Road, Rivière du Rempart	(230) 412 6323	(230) 412 6240
Flacq	Charles de Gaulle Street, Flacq	(230) 413 4931 (230) 413 4933	(230) 413 4934
Rose Hill	Royal Road, Rose-Hill	(230) 466 0789	(230) 466 5690
Quatre Bornes	Royal Road, Quatre Bornes	(230) 454 0299 (230) 464 4023	(230) 454 8672
Vacoas	John Kennedy Avenue, Vacoas	(230) 686 4801 (230) 686 4480	(230) 686 5755
Curepipe	Opposite Poncini, Next to Monoprix	(230) 675 2300 (230) 675 3130	(230) 675 0888
Rose Belle	Royal Road, Rose-Belle	(230) 627 0561 (230) 627 0210	(230) 627 6541
Mahébourg	Royal Road, Mahébourg	(230) 631 1247 (230) 631 1471	(230) 631 1328
L'Escalier	Royal Road, L'Escalier	(230) 636 0134 (230) 636 8180	(230) 636 7755
Chemin Grenier	Royal Road, Chemin Grenier	(230) 622 8200 (230) 622 6537	(230) 622 6564

MEET OUR MANAGEMENT EXECUTIVE TEAM

you can be assured that
at Bank One your

BIO

data is kept confidential and is
never shared to third parties

ENVIRONMENTAL DECLARATION

This Annual Report is printed on 100 % recycled paper

Cyclus**Offset**

Cyclus**Offset** is a 100% recycled uncoated, natural white offset paper made from 100% recycled pulp requiring much less water and a considerable reduction in energy consumption compared to paper from virgin fibre.

By using CyclusOffset rather than a non-recycled paper, the environmental impact was reduced by:

174 kg of landfill

42 kg CO_2 and greenhouse gases

418 km travel in the average European car

4,247 litres of water

538 kWh of energy

283 kg of wood

Bank One Limited
Registered Office: 16, Sir William Newton Street, Port Louis, Mauritius
T: +230 202 9200 | F: +230 212 6647 | E: info@bankone.mu | www.bankone.mu
BRN : C07040612