

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Directors' Report

The Board of Directors of BanyanTree Bank Limited (the "Bank") is pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2013. These financial statements have been prepared by the Bank in accordance with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004 and on a fair value basis.

The Bank opened for commercial business in February 2013. During the year under review, the Bank focused on raising deposits, predominantly in foreign currency. The year saw a tightening of the foreign currency flows through Mauritius due to market sentiments and the uncertainty over the Double Taxation Agreement with India, a major contributor to fund flows. This made it challenging for the Bank to raise foreign currency deposits. Mauritian Rupee liquidity was very high in the system to the tune of approximately MUR 10 billion and the Bank was able to mobilise local currency deposits from Institutional Investors.

In keeping with the Bank's goal of helping customers save money, the Bank launched a Gold Savings Plan product targeted at the retail segment. The product has been fairly successful and the Bank has been able to achieve reasonable targets in the year 2013.

The Bank spent the first few months in building strong processes incorporating regulatory guidelines and best practices so as to develop a world-class product and service delivery platform. Further, the team spent many months to ensure the Bank is fully compliant with all rules, regulations and policies of the Bank of Mauritius and other local acts and laws. This enabled the Bank to conduct its business activities and operations during the year 2013 in accordance with regulatory norms and good banking practices.

Corporate governance

The Bank adopts sound corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors delegates its powers to several Board Committees and Management, which operate in line with the best international good corporate governance practices.

The Audit and Compliance Committee, the Nominations and Remuneration Committee, the Conduct Review Committee, the Risk Monitoring Committee, the Corporate Governance, Environment, Health and Social Committee, the Credit Committee and the Finance Committee have been setup to foster safe and sound banking practices. The Bank also ensures adherence to guidelines issued by the Bank of Mauritius.

Substantial shareholders

As at 31 December 2013, the stated capital of the Bank stood at Rs. 269,650,528 represented by 27,797,588 ordinary shares of no par value.

The shareholding of the Bank is detailed in Note 2 of the Corporate Governance Report.

Directors' remuneration

Directors' remuneration are disclosed in the Corporate Governance Report.

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Directors' Report (Contd)

Directors' service contracts

The Bank does not have any employment contract with its directors, except for letters of engagement with the Independent Directors and a letter of employment with the Chief Executive Officer.

Auditors

Grant Thornton, acted as External Auditors of the Bank and its remuneration for audit services has been fixed at Rs 175,000, exclusive of Value Added Tax.

| | 2013 Rs | 2012 Rs |
|---------------|----------------|---------------|
| Audit fees | 175,000 | 50,000 |
| Taxation fees | 35,000 | 10,000 |
| TOTAL | 210,000 | 60,000 |

Prospects ahead

The Bank aims to focus on the following key areas for growth in 2014:

1. To target the Mauritian Corporate segment, high net-worth individuals and Parastatals for offering products like Deposits, Loans, Remittances, Forex and other services.
2. The Bank will target mid-sized Offshore Management Companies for building / maintaining relationships and identifying potential customers for foreign currency deposits / loans.
3. The Bank has and will further leverage technology to offer services through a "self-service" model. This will continue to help in reducing costs and significantly improve banking access for the customers.
4. The Bank has adopted a "thin" infrastructure model that reduces the cost of operations. The benefits of this will be passed on to customers by way of higher interest rates on deposits or low transaction costs.

Directors' responsibilities in respect of the financial statements

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the requirements set out in the Bank of Mauritius Guideline on Public Disclosure of Information, International Financial Reporting Standards, the Financial Reporting Act 2004, the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Directors' Report (Contd)

Acknowledgements

The Bank has made good progress in putting together the building blocks of an institution with focus on the long term. This has been made possible due to the cooperation, efforts and dedication of staff members, leadership of its senior management and the guidance of its Board of Directors.

The Bank of Mauritius has been kind enough to support the Board and Management during the year. The Board of Directors take this opportunity to thank the Bank of Mauritius for its co-operation and support during the year, and look forward to their guidance in the future.

The Board of Directors wishes to express its appreciation to the efforts of the team members for their dedication and hard work in the execution of the business strategy of the Bank.

Mr. Jagdish Capoor
Chairman
On behalf of Board of Directors

Mr. Sanjiv Singhal
Vice-Chairman
On behalf of Board of Directors

Date: 28 March 2014

Ebene, Republic of Mauritius

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Independent auditors' report To the members of BanyanTree Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BanyanTree Bank Limited Ltd, the "Bank", which comprise the statement of financial position as at 31 December 2013, 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 information.

Directors' Responsibilities 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 Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and the Bank of Mauritius Guideline on Public Disclosure of Information 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 20 to 59 give a true and fair view of the financial position of the Bank as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

Report on Other Legal and Regulatory Requirements

(a) *Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Bank other than in our capacity as auditors and tax advisors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Independent auditors' report (Contd) To the members of BanyanTree Bank Limited

Report on Other Legal and Regulatory Requirements (Contd)

(b) *Banking Act 2004*

(i) In our opinion, the financial statements:

- are complete, fair and properly drawn up; and
- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

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

(c) *Financial Reporting Act 2004*

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance, (the 'Code'). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report comply with the requirements of the Code.

Other Matters

This report is made solely to the members of the Bank as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's 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 opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 28 March 2014

Ebene, Republic of Mauritius

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**BanyanTree Bank Limited****Statement of financial position as at 31 December**

| | 2013 | 2012 |
|---|---------------------|-------------|
| | Rs | Rs |
| ASSETS | | |
| Cash and cash equivalents | 51,174,841 | 244,699,302 |
| Loans and advances to customers | 1,199,556 | |
| Investments | 442,739,025 | - |
| Financial assets at fair value through profit or loss | 933,000 | - |
| Plant and equipment | 3,952,882 | 489,528 |
| Deferred tax assets | 1,136,248 | 241,755 |
| Other assets | 36,418,689 | 1,025,149 |
| Total assets | 537,554,241 | 246,455,734 |
| LIABILITIES | | |
| Deposits from banks | 151,500,000 | - |
| Deposits from customers | 123,041,859 | - |
| Obligations under finance lease | 2,337,727 | - |
| Other liabilities | 3,831,874 | 1,310,139 |
| Total liabilities | 280,711,460 | 1,310,139 |
| SHAREHOLDERS' EQUITY | | |
| Stated capital | 269,650,528 | 67,222,260 |
| Share application monies | - | 182,956,058 |
| Accumulated losses | (12,807,747) | (5,032,723) |
| Total equity | 256,842,781 | 245,145,595 |
| Total liabilities and equity | 537,554,241 | 246,455,734 |
| CONTINGENT LIABILITIES | | |
| Guarantees | 120,000 | - |

Approved by the Board of Directors on 28 March 2014 and signed on its behalf by:

Mr. Jagdish Capoor
Chairman

Mr. Sanjiv Singhal
Vice-Chairman

Mr. Gopakumar Puthenveetil
Chief Executive Officer

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

BanyanTree Bank Limited

Statement of comprehensive income for the year ended 31 December

| | Year ended 31 December 2013 Rs | Period from 11 June 2012 to 31 December 2012 Rs |
|--|---|---|
| Interest income | 16,375,091 | 517,983 |
| Interest expense | (3,537,797) | - |
| Net interest income | 12,837,294 | 517,983 |
| Fee and commission income | 8,362,774 | - |
| Personnel expenses | (9,377,503) | (422,424) |
| Operating lease expenses | (2,211,361) | (291,057) |
| Other expenses | (8,989,859) | (1,621,332) |
| Operating profit/(loss) | 621,345 | (1,816,830) |
| Other income | 933,000 | - |
| Pre-operative expenses | (1,949,560) | (3,429,578) |
| Finance charges | (5,135,224) | - |
| Depreciation | (758,541) | (28,070) |
| Net foreign exchange losses | (2,380,537) | - |
| Loss before tax | (8,669,517) | (5,274,478) |
| Income tax credit | 894,493 | 241,755 |
| Loss for the year/period | (7,775,024) | (5,032,723) |
| Other comprehensive income: | | |
| Items that will not be reclassified subsequently to profit or loss | - | - |
| Items that will be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income for the year/period, net of tax | - | - |
| Total comprehensive income for the year/period | (7,775,024) | (5,032,723) |
| Loss per share | 0.37 | 0.75 |

Approved by the Board of Directors on 28 March 2014 and signed on its behalf by:

Mr. Jagdish Capoor
Chairman

Mr. Sanjiv Singhal
Vice-Chairman

Mr. Gopakumar Puthenveetil
Chief Executive Officer

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**BanyanTree Bank Limited**

Statement of changes in shareholders' equity for the year ended 31 December

| | Stated capital Rs | Share application monies Rs | Accumulated losses Rs | Total Rs |
|---|----------------------------------|--|--------------------------------------|---------------------|
| At 01 January 2013 | 67,222,260 | 182,956,058 | (5,032,723) | 245,145,595 |
| Issue of shares | 202,428,268 | (127,400,490) | - | 75,027,778 |
| Refund of share application monies | - | (55,555,568) | - | (55,555,568) |
| Transactions with the owners | 202,428,268 | (182,956,058) | - | 19,472,210 |
| Loss for the year | - | - | (7,775,024) | (7,775,024) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | (7,775,024) | (7,775,024) |
| At 31 December 2013 | 269,650,528 | - | (12,807,747) | 256,842,781 |
| Issue of shares | 67,222,260 | - | - | 67,222,260 |
| Funds received | - | 182,956,058 | - | 182,956,058 |
| Transactions with the owners | 67,222,260 | 182,956,058 | - | 250,178,318 |
| Loss for the period | - | - | (5,032,723) | (5,032,723) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | (5,032,723) | (5,032,723) |
| At 31 December 2012 | 67,222,260 | 182,956,058 | (5,032,723) | 245,145,595 |

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

BanyanTree Bank Limited

Statement of cash flows for the year ended
31 December 2013

| | Year ended 31 December 2013 Rs | Period from 11 June 2012 to 31 December 2012 Rs |
|---|---|---|
| Operating activities | | |
| Loss before tax | (8,669,517) | (5,274,478) |
| <i>Adjustments for:</i> | | |
| Depreciation | 758,541 | 28,070 |
| Premium on refund of share application monies | 4,166,666 | - |
| Amortisation of premium paid on corporate bonds | 968,558 | - |
| Fair value of financial assets at fair value through profit or loss | (933,000) | - |
| Foreign exchange losses | 3,842,638 | - |
| | 133,886 | (5,246,408) |
| Changes in operating assets and liabilities | | |
| Change in loans and advances to customers | (1,199,556) | - |
| Change in other assets | (35,393,540) | (1,025,149) |
| Change in deposits from banks | 151,500,000 | - |
| Change in deposits from customers | 123,041,859 | - |
| Change in other liabilities | 2,521,735 | 1,310,139 |
| Net cash flows from/(used in) operating activities | 240,604,384 | (4,961,418) |
| Investing activities | | |
| Purchase of plant and equipment | (1,638,504) | (517,598) |
| Purchase of investments | (447,550,221) | - |
| Net cash flows used in investing activities | (449,188,725) | (517,598) |
| Financing activities | | |
| Repayment of finance lease | (245,664) | - |
| Proceeds from issue of shares | 75,027,778 | 67,222,260 |
| Proceeds from share application monies | - | 182,956,058 |
| Refund of share application monies | (59,722,234) | - |
| Net cash flows from financing activities | 15,059,880 | 250,178,318 |
| Net change in cash and cash equivalents | (193,524,461) | 244,699,302 |
| Cash and cash equivalents, at start of the year/period | 244,699,302 | - |
| Cash and cash equivalents, at end of the year/period | 51,174,841 | 244,699,302 |