

**DEVELOPMENT BANK OF SEYCHELLES**

**AUDITED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2015**

**DEVELOPMENT BANK OF SEYCHELLES**  
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The Management have pleasure in submitting their report together with the audited annual financial statements of **Development Bank of Seychelles** (hereafter referred to as the "Bank" or "DBS") for the year ended December 31, 2015.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Bank is to establish, maintain or develop, or to assist in or promote the establishment, maintenance or development of, money or capital markets in the Seychelles. This activity has remained unchanged in the year under review.

#### **RESULTS**

	<u>2015</u>	<u>2014</u>
	SCR	SCR
Retained earnings at January 1,	183,697,600	168,086,287
Profit for the year	<u>14,499,357</u>	<u>15,611,313</u>
<b>Retained earnings at December 31,</b>	<b><u>198,196,957</u></b>	<b><u>183,697,600</u></b>

#### **EQUIPMENT**

Additions to equipment and property totalled SCR 519,075 for the year ended December 31, 2015 (2014: SCR 752,037).

Equipment is stated at cost less accumulated depreciation. The Management is of the opinion that there is no adjustment required for the impairment of equipment and property.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Management is responsible for the overall management of the affairs of the Bank including the operations of the Bank and making investment decisions.

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Development Bank of Seychelles Decree, 1977, the Financial Institutions Act, 2004 (Application of the Act) and the regulations and directives of the Central Bank of Seychelles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Management have the general responsibility of safeguarding the Bank's assets.

The Management considers it has met its aforesaid responsibilities.

#### **GOING CONCERN**

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

DIRECTORS AND THEIR INTERESTS IN THE BANK

The directors of the Bank during the year ended December 31, 2015 were as follows:

Names	Nationality	Category	Date of appointment	Date of resignation
Lekha Nair	Seychellois	Chairman	June 3, 2013	-
Annie Vidot	Seychellois	Member	June 3, 2013	-
Rupert Simeon	Seychellois	Deputy Chairman	June 3, 2013	-
Ina Barbe	Seychellois	Member	June 3, 2013	-
Rosanda Alcindor	Seychellois	Member	June 3, 2013	-
Marc Naiken	Seychellois	Member	June 3, 2013	-
Roy Clarisse	Seychellois	Member	June 3, 2013	-
Mike Laval	Seychellois	Member	June 3, 2013	-
Jerry Morin	Seychellois	Member	June 3, 2013	June 1, 2015

None of the directors have any direct or indirect interest in the shares of the Bank.

AUDITORS

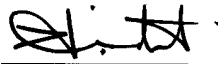
The auditors, Ernst & Young (Seychelles) have indicated their willingness to continue in office and their re-appointment will be proposed in the next Board Meeting.

BOARD APPROVAL

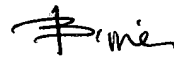
Approved by the Board of Directors in Victoria, Seychelles on 28 April 2016 and signed on its behalf by:



Lekha Nair  
Chairman



Annie Vidot  
Director



Rupert Simeon  
Deputy Chairman



Ina Barbe  
Director



Rosanda Alcindor  
Director



Marc Naiken  
Director



Roy Clarisse  
Director



Mike Laval  
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
DEVELOPMENT BANK OF SEYCHELLES**

**Report on the Financial Statements**

We have audited the financial statements of Development Bank of Seychelles ('Bank') on pages 5 to 44 which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Development Bank of Seychelles Decree, 1977, the Financial Institutions Act, 2004 (Application of the Act) and the regulations and directives of the Central Bank of Seychelles, 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.

*Auditor's responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements on pages 5 to 44 present fairly, in all material the financial position of the Bank as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Development Bank of Seychelles Decree, 1977, the Financial Institutions Act, 2004 (Application of the Act) and the regulations and directives of the Central Bank of Seychelles.



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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT BANK OF SEYCHELLES (CONTINUED)

### Report on the Financial Statements (Continued)

#### *Other matter*

This report has been prepared solely for the Bank's members, as a body, in accordance with the Development Bank of Seychelles Decree, 1977. Our audit work has been undertaken so that we might state to the Banks's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on Other Legal and Regulatory Requirements

#### *Financial Institutions Act 2004*

The Financial Institutions Act 2004 requires that in carrying out our audit, we consider and report to you on the following matters:

- In our opinion, the financial statements are complete and fair and properly drawn up; and
- We have obtained all the information and explanations we have required.
- To the best of our knowledge and belief, no violations of the Financial Institutions Act 2004 have occurred during the year ended 31 December 2015 that might have had a material adverse effect on the business of the Bank or on its financial position.
- We have no relationship with or interests in the Bank other than in our capacity as auditors and dealings in the ordinary course of business.
- In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

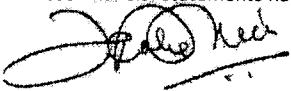
ERNST & YOUNG  
Mahe, Seychelles

Date: 28 April 2016.....

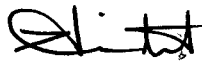
	Note	31 December 2015 SCR	31 December 2014 SCR
<b>ASSETS</b>			
Cash and cash equivalent	5	126,834,388	116,575,656
Loans and advances	6	531,465,439	407,547,475
Held-to-maturity financial assets	7	14,774,934	9,943,077
Other assets	8	3,303,027	6,058,696
Non-current assets classified as held for sale	9	7,000,000	9,500,000
Property and equipment	10	14,759,006	15,435,032
Intangible assets	11	21,413	967,533
<b>Total assets</b>		<b>698,158,207</b>	<b>566,027,469</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Funds under management	14	12,439,441	9,568,793
Other liabilities	15	3,417,262	3,523,859
Borrowings	12	258,899,126	144,657,758
DBS bonds	13	125,412,671	125,412,671
Compensation benefit obligations	16	3,846,482	3,220,519
		<b>404,014,982</b>	<b>286,383,600</b>
<b>EQUITY</b>			
Share capital	17	39,200,000	39,200,000
Contingent reserve	18	41,385,321	41,385,321
Revaluation reserve		15,360,948	15,360,948
Retained earnings		198,196,957	183,697,600
		<b>294,143,225</b>	<b>279,643,869</b>
<b>Total liabilities and equity</b>		<b>698,158,207</b>	<b>566,027,469</b>

**BOARD APPROVAL**

These financial statements have been approved for issue by the Board of Directors on 28 April 2016.



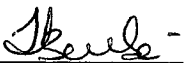
Lekha Nair  
Chairman



Annie Vidot  
Director



Rupert Simeon  
Deputy Chairman



Ina Barbe  
Director



Rosanda Alcindor  
Director



Marc Naiken  
Director



Roy Clarisse  
Director



Mike Laval  
Director

DEVELOPMENT BANK OF SEYCHELLES  
STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED

6.

	Note	2015 SCR	2014 SCR
Interest income	20	46,883,232	40,488,707
Interest expense	21	(14,090,007)	(13,284,593)
<b>Net interest income</b>		<b>32,793,225</b>	<b>27,204,114</b>
Allowance for credit impairment	6	7,046,230	8,228,065
<b>Net interest income after allowance for credit impairment and bad debts</b>		<b>39,839,455</b>	<b>35,432,179</b>
Other income	22	2,483,473	1,932,095
Net foreign exchange (loss)/ gain		(202,108)	457,417
<b>Net interest and other income</b>		<b>42,120,819</b>	<b>37,821,690</b>
Employee benefit expenses	23	(16,323,558)	(12,484,849)
Depreciation of property and equipment	10	(1,189,374)	(1,178,160)
Amortisation of intangible assets	11	(963,550)	(1,416,623)
Other operating expenses	24	(9,144,980)	(7,130,745)
<b>Profit from continuing operations</b>		<b>14,499,357</b>	<b>15,611,313</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of land and building	10	-	2,659,232
<b>Total comprehensive income for the year</b>		<b>14,499,357</b>	<b>18,270,544</b>

The notes on pages 9 to 44 form an integral part of these financial statements.  
Auditor's Report on pages 3 and 4



DEVELOPMENT BANK OF SEYCHELLES  
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015

7.

	Notes	Share capital SCR	Contingent reserve SCR	Asset revaluation surplus SCR	Retained earnings SCR	Total SCR
Balance at January 1, 2014		39,200,000	41,385,321	12,701,717	168,086,287	261,373,325
Profit for the year		-	-	-	15,611,313	15,611,313
Other comprehensive income	10	-	-	2,659,232	-	2,659,232
<b>Balance at December 31, 2014</b>		<b>39,200,000</b>	<b>41,385,321</b>	<b>15,360,948</b>	<b>183,697,600</b>	<b>279,643,869</b>
Balance at January 1, 2015		39,200,000	41,385,321	15,360,948	183,697,600	279,643,869
Profit for the year		-	-	-	14,499,357	14,499,357
Other comprehensive income		-	-	-	-	-
<b>Balance at December 31, 2015</b>		<b>39,200,000</b>	<b>41,385,321</b>	<b>15,360,948</b>	<b>198,196,957</b>	<b>294,143,225</b>

The notes on pages 9 to 44 form an integral part of these financial statements.  
Auditor's Report on pages 3 and 4

DEVELOPMENT BANK OF SEYCHELLES  
STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2015

8.

	Note	2015	2014
<b>Operating activities</b>		SCR	SCR
Net profit		14,499,357	15,611,313
<i>Adjustments for:</i>			
Depreciation of property and equipment	10	1,189,374	1,178,160
Amortisation of intangible	11	963,550	1,416,623
Loss on disposal of equipment	24	5,728	1,894
Allowance for credit impairment	6	(4,209,319)	(7,558,670)
Impairment of non-current assets classified as held for sale	9	2,500,000	300,000
Changes in compensation benefit obligations	16	1,756,627	1,424,357
Interest accrued		79,506	(128,077)
Net foreign exchange difference		202,108	(457,417)
<i>Working capital adjustments:</i>			
Increase in loans and advances	6	(119,708,645)	(33,832,875)
Increase in other assets (*)	8	(402,768)	(812,913)
Increase in funds under management	14	2,870,648	6,912,227
(Decrease)/ Increase in other liabilities	15	(106,597)	998,106
		(100,360,431)	(14,947,272)
Compensation paid	16	(1,130,663)	(114,359)
<b>Net cash flow from operating activities</b>		<b>(101,491,094)</b>	<b>(15,061,631)</b>
<b>Investing activities</b>			
Purchase of intangible assets	11	(17,429)	-
Purchase of equipment	10	(519,075)	(752,037)
Purchase of treasury bills	7	(34,286,760)	(27,670,200)
Proceeds from redemption of treasury bills	7	29,525,000	17,855,200
<b>Net cash flow from/(used in) investing activities</b>		<b>(5,298,264)</b>	<b>(10,567,037)</b>
<b>Financing activities</b>			
Proceeds from borrowings	12	132,125,338	3,337,873
Repayment of borrowings	12	(13,655,329)	(11,205,559)
Proceeds from bonds issued	13	-	50,000,000
Maturity of DBS bonds	13	-	(25,000,000)
<b>Net cash flow from/(used in) financing activities</b>		<b>118,470,010</b>	<b>17,132,314</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>11,680,652</b>	<b>(8,496,354)</b>
<b>Movement in cash and cash equivalents</b>			
At January 1,		116,575,656	121,634,770
Net increase / (decrease) in cash and cash equivalent		11,680,652	(8,496,354)
Net foreign exchange difference		(1,421,920)	3,437,240
<b>At December 31,</b>	5	<b>126,834,388</b>	<b>116,575,656</b>
<b>Operational cash flows from interest</b>			
Interest paid		12,691,401	12,608,411
Interest received		42,039,462	42,391,166

(\*) **Significant non-cash transactions**

The Bank contracted a loan of EUR 2.5m with Nouvobanq in line with the Public Debt Management Act, and signed a contract with the Ministry of Finance, Trade and Investment stating that the foreign exchange gains and losses arising on the loan facilities will be reimbursed by the latter. Total net foreign exchange incurred during 2015 was SCR 3,158,437 (SCR 2014: 997,595).

The notes on pages 9 to 44 form an integral part of these financial statements.

Auditor's Report on pages 3 and 4

## 1. GENERAL INFORMATION

The Development Bank of Seychelles was established in 1977 under the Development Bank of Seychelles Decree as a corporate body. The registered address of the Bank is at Independence Avenue, Victoria, Mahe Seychelles.

These financial statements were authorised for issue in accordance with a resolution of the board of directors dated .....

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the accounting policies. The financial statements are presented in Seychelles rupees (SCR).

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), The Development Bank of Seychelles Decree, 1977 and The Financial Institutions Act, 2004 (Application of the Act) as amended and the Regulations and Directives of the Central Bank of Seychelles.

### 2.2 New and amended standards and interpretations

The accounting policies are consistent with those of the previous financial year except, for the following amendments made to IFRS effective as of 1 January 2014.

#### Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment did not affect the Bank as the Bank does not participate in any defined benefit plan.

#### IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Bank
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment did not have any effect on the financial statements of the Bank.

#### IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

This amendment did not have any effect on the financial statements of the Bank.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 New and amended standards and interpretations (Continued)

#### IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

This amendment did not have any effect on the financial statements of the Bank.

#### IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any effect on the financial statements of the Bank.

#### IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment did not have any effect on the financial statements of the Bank.

#### IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements.

This amendment did not have any effect on the financial statements of the Bank.

#### IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment did not have any effect on the financial statements of the Bank.

#### IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment did not have any effect on the financial statements of the Bank.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 New and amended standards and interpretations (Continued)

#### IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

This amendment did not have any effect on the financial statements of the Bank.

### 2.3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Banks's financial statements are listed below. This listing is of standards and interpretations issued, which will be applicable at a future date. The Bank intends to adopt those standards when they become effective. At present, the Bank cannot assess the impact of these amendments when adoption takes place.

#### IAS 7 Statement of Cash Flows

The improvements to disclosures announced today require companies to provide information about changes in their financing liabilities. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The improvements are part of the Board's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports. The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017.

The impact of the amendments is being assessed by the Bank.

#### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

##### *Classification and measurement of financial assets*

The standard states that all financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 *Financial Instruments: Recognition and Measurement* classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### IFRS 9 Financial Instruments (Continued)

##### *Impairment*

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 *Leases*.

The impact of the amendments is being assessed by the Bank.

#### IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are effective for annual periods beginning on or after 1 January 2016.

These amendments will not have any impact on the Bank's financial statements.

#### IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are effective for annual periods beginning on or after 1 January 2016.

These amendments will not have any impact on the Bank's financial statements.

#### IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11 *Joint Arrangements*. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control. The amendments are effective for annual periods beginning on or after 1 January 2016.

These amendments will not have any impact on the Bank's financial statements.

#### IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### IFRS 14 Regulatory Deferral Accounts (Continued)

separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Bank is an existing IFRS preparer, this standard would not apply.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

#### IAS 1 Presentation of Financial Statements

The International Accounting Standards Board has issued amendments to IAS 1 as part of the disclosure initiative which aims to improve the presentation and disclosure requirements. The amendments to IAS 1 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

The amendments clarify existing requirements in IAS 1 and are not expected to have a material impact on the Bank's financial statements. IAS 1 is effective for annual periods beginning on or after 1 January 2016.

#### IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments are not expected to have any impact on the Bank given that the Bank has not used a revenue-based method to depreciation its non-current assets.

#### IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments are not expected to have any impact on the Bank as the Bank does not have any bearer plant.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments are not expected to have any impact on the Bank as the Bank does not prepare any consolidated financial statements.

#### IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

##### Changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

This amendment will have no effect on adoption.

#### IFRS 7 Financial Instruments: Disclosures

##### Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

This amendment will have no effect on adoption.

##### Applicability of the offsetting disclosures to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment must be applied retrospectively.

The changes are effective for annual reporting periods beginning on or after 1 January 2016.

This amendment will have no effect on adoption.

#### IAS 19 Employee Benefits

##### Discount rate: regional market issue

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016.

This amendment will have no effect on adoption.



## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### IAS 34 Interim Financial

##### Disclosure of information 'elsewhere in the interim financial report'

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The changes are effective retrospectively for annual reporting periods beginning on or after 1 January 2016.

This amendment will have no effect on adoption.

#### IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

##### Key features:

- ▶ The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- ▶ Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- ▶ The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- ▶ Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- ▶ Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs.

The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The impact of the new standard is being assessed by the Bank.

### 2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

#### (a) Foreign currency translation

The financial statements are presented in Seychelles Rupee (SCR), which is the Bank's functional currency, which is the currency of the primary economic environment in which the entity operates.

##### *Transactions and balances*

Foreign currency transactions are initially recorded in the functional currency rate prevailing at 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 the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (b) Financial instruments - initial recognition and subsequent measurement

##### (i) *Date of recognition*

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

##### (ii) *Initial recognition of financial instruments*

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All the financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue

##### (iii) *Held-to-maturity financial assets*

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Bank has the intention and ability to hold to maturity. After initial recognition, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

##### (iv) *Loans and advances to customers*

Loans and advances to customers are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) 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, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

##### (v) *Borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as interest expense in profit or loss.

##### (vi) *Bonds*

DBS bonds, which are issued for the purpose of raising capital are measured at amortised cost using the effective interest rate method.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (c) Derecognition of financial assets and financial liabilities

##### (i) Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

the rights to receive cash flows from the asset have expired; or

the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Bank has transferred substantially all the risks and rewards of the asset, or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

##### (ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### (d) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 Summary of significant accounting policies (Continued)**

**(d) Determination of fair value (Continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(e) Impairment of financial assets**

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**(i) *Financial assets carried at amortised cost***

For financial assets carried at amortised cost (such as amounts due from banks and loans and advances to customers, as well as held-to-maturity investments), the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the 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.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the profit or loss.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (e) Impairment of financial assets (Continued)

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. 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.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### (f) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (g) Property and Equipment

Land and buildings are carried at fair value at the revaluation date, less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The revaluation surplus is transferred, in full, upon disposal of the asset.

All other items of property and equipment is stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

Buildings	10-25 years
Equipment	3-7 years
Furniture and fittings	3 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. When the carrying amount of the asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (g) Property and Equipment (Continued)

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the income statement in the year the asset is derecognised.

#### (h) Intangible assets

Intangible assets comprise of softwares which have a finite economic life.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss.

#### (i) Impairment of tangible and intangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

#### (j) Compensation benefit obligations

The Bank contributes to a defined contribution plan as well as has several other long term benefit schemes.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The other long term benefit schemes include those benefits that do not meet the definition of short-term employee benefits, post-employment benefits and termination benefits. The cost of providing these benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising of actuarial gains and losses, is recognised in profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate to the net defined liability or asset.

The Bank recognises the following changes in the net benefit obligation under 'employment benefit expenses' in the profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income
- Remeasurements of the net defined benefit liability (asset)

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (k) Taxation

The Bank is exempted from the provision of Business Tax Act, 2009.

#### (l) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### *Interest income and expense*

For all financial instruments measured at amortised cost, interest bearing financial assets classified as loans and receivables, held to maturity, interest income or expense is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

##### *Other income*

Other income relates to general fees pertaining to loan application, re-scheduling of loans, early loan repayments, reminders of late payments. This income is recognised upon completion of the underlying transaction.

#### (m) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. A present obligation is not recognised because it not probable that an outflow of resources will be required to settle the obligation. The Bank does not recognise the contingent liability but discloses its existence in the financial statements.

#### (n) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows, comprises of cash on hand, current accounts with Central Bank and other banks on demand or with an original maturity of three months or less measured at amortised cost.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Summary of significant accounting policies (Continued)

#### (o) Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *Bank as a lessee*

Leases that do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

##### *Bank as a lessor*

The Bank has entered into property leasing. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

#### (p) Going Concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## 3. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks. Its overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank financial performance. The Bank's risk management objective is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

A description of the significant risks is given below together with the risk management policies applicable.

#### (a) Capital adequacy

Capital includes share capital, statutory reserve and retained earnings.

The primary objectives of the Bank's capital management policy is to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong capital base and healthy capital ratios in order to support its business and to maximise shareholder value. The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities.

No changes were made in the objectives, policies, or process during the years end 31 December 2015 and 31 December 2014.

Regulatory capital consists of Tier I capital, which comprises share capital, retained earnings and statutory reserve. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Seychelles. The other component of regulatory capital is Tier II capital, which includes net profit after tax and general provisions.

The Bank seeks to maintain a prudent balance between the different components of its capital, particularly the relative mix of Tier I and Tier II capital.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Capital adequacy (continued)

During the year 2015, in line with the Financial Institutions (Capital Adequacy) Regulations, 2010, the Bank has calculated capital adequacy, which is as follows:

	2015	2014
	SCR '000	SCR '000
Capital Base (a) (i)	241,961	226,246
Risk weighted assets (b)	764,837	564,857
Capital adequacy (a/b)*100	32%	40%
Minimum Requirement	12%	12%
<b>(i) Capital Base</b>	<b>2015</b>	<b>2014</b>
	<b>SCR '000</b>	<b>SCR '000</b>
<u>Tier 1 Capital</u>		
Share capital	39,200	39,200
Retained earning	183,698	168,086
Total Tier 1 Capital	222,898	207,286
<u>Tier 2 Capital</u>		
Year-to-date net profit after tax	14,499	15,611
General Provision - see Note 6 (b)	4,564	3,349
Total Tier 2 Capital	19,063	18,960
	<b>241,961</b>	<b>226,246</b>

The Bank ascertains that it has met the requirements of Financial Institutions (Capital Adequacy) Regulations 2010, in terms of capital adequacy ratio during the year 2015.

(b) Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower.

The Bank has established a credit quality review process to provide identification of the creditworthiness of counterparties. There is regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment and of collateral and guarantees.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position .

	Gross maximum exposure	Gross maximum exposure
	2015	2014
	SCR	SCR
Cash and cash equivalents	126,834,388	116,575,656
Loans and advances to customers	531,465,439	407,547,475
Held-to-maturity financial assets	14,774,934	9,943,076.92
Other assets	1,952,826	5,209,394
<b>Total credit risk exposure</b>	<b>675,027,587</b>	<b>539,275,602</b>

**Commitments**

To meet the financial needs of customers, the Bank enters into various irrevocable commitments. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank. The table below shows the Bank's maximum credit risk exposure for commitments. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The maximum risk exposure is greater than the amount recognised as a liability in the statement of financial position.

	Gross maximum exposure	Gross maximum exposure
	2015	2014
	SCR	SCR
Undrawn commitments to lend	320,041,152	151,413,247

Previously the undrawn loan commitments were omitted from the credit disclosure above. The undrawn loan commitments have been included in the current period and comparatives have been adjusted accordingly.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Collateral and other credit enhancements

Exposure to credit risk is also managed, in part, by obtaining and monitoring collateral in the form interests over properties and vehicles. Corporate and personal guarantees are also accepted by the Bank. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

Credit quality per class of financial assets

The table below shows an ageing analysis of credit quality by class of asset for all financial assets exposed to credit risk. Credit risk for loans and advances is managed by the Recovery Officers within the Collection and Recovery Department supported by a Recovery Committee subject to DBS's established policy, procedures and control relating to credit risk management. Credit quality of a producer is assessed based on a credit rating scorecard, collateral values and ability of underlying projects to service the debt. Loans and advances in arrears are regularly monitored and evaluated for restructuring when warranted. The credit classification of loans and advances is in accordance with the Financial Institution (Credit Classification and Provisioning) Regulations 2010, amended in 2011. In accordance with IAS 39 the Bank performs on-going assessment throughout the reporting period as to whether there is any objective evidence that loans and advances are impaired.

	2015					Total
	Performing		Non Performing			
	<30 days	30 - 89 days	90 - 179 days	180 - 364 days	>364 days	
	SCR	SCR	SCR	SCR	SCR	SCR
<i>Loans and advances (gross):</i>						
Not impaired	456,701,179	24,018,476	1,945,751	333,805	2,784,222	485,783,432
Impaired	-	45,736,036	2,543,328	1,057,260	5,443,879	54,780,503
	<u>456,701,179</u>	<u>69,754,512</u>	<u>4,489,079</u>	<u>1,391,065</u>	<u>8,228,101</u>	<u>540,563,936</u>
Total Non-Performing *						<u>14,108,244</u>
Total Non-Performing Ratio *						<u>3%</u>

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Credit quality per class of financial assets (Continued)

	2014					Total
	Performing		Non Performing			
	<30 days	30 - 89 days	90 - 179 days	180 - 364 days	>364 days	
	SCR	SCR	SCR	SCR	SCR	SCR
<i>Loans and advances (gross):</i>						
Not impaired	324,617,369	12,705,861	1,326,077	3,035,283	6,470,457	348,155,047
Impaired	-	47,343,565	2,704,089	17,639,031	5,454,251	73,140,935
	<u>324,617,369</u>	<u>60,049,426</u>	<u>4,030,166</u>	<u>20,674,314</u>	<u>11,924,708</u>	<u>421,295,982</u>
Total Non-Performing *						<u>36,629,188</u>
Total Non-Performing Ratio *						<u>9%</u>

\* For purposes of the financial statements, the non-performing loans ratio is based on loans in arrears greater than 89 days.

Maximum exposure to credit risk

Type of collateral or credit enhancement

<i>Loans and advances (gross)</i>	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held				
		Total	Mortgage	Vehicle	Boat and Engine	Equipment
		SCR	SCR	SCR	SCR	SCR
2015	<u>540,563,936</u>	<u>1,508,497,786</u>	<u>1,220,073,611</u>	<u>230,015,667</u>	<u>49,337,262</u>	<u>9,071,245</u>
2014	<u>421,295,982</u>	<u>1,311,655,842</u>	<u>1,072,744,876</u>	<u>200,897,131</u>	<u>31,653,012</u>	<u>6,360,823</u>

As it is the bank's practise for all loans to require security cover of at least a ration between 1:1 and 1:1.25, all loans are fully collateralized.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Age analysis of financial assets past due but not impaired (excluding loans and advances):

	Total	Neither past due nor impaired	Past due but not impaired		
			< 90 days	90 - 365 days	> 365 days
<u>At December 31, 2015</u>	SCR	SCR	SCR	SCR	SCR
Cash and cash equivalents	126,834,388	126,834,388	-	-	-
Held-to-maturity financial assets	14,774,934	14,774,934	-	-	-
Other assets	1,952,826	1,944,989	2,284	-	5,553
	<u>143,562,148</u>	<u>143,554,311</u>	<u>2,284</u>	<u>-</u>	<u>5,553</u>

Age analysis of financial assets past due but not impaired (excluding loans and advances):

	Total	Neither past due or impaired	Past due but not impaired		
			< 90 days	90 - 365 days	> 365 days
<u>At December 31, 2014</u>	SCR	SCR	SCR	SCR	SCR
Cash and cash equivalents	116,575,656	116,575,656	-	-	-
Held-to-maturity financial assets	9,943,077	9,943,077	-	-	-
Other assets	5,209,394	980,616	3,004	43,208	4,182,566
	<u>131,728,127</u>	<u>127,499,349</u>	<u>3,004</u>	<u>43,208</u>	<u>4,182,566</u>

The Banks manages its credit risk pertaining to these instrument by assessing the respective credit worthiness of the various institutions and agencies. In addition the Bank analyses various information within the public domain related to these establishments.

**Other assets**

The main component of the respective category of assets relates to the guarantee from the Government of Seychelles which currently has a credit rating of B+ from Fitch.

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed with respect to foreign currency arising from trading in foreign currency and acceptances. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

The Bank's exposure to fluctuations on the translation of borrowings in Euro from Nouvobanq is limited by the financial guarantee agreements signed with the Government of Seychelles.

3. FINANCIAL RISK MANAGEMENT (CONITINUED)

(c) Currency Risk (Continued)

(i) Concentration of assets and liabilities by currency

	SCR SCR'000	Euro SCR'000	US Dollars SCR'000	Total SCR'000
<b>At December 31, 2015</b>				
<b>Assets</b>				
Cash and cash equivalents	113,401	2,072	11,361	126,834
Loans and advances	531,465	-	-	531,465
Held-to-maturity financial assets	14,775	-	-	14,775
Other assets	3,303	-	-	3,303
	<b>662,945</b>	<b>2,072</b>	<b>11,361</b>	<b>676,378</b>
<b>Liabilities</b>				
Borrowings	170,308	71,824	16,768	258,899
DBS bonds	125,413	-	-	125,413
Funds under management	12,439	-	-	12,439
Other liabilities	3,417	-	-	3,417
	<b>311,577</b>	<b>71,824</b>	<b>16,768</b>	<b>400,169</b>
<b>Net assets/ (liabilities)</b>	<b>351,367</b>	<b>(69,752)</b>	<b>(5,406)</b>	<b>276,209</b>
	SCR SCR'000	Euro SCR'000	US Dollars SCR'000	Total SCR'000
<b>At December 31, 2014</b>				
<b>Assets</b>				
Cash and cash equivalents	97,806	2,273	16,496	116,576
Loans and advances	407,547	-	-	407,547
Other assets	6,059	-	-	6,059
	<b>511,413</b>	<b>2,273</b>	<b>16,496</b>	<b>530,182</b>
<b>Liabilities</b>				
Borrowings	92,686	31,797	20,175	144,658
DBS bonds	125,413	-	-	125,413
Funds under management	9,569	-	-	9,569
Other liabilities	3,524	-	-	3,524
	<b>231,192</b>	<b>31,797</b>	<b>20,175</b>	<b>283,163</b>
<b>Net assets/ (liabilities)</b>	<b>280,221</b>	<b>(29,524)</b>	<b>(3,678)</b>	<b>247,019</b>

The following table demonstrates the sensitivity of the Bank's profit before tax and equity, to a realistically possible change in the USD and EUR foreign currency exchange rates, being the main currencies used by the Bank, with all other variables held constant.

	Increase/ Decrease in foreign currency exchange rate	Euro Effect on Profit before tax SCR'000	US Dollar Effect on Profit before tax SCR'000
2015	+5%	(3,488)	(270)
	-5%	3,488	270
2014	+5%	(1,470)	177
	-5%	1,470	(177)

3. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest risk

Interest rate risk refers to the potential variability in the Bank's financial condition owing to changes in the level of interest rates. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's interest bearing net financial assets. The sensitivity of the profit or loss and equity is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2015.

	Change in basis points	Effect on profit before tax 2015 <hr/> SCR'000
Interest bearing net financial assets	+10	295,730
	-10	(295,730)
	Change in basis points	Effect on profit before tax 2014 <hr/> SCR'000
Interest bearing net financial assets	+10	283,391
	-10	(283,391)

(e) Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management monitors future cash flows and liquidity on a daily basis. The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. Net liquid assets consist of cash, short-term bank deposits and liquid debt securities, less borrowings due to mature within the next month.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (Continued)

The table below summarises the maturity profile of the Bank's financial liabilities at 31 December 2015 based on contractual undiscounted repayment obligations.

	2015						Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	>5 years	
	SCR	SCR	SCR	SCR	SCR	SCR	
<b>Financial Liabilities</b>							
Undrawn commitments to lend	707,000	17,874,571	46,816,254	72,076,949	182,566,377	-	320,041,152
Borrowings	2,910,817	4,604,118	12,913,080	21,694,313	153,988,957	114,150,084	630,302,521
DBS bonds	-	51,804,795	1,228,767	76,328,425	-	-	129,361,986
Funds under management	12,439,441	-	-	-	-	-	12,439,441
Other liabilities	-	3,417,262	-	-	-	-	3,417,262
<b>Total financial liabilities</b>	<b>16,057,258</b>	<b>77,700,745</b>	<b>60,958,102</b>	<b>170,099,687</b>	<b>336,555,334</b>	<b>114,150,084</b>	<b>1,095,562,362</b>

	2014						Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	>5 years	
	SCR	SCR	SCR	SCR	SCR	SCR	
<b>Financial Liabilities</b>							
Undrawn commitments to lend	1,901,715	4,706,676	3,009,069	23,769,594	118,026,194	-	151,413,247
Borrowings	804,798	1,609,596	6,194,078	8,828,093	70,723,353	80,976,804	169,136,722
DBS bonds	-	1,706,164	1,716,438	3,452,397	129,361,986	-	136,236,986
Funds under management	9,568,793	-	-	-	-	-	9,568,793
Other liabilities	-	3,523,859	-	-	-	-	3,523,859
<b>Total financial liabilities</b>	<b>12,275,305</b>	<b>11,546,294</b>	<b>10,919,585</b>	<b>36,050,084</b>	<b>318,111,534</b>	<b>80,976,804</b>	<b>469,879,606</b>

Previously the undrawn loan commitments were omitted from the liquidity disclosure above. The undrawn loan commitments have been included in the current period and comparatives have been adjusted accordingly.

During the year 2015, the Bank has calculated its liquidity ratio as follows:

	2015	2014
	SCR	SCR
Liquid assets (a)	141,609,322	126,518,733
Banks total liabilities (b)	404,014,982	286,383,600
Liquidity ratio (a/b)*100	35%	44%

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Bank's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount		Fair value	
	2015	2014	2015	2014
Liabilities	SCR'000	SCR'000	SCR'000	SCR'000
Borrowings	258,899	144,658	257,392	143,757
DBS bonds	125,413	125,413	123,899	123,899
	384,312	270,070	381,291	267,656

The management assessed that cash and short-term deposits, held-to maturity financial assets, other assets and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

As loans and advances hold variable interest rates, the fair value of these floating rate instruments are approximated to equal their carrying amount.

The following methods and assumptions were used to estimate the fair values:

The fair values of the Bank's interest-bearing borrowings are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at 31 December 2015 was assessed to be insignificant.

The fair value of the bonds is based on the a discounted cash flow based on a current market rate for similar assets.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2015:

Date of valuation	Fair value measurement using			
	Quoted prices in active market	Significant observable input	Significant unobservable input	
	(Level 1)	(Level 2)	(Level 3)	
Total	SCR '000	SCR '000	SCR '000	SCR '000
<b>Assets measured at fair value:</b>				
<b>Recurring measurement</b>				
(i) Land and building	21/11/2014	14,500	-	14,500
<b>Non-recurring measurement</b>				
(ii) Non-current assets classified as held for sale	31/12/2015	7,000	-	7,000

Fair value measurement hierarchy for liabilities as at 31 December 2015:

Liabilities for which fair value are disclosed:

Borrowings	31/12/2015	257,392	-	257,392
DBS bonds	31/12/2015	123,899	123,899	-

(i) Additional fair value information in respect of land and buildings is disclosed in Note 10.

(ii) Non-current assets classified as held for sale

Previously the fair value of non-current assets classified as held for sale were omitted from the fair value disclosure above. The fair value of non-current assets classified as held for sale has been included in the current period and comparatives have been adjusted accordingly.

Significant unobservable valuation input:

	Price per square meter	No of properties
2015	SCR 130 - SCR 2,040	2
2014	SCR 260 - SCR 2,050	2



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair values (Continued)

(ii) Non-current assets classified as held for sale

In determining the fair value of the properties the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

Fair value measurement hierarchy for assets as at 31 December 2014:

Date of valuation	Total SCR '000	Fair value measurement using			
		Quoted prices in active market (Level 1) SCR '000	Significant observable input (Level 2) SCR '000	Significant unobservable input (Level 3) SCR '000	
<b>Assets measured at fair value:</b>					
<b>Recurring measurement</b>					
Land and building	21/11/2014	14,500	-	-	14,500
<b>Non-recurring measurement</b>					
Non-current assets classified as held for sale	21/11/2014	9,500	-	-	9,500

Fair value measurement hierarchy for liabilities as at 31 December 2014:

Liabilities for which fair value are disclosed:

Borrowings	31/12/2014	143,757	-	-	143,757
DBS bonds	31/12/2014	123,899	-	123,899	-

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Impairment of loans and advances*

The Bank reviews its loans and advances portfolio on a regular basis to assess whether any allowance for credit impairment losses for loans and advances should be recognised in the profit and loss. In particular, judgement is made about the amount and timing of future cash flows when determining the level of allowance required. The allowance for credit impairment losses is based on the *Financial Institutions (Credit Classifications and Provisioning) Regulations 2010, amended 2011* issued provided by the Central Bank of Seychelles. However, actual bad debt written off may differ from the amount provided as an allowance for credit impairment which will result in a higher or lower charge to profit and loss. Refer to Note 6 (b) for reconciliation of the allowance for impairment losses and advances.

(b) *Going concern*

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Long term employee benefits

The present value of the long term employee benefits depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for compensation include discount rate, future salary growth and retirement age. Any changes in these assumptions will impact the carrying amount of compensation obligations. The Bank determines the appropriate discount rate at the end of each year. 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 compensation obligations. In determining the appropriate discount rate, the Bank considers the interest rates of government treasury bills 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 compensation liability. Refer to Note 16 for disclosures on employee benefits.

5. CASH AND BALANCES HELD WITH OTHER BANKS

	2015	2014
	SCR	SCR
Balances with local banks	126,730,972	116,301,032
Cash on hand	103,415	274,625
	<u>126,834,388</u>	<u>116,575,656</u>

6. LOANS AND ADVANCES

	2015	2014
	SCR	SCR
Loans and advances to customers	522,827,070	409,651,232
Staff Loans	17,736,866	11,644,750
	540,563,936	421,295,982
Less: Allowances for credit impairment (see note (b) below)	(7,405,064)	(11,609,684)
Interest in Suspense	(1,693,433)	(2,138,823)
	<u>531,465,439</u>	<u>407,547,475</u>

(b) Impairment allowances for loans and advances to customers

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

	2015		
	Specific	General	Total
	SCR	SCR	SCR
At January 1,	8,260,923	3,348,761	11,609,684
Direct write off	(440,691)	-	(440,691)
Charged/ (released) to profit and loss (i)	(4,979,296)	1,215,367	(3,763,929)
At December 31,	<u>2,840,936</u>	<u>4,564,128</u>	<u>7,405,064</u>
	2014		
	Specific	General	Total
	SCR	SCR	SCR
At January 1,	23,097,423	950,077	24,047,500
Direct write off	(7,145,623)	-	(7,145,623)
Charged/ (released) to profit and loss (i)	(7,690,877)	2,398,684	(5,292,193)
At December 31,	<u>8,260,923</u>	<u>3,348,761</u>	<u>11,609,684</u>

Specific and general provisions are modeled on an incurred, but not reported basis using a percentages method. A general provision is applied to loans in arrears less than 30 days and a specific provision is applied to loans in arrears greater than 30 days.

A reconciliation of Interest in Suspense is as follows:

	2015	2014
	SCR	SCR
At January 1,	2,138,823	4,405,300
Direct write off to Loans and Advances	(783,822)	(2,216,602)
Charged to profit and loss (Interest Income)	338,432	(49,875)
	<u>1,693,433</u>	<u>2,138,823</u>

6. LOANS AND ADVANCES (CONTINUED)

(b) Impairment allowances for loans and advances to customers (continued)

All interest on non-performing credit previously accrued into income but uncollected is reversed and credited into interest in suspense account as recovery is doubtful.

Bad Debts (written off/ recovered):

	2015	2014
	SCR	SCR
Bad Debts Recovered	3,748,415	3,660,895
Loans Written Off to profit and loss	(466,115)	(725,023)
Total Bad Debts (written off/ recovered) (ii)	<u>3,282,301</u>	<u>2,935,872</u>
Total Allowance for credit impairment credited to profit and loss:		
(i) Allowance for credit impairment credited to profit and loss	3,763,929	5,292,193
(ii) Bad Debts (written off/ recovered)	<u>3,282,301</u>	<u>2,935,872</u>
	<u>7,046,230</u>	<u>8,228,065</u>

(c) Below is an analysis of credit concentration of risk by industry sectors.

	2015		2014	
	SCR	%	SCR	%
Services	133,838,171	24.76%	165,926,357	39.38%
Tourism	93,643,378	17.32%	100,503,653	23.86%
Small Medium Enterprises loan scheme	184,366,527	34.11%	54,769,611	13.00%
Industry	5,993,676	1.11%	19,853,322	4.71%
Agriculture	18,183,033	3.36%	17,425,965	4.14%
Agriculture and horticulture	527,842	0.10%	-	0.00%
Transport	14,580,766	2.70%	15,530,379	3.69%
Staff	17,736,866	3.28%	11,644,750	2.76%
Building and construction	37,651,864	6.97%	8,317,536	1.97%
Fisheries	6,156,335	1.14%	8,220,109	1.95%
Manufacturing	14,796,903	2.74%	8,128,033	1.93%
Food securities	6,379,007	1.18%	6,991,246	1.66%
Former staff	1,780,828	0.33%	1,923,025	0.46%
Trade	2,785,479	0.52%	1,894,101	0.45%
Community, social and personal	2,021,779	0.37%	-	-
Professional, Scientific and Technical Services	121,482	0.02%	167,895	0.04%
	<u>540,563,936</u>	<u>100.00%</u>	<u>421,295,982</u>	<u>100.00%</u>
Less: Allowances for credit impairment (see note (b) above)	(7,405,064)	(1.37)%	(11,609,684)	(2.76)%
Interest in Suspense	(1,693,433)	(0.31)%	(2,138,823)	(0.51)%
	<u>531,465,439</u>	<u>98.32%</u>	<u>407,547,475</u>	<u>96.74%</u>

DBS offers variable interest rate loans and periodically evaluates their lending pool to adjust rates globally based on changing market conditions. Interest rates on loans in the DBS Scheme range from 7.50% to 11.25%. Staff loans range from 3.75% to 10%. The SME scheme offers 10.00% to 11.25% and is subsidized by the Government of Seychelles; borrowers are charged 5% on the first million and 7% on the remaining.

7. HELD-TO-MATURITY FINANCIAL ASSETS

	2015	2014
	SCR	SCR
(i) Treasury bills		
Balance at January 1,	9,943,077	-
Additions	34,286,760	27,670,200
Interest	545,097	272,877
Maturity	(29,525,000)	(17,855,200)
Interest received	(475,000)	(144,800)
Balance at December 31,	<u>14,774,934</u>	<u>9,943,077</u>

(a) Remaining terms of maturity of held-to-maturity financial assets are as follows:

	2015	2014
	SCR	SCR
- Less than 1 year	<u>14,774,934</u>	<u>9,943,077</u>

(b) Held-to-maturity financial assets are denominated in Seychelles Rupees.

(c) The fair value disclosures are provided in Note 3 (f).

8. OTHER ASSETS

	2015	2014
	SCR	SCR
Recovery on Financial Guarantee Contract (a)	977,443	4,135,880
Prepayments	298,761	346,919
Other receivables (b)	2,026,823	1,575,897
	<u>3,303,027</u>	<u>6,058,696</u>

(a) The Bank contracted loans with Nouvobanq in line with the Public Debt Management Act, and signed contracts with the Ministry of Finance, Trade and Investment, stating that upon maturity of the loans net foreign losses arising on the loan facilities will be reimbursed by the latter.

(b) Other receivables mainly comprise of management fees charged for management of the Photovoltaic Fund, Agricultural Development Fund, EU Fisheries Development Fund, subsidise Small and Medium Enterprise interest due from Seychelles Government, and balances receivable from staff in respect of telephone charges settled by the Bank on their behalf.

9. NON- CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2015	2014
	SCR	SCR
Land and building held for sale	9,500,000	9,800,000
Impairment	(2,500,000)	(300,000)
	<u>7,000,000</u>	<u>9,500,000</u>

The Bank acquired two properties of the value of SCR 9.8m, put up as collateral against a loan, as a result of the borrower's failure to comply with the repayment obligations under the loan agreement.

The Bank intends to sell the properties in the next 6 months. Management has committed to a plan to sell, a search is underway for buyer. An impairment loss has been recognised as at 31 December 2015 as the directors of the Bank expect that the fair value (estimated based on recent market prices) less cost to sell is lower than the carrying amount.

Fair value measurement disclosures are provided in Note 3 (f).

10. PROPERTY AND EQUIPMENT

(a)	Land and Building	Equipment	Furniture and Fittings	Motor Vehicles	Total
	SCR	SCR	SCR	SCR	SCR
<b>COST</b>					
At January 1, 2014	18,858,812	3,139,258	1,049,083	791,317	23,838,471
Additions	-	243,981	140,056	368,000	752,037
Disposals	-	(52,550)	(6,286)	-	(58,836)
Revaluation adjustment	(4,358,812)	-	-	-	(4,358,812)
<b>At December 31, 2014</b>	<b>14,500,000</b>	<b>3,330,689</b>	<b>1,182,853</b>	<b>1,159,317</b>	<b>20,172,860</b>
Additions	115,466	263,619	139,990	-	519,075
Disposals	(8,800)	(138,716)	(37,545)	-	(185,061)
<b>At December 31, 2015</b>	<b>14,606,666</b>	<b>3,455,592</b>	<b>1,285,299</b>	<b>1,159,317</b>	<b>20,506,874</b>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At January 1, 2014	6,367,625	2,774,151	860,497	632,379	10,634,652
Charge for the year	660,680	204,365	118,448	194,667	1,178,160
Disposal adjustment	-	(52,550)	(4,392)	-	(56,942)
Eliminated on revaluation	(7,018,043)	-	-	-	(7,018,043)
<b>At December 31, 2014</b>	<b>10,262</b>	<b>2,925,966</b>	<b>974,553</b>	<b>827,046</b>	<b>4,737,827</b>
Charge for the year	742,892	193,407	143,137	109,938	1,189,374
Disposal adjustment	(4,756)	(138,716)	(35,861)	-	(179,333)
<b>At December 31, 2015</b>	<b>748,398</b>	<b>2,980,658</b>	<b>1,081,829</b>	<b>936,983</b>	<b>5,747,868</b>
<b>NET CARRYING AMOUNT</b>					
<b>At December 31, 2015</b>	<b>13,858,268</b>	<b>474,935</b>	<b>203,470</b>	<b>222,334</b>	<b>14,759,006</b>
At December 31, 2014	14,489,738	404,723	208,300	332,271	15,435,032

(b) The Bank's land and buildings are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation was performed by Blackburn Consulting (Pty) Ltd, an independent professionally qualified chartered surveyor on November 22, 2014. The revaluation resulted in a gain of SCR 2,659,232.

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

The next revaluation is expected to be performed in 2016. The Bank is of the opinion that the carrying amounts of land and building approximate their fair values at the end of the reporting period.

(c) The total cost relating to fully depreciated assets still in use amounts to SCR 4,243,805 as at December 31, 2015 (2014: SCR 2,918,801).

(d) Cash outflow for the purchase of equipment assets was SCR 519,075 (2014: SCR 752,037).

(e) The Bank does not have any of its assets pledged as securities.

(f) Fair value measurement disclosures for revalued land and buildings are provided in Note 3 (f).

10. PROPERTY AND EQUIPMENT (CONTINUED)

(g) Significant unobservable valuation input:

	Price per square metre
2015	SCR 20,000 - SCR 21,000
2014	SCR 20,000 - SCR 21,000

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2015	2014
	SCR	SCR
Cost	6,263,761	6,157,094
Accumulated depreciation and impairment	(5,244,828)	(5,181,734)
<b>Net carrying amount</b>	<b>1,018,932</b>	<b>975,360</b>

11. INTANGIBLE ASSETS

(a) COST

	SCR
At January 1, 2014	4,574,079
Additions	-
<b>At December 31, 2014</b>	<b>4,574,079</b>
Additions	17,429
Disposals	-
<b>At December 31, 2015</b>	<b>4,591,508</b>

AMORTISATION

At January 1, 2014	2,189,922
Amortisation	1,416,623
<b>At December 31, 2014</b>	<b>3,606,545</b>
Amortisation	963,550
<b>At December 31, 2015</b>	<b>4,570,095</b>

NET CARRYING VALUE

<b>At December 31, 2015</b>	<b>21,413</b>
At December 31, 2014	967,533

(b) Intangible assets comprise of computer software and licenses.

(c) The total cost relating to fully depreciated assets still in use amounts to SCR 4,432,904 as at December 31, 2015 (2014: SCR 322,535).

(d) Cash outflow for the purchase of intangible assets was SCR 17,429 for the current year (2014: SCR Nil).

12. BORROWINGS

(a)	Interest rate	Maturity	2015	2014
	%		SCR	SCR
(i) Nouvobanq S.I.M.B.C bank loan	4.75% + 3 months Euribor	2018	19,589,341	31,796,869
(ii) Nouvobanq S.I.M.B.C bank loan	5% + 3 months Euribor	2020	52,007,544	-
(iii) BADEA bank loan	4%	2023	16,994,187	20,174,629
(iv) Seychelles Government (ADF Bilateral) loan	2.75%	2027	89,745,216	92,686,260
(v) Seychelles Government (EIB Bilateral) loan	1.93%	2023	7,125,338	-
(vi) Barclays Bank Seychelles	Barclays Bank Prime Lending Rate - 4.75%	2023	73,437,500	-
<b>Total borrowings</b>			<b>258,899,126</b>	<b>144,657,758</b>

(i) Nouvobanq S.I.M.B.C bank loan

This loan is secured by a Government Gazetted Guarantee for EUR 2.5m

(ii) Nouvobanq S.I.M.B.C bank loan

This loan is secured by a Government Gazetted Guarantee for SCR 100m.

(ii) BADEA bank loan

This loan is secured by the Government of Seychelles.

(iii) Seychelles Government (ADF Bilateral) Loan

This loan is secured by the Government of Seychelles.

(iv) Seychelles Government (EIB Bilateral) Loan

This loan is secured by the Government of Seychelles.

(v) Barclays Bank Seychelles

This loan is secured by the Government of Seychelles.

(b) Reconciliation of borrowings:

	2015	2014
	SCR	SCR
Balance at January 1,	144,657,758	148,540,026
Proceeds from borrowings	132,125,338	3,337,873
Interest charges	5,966,008	5,438,356
Repayment of interest	(5,816,401)	(5,430,354)
Repayment of principal	(13,655,329)	(11,205,559)
Foreign exchange differences	(4,378,249)	3,977,416
Balance at December 31,	<b>258,899,126</b>	<b>144,657,758</b>

13. DBS BONDS

	2015	2014
	SCR	SCR
At January 1,	125,412,671	100,232,534
Redeemed during the year	-	(25,000,000)
Issued during the year	-	50,000,000
Interest expense	6,875,000	7,846,237
Interest payments	(6,875,000)	(7,666,100)
<b>At December 31,</b>	<b>125,412,671</b>	<b>125,412,671</b>

- (a) Interest rates on the above bonds ranges between 4% and 7.5% (2014: 4% and 7.5%).
- (b) The bonds are guaranteed by the Government of Seychelles.
- (c) The currency profile and maturity termed of the bonds are detailed in Note 3.

14. FUNDS UNDER MANAGEMENT

	2015	2014
	SCR	SCR
Credit Guarantee Scheme (a)	870,134	870,134
EU Fisheries, ADF and CCA funds (b)	768,173	1,840,258
Photovoltaic project (c)	10,801,134	6,858,401
	<b>12,439,441</b>	<b>9,568,793</b>

- (a) This fund was created from a donation made by Frederick Ebert Stiftung (a private foundation in the West of Germany). The objective of the fund is to support small entrepreneurs and young graduates from the Polytechnique on ventures not exceeding SCR 150,000. Loans are no longer being approved from this fund and no additional payments are being made therein since 2008. The fund is repayable on demand.
- (b) This pertain to funds received on behalf of EU Fisheries Development Fund and Agricultural Development Fund loan schemes, which have not yet been transferred to these respective loan schemes. The Bank has been given the mandate of administering these funds on behalf of the Government. The funds are repayable on demand.
- (c) This relates to balance held on behalf of the government with regards to the Photovoltaic project. The Government introduced the project in 2014 with the aim of intensifying efforts to reduce the country's dependency on fossil fuel by encouraging the use of renewable energy. The Bank is managing this fund on behalf of the Government. The funds are repayable on demand.

15. OTHER LIABILITIES

	2015	2014
	SCR	SCR
Trade payables (a)	1,493,883	1,502,330
Other payables and accruals (b)	1,923,378	2,021,529
	<b>3,417,262</b>	<b>3,523,859</b>

- (a) Trade payables consist mainly of retention amounts due upon completion of construction contracts, to which the Bank has a current obligation for services rendered and invoiced by the construction companies.
- (b) Other payables consist mainly of sundry creditors and personal contribution deposited by the producers toward the financing of total project costs.



16. COMPENSATION BENEFIT OBLIGATIONS

	2015	2014
	SCR	SCR
Compensation -end of contract (i)	1,506,649	1,147,003
Gratuity (ii)	118,389	155,111
Compensation -retirement (iii)	2,221,445	1,918,405
	<u>3,846,482</u>	<u>3,220,519</u>

(i) COMPENSATION - END OF CONTRACT

	2015	2014
	SCR	SCR
At January 1,	1,147,003	441,901
Charged to statement of comprehensive income	1,062,213	805,052
Benefits paid	(702,567)	(99,950)
<b>At December 31,</b>	<u>1,506,649</u>	<u>1,147,003</u>

End of contract compensation represents the Bank's obligation to pay compensation to employees on fixed term contracts upon the termination of their contracts. The contracts are for a minimum period of 2 years.

(ii) GRATUITY

	2015	2014
	SCR	SCR
At January 1,	155,111	113,889
Charged to statement of comprehensive income	58,113	50,556
Benefits paid	(94,835)	(9,333)
<b>At December 31,</b>	<u>118,389</u>	<u>155,111</u>

This represents the Bank's obligation for compensation of every five years of continued service performed.

(iii) COMPENSATION - RETIREMENT

Compensation benefit obligation is a statutory obligation which all financial institutions incorporated in Seychelles under the Employment Act 1995 shall pay to employee upon resignation or termination of the employee provided that same has completed five years of continuous service. However, the Bank's internal policy allows for compensation payment to be made even though the continuous five year period has not been met.

(a) Amount recognised to profit or loss:

	2015	2014
	SCR	SCR
Current service cost	193,451	174,702
Interest cost	142,239	82,455
Actuarial loss	300,610	311,593
	<u>636,300</u>	<u>568,750</u>

16. COMPENSATION BENEFIT OBLIGATIONS (CONTINUED)

(iii) COMPENSATION - RETIREMENT (CONTINUED)

(b) Reconciliation of present value of obligation

	2015	2014
	SCR	SCR
At January 01,	1,918,405	1,354,732
Current service cost	193,451	174,702
Interest cost	142,239	82,455
Benefits paid	(333,260)	(5,076)
Actuarial loss	300,610	311,593
At December 31,	<u>2,221,445</u>	<u>1,918,405</u>

(c) The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	6.14%	5.60%
Future salary increases	6.00%	6.00%
Retirement age	63	63

Effect of changes in the assumptions above on the compensation liability with all other things being equal:

	2015	2014
	SCR	SCR
Discount rate - increase by 1%	(378,864)	(363,833)
Discount rate - decrease by 1%	484,294	470,528
Future salary - increases by 1%	481,277	463,542
Future salary - decreases by 1%	(383,359)	(365,660)
Retirement age - increases by 5 years	(42,291)	36,610
Retirement age - decreases by 5 years	43,115	(35,924)

The figure of 6% used to calculate future salary increases in no way commits the Bank to such increase in salary and has been used for calculation purposes only.

17. SHARE CAPITAL

	2015	2014
	SCR	SCR
<i>Authorised shares</i>		
At January 1, and December 31,	<u>40,000,000</u>	<u>40,000,000</u>

17. SHARE CAPITAL (CONTINUED)

	2015	2014
	SCR	SCR
<i>Issued and fully paid shares</i>		
At January 1, and December 31,	39,200,000	39,200,000

18. CONTINGENT RESERVE

	2015	2014
	SCR	SCR
At January 1, and December 31,	41,385,321	41,385,321

The contingent reserve is maintained in accordance with the provisions of Chapter 63 Development Bank of Seychelles Decree 1 February 1978. Section 33, Application of Monies, requires that the bank set aside in a reserve fund up to the Share Capital, that is, SCR 39.2 million.

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2015 (2014:Nil).

20. INTEREST INCOME

	2015	2014
	SCR	SCR
Cash and short term funds	568,384	371,100
Interest on held to maturity investment securities	545,097	272,877
Loans and advances	46,108,183	39,794,855
Interest in suspense	(338,432)	49,875
	<b>46,883,232</b>	<b>40,488,707</b>

21. INTEREST EXPENSE

	2015	2014
	SCR	SCR
Interest on borrowings and loan arrangement fees	7,215,007	5,438,356
Interest on DBS bonds	6,875,000	7,846,237
	<b>14,090,007</b>	<b>13,284,593</b>

22. OTHER INCOME

	2015	2014
	SCR	SCR
Management fees	707,232	806,000
Fees from loans and advances	815,248	276,861
Application fees	824,992	849,235
Rental income (a)	136,000	-
	<b>2,483,473</b>	<b>1,932,095</b>

22. OTHER INCOME (CONTINUED)

(a) Lease arrangements

Operating lease commitments - Bank as a lessor

The Bank has entered into operating leases on certain premises. The leases are for a period of six months.

	2015	2014
	SCR	SCR
Lease commitments		
Within one year	12,000	-
After one year but not more than 5 years	-	-
More than 5 years	-	-
	<u>12,000</u>	<u>-</u>

23. EMPLOYEE BENEFIT EXPENSES

	2015	2014
	SCR	SCR
Salaries and wages	12,915,187	9,770,051
Pension costs (i)	217,258	170,175
Compensation benefit obligations	1,756,627	1,424,357
Directors fees and committee allowances	499,860	351,835
Other staff costs	934,626	768,432
	<u>16,323,558</u>	<u>12,484,849</u>

(i) The Bank contributes to a statutory defined contribution scheme. Contributions are determined by local statute and are currently limited to 2% of gross salary per employee per month. The Bank's contributions to the scheme is charged to the profit and loss in the year in which they relate to.

24. OTHER OPERATING EXPENSES

	2015	2014
	SCR	SCR
Utilities costs	583,745	708,141
Communication costs	602,386	719,950
Maintenance costs	1,042,380	1,385,001
Legal and professional fees	518,027	502,785
Donations	296,501	272,208
Bank charges	57,702	192,458
Auditors' remuneration	143,750	324,833
Insurance expenses	108,008	97,782
Travelling expenses	513,829	406,451
Rental expenses	759,492	433,606
Office expenses	474,678	494,764
Promotion and advertising costs	268,451	387,866
Membership fees	237,711	282,850
Loss on disposal of equipment	4,168	1,894
Impairment of non-current assets classified as held for sale (note 9)	2,500,000	300,000
Other administrative expenses	1,034,152	620,156
	<u>9,144,980</u>	<u>7,130,745</u>

(a) Lease arrangements

Operating lease commitments - Bank as lessee

The Bank has entered into rental lease agreements for the premises. The leases are for a minimum period of one year, with an option of renewal in the contract. There are no restrictions placed upon the lessee by entering into the lease.

24. OTHER OPERATING EXPENSES (CONTINUED)

(a) Lease arrangements (Continued)

Operating lease commitments - Bank as lessee (Continued)

Future minimum lease payments under cancellable operating leases as at 31 December are, as follows:

	2015	2014
	SCR	SCR
Lease commitments		
Within one year	761,860	329,787
After one year but not more than 5 years	37,003	630,267
More than 5 years	-	-
	<u>798,863</u>	<u>960,054</u>

25. CAPITAL COMMITMENTS

Loans and advances approved but not yet disbursed or partially disbursed as at December 31, 2015 totalled 320,041,152 (2014: 161,581,824).

26. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, there were the following transactions between the Bank and its related parties:

(a) Borrowings	Relationship	2015	2014
		SCR	SCR
<u>Government of Seychelles</u>			
Balance at January 01,		92,686,260	95,241,593
Proceeds received		7,125,338	-
Interests	Shareholder	2,819,830	2,931,203
Repayment		<u>(5,760,874)</u>	<u>(5,486,536)</u>
Balance at December 31,		<u>96,870,554</u>	<u>92,686,260</u>
<u>Nouvobanq - S.I.M.B.C</u>			
Balance at January 01,		31,796,869	38,516,524
Proceeds received		50,000,000	-
Interests	Government related (*)	1,334,443	1,721,722
Repayment		<u>(8,375,990)</u>	<u>(9,438,969)</u>
Exchange differences		<u>(3,158,437)</u>	997,593
Balance at December 31,		<u>71,596,885</u>	<u>31,796,869</u>

(\*) The Government of Seychelles holds shares in both the Development Bank of Seychelles and Nouvobanq.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Salaries and other benefits	Relationship	2015	2014
		SCR	SCR
Key management salaries	Key management	1,885,993	2,597,430
Directors remuneration	Directors	499,860	299,455
End of contract settlements	Key management	473,496	-
End of contract provision	Key management	558,685	546,418
(d) Outstanding balances			
Recovery on Financial Guarantee Contract	Shareholder	(977,443)	(4,135,880)
Borrowings	Shareholder	96,870,554	92,686,260
Borrowings	Government related	71,596,885	31,796,869
Loans and advances	Key management	3,555,927	1,885,908

In 2015, due to organization restructuring, the Bank created new positions to head their departments. The head of departments are considered as key management personnel. The current year amounts reflect the key management personnel who were appointed to these positions.

27. EVENTS AFTER THE REPORTING PERIOD

There is no event subsequent to the date of statement of financial position which may have a material effect on the financial statement as at 31 December 2015.