

HSBC Bank (Mauritius) Limited

STATEMENT OF FINANCIAL POSITION

at 31 December 2012

	2012 USD'000	2011 USD'000	2010 USD'000
ASSETS			
Cash and cash equivalents	886,460	1,359,788	1,303,189
Trading assets	37,643	66,967	26,640
Derivative assets held for risk management	6,504	195	-
Loans and advances to banks	773,575	713,581	536,686
Loans and advances to customers	2,716,470	2,433,729	1,998,283
Investment securities	-	-	30
Equipment	44	57	72
Deferred tax assets	13	17	-
Other assets	25,818	16,320	9,270
Total assets	4,446,527	4,590,654	3,874,170
LIABILITIES			
Deposits from banks	198	230	235
Deposits from customers	4,023,025	4,242,392	3,602,164
Trading liabilities	12,875	40,034	19,081
Derivative liabilities held for risk management	-	1,055	7,392
Other borrowed funds	71,294	38,324	16,962
Current tax liabilities	1,469	942	769
Other liabilities	16,401	12,734	4,603
Total liabilities	4,125,262	4,335,711	3,651,206
Shareholders' equity			
Stated capital – paid up	72,957	72,957	72,957
Retained earnings	148,138	84,655	57,056
Other reserves	100,170	97,331	92,951
Total equity attributable to equity holders	321,265	254,943	222,964
Total liabilities and shareholders' equity	4,446,527	4,590,654	3,874,170

Approved on 27 February 2013

Guy Harvey-Samuel
Chairman

James Boucher
Managing Director

Sangita Aggarwal
Director



HSBC Bank (Mauritius) Limited

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	2012 USD'000	2011 USD'000	2010 USD'000
Interest income	64,268	45,443	34,608
Interest expense	(2,006)	(1,230)	(880)
Net interest income	62,262	44,213	33,728
Fee and commission income	12,258	11,599	8,312
Fee and commission expense	(7,157)	(2,643)	(1,635)
Net fee and commission income	5,101	8,956	6,677
Net trading income	8,318	6,275	8,878
Net income from other financial instruments carried at fair value	382	298	386
Other operating income	79	70	68
	8,779	6,643	9,332
Operating income	76,142	59,812	49,737
Personnel expenses	(2,886)	(2,420)	(2,029)
Operating lease expenses	(141)	(144)	(130)
Depreciation	(24)	(31)	(31)
Other expenses	(3,751)	(2,717)	(1,953)
Total expenses	(6,802)	(5,312)	(4,143)
Profit before income tax	69,340	54,500	45,594
Income tax expense	(2,845)	(2,016)	(2,045)
Profit from continuing operation	66,495	52,484	43,549
Profit from discontinued operation, net of tax	4	4	44
Profit for the year	66,499	52,488	43,593
Other comprehensive income, net of income tax			
Unrecognised actuarial losses, net of deferred tax	(198)	(540)	-
Exchange difference	16	(5)	(2)
Other comprehensive income for the year, net of income tax	(182)	(545)	(2)
Total comprehensive income for the year	66,317	51,943	43,591
Profit attributable to:			
Equity holders	66,499	52,488	43,593
Total comprehensive income attributable to:			
Equity holders	66,317	51,943	43,591

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSBC BANK (MAURITIUS) LIMITED

We have audited the financial statements of HSBC Bank (Mauritius) Limited (the "Bank") for the year ended 31 December 2012, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 27 February 2013, we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Bank's financial position and the financial performance and cash flows for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

HSBC Bank (Mauritius) Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	2012 USD'000	2011 USD'000	2010 USD'000
Cash flows from operating activities			
Profit for the year	66,499	52,488	43,593
Adjustments for:			
Depreciation	24	31	31
Income tax expense	2,845	2,016	2,045
	69,368	54,535	45,669
Change in derivative assets held for risk management	(6,309)	(195)	3,862
Change in derivative liabilities held for risk management	(1,055)	(6,337)	4,361
Change in other assets	(9,498)	(7,050)	(1,886)
Change in other liabilities	3,514	7,600	1,893
Change in trading assets	29,324	(40,327)	(26,560)
Change in trading liabilities	(27,159)	20,953	19,061
Change in loans and advances to banks	(59,994)	(176,895)	(490,686)
Change in loans and advances to customers	(282,741)	(435,446)	(187,529)
Change in deposits from banks	(32)	(5)	(33)
Change in deposits from customers	(219,367)	640,228	323,028
	(503,949)	57,061	(308,820)
Income tax paid	(2,311)	(1,843)	(2,514)
Net cash (used in)/from operating activities	(506,260)	55,218	(311,334)
Cash flows from investing activities			
Proceed from sale of investment securities	-	30	17
Acquisition of equipment	(11)	(18)	(21)
Proceeds from the sale of equipment	-	1	-
Net cash (used in)/from investing activities	(11)	13	(4)
Cash flows used in financing activities			
Dividend paid	-	(20,000)	(20,000)
Net cash used in financing activities	-	(20,000)	(20,000)
Net change in cash and cash equivalents	(506,271)	35,231	(331,338)
Cash and cash equivalents at 1 January	1,321,464	1,286,227	1,617,658
Effect of exchange fluctuations on cash and cash equivalents	(27)	6	(93)
Cash and cash equivalents at 31 December	815,166	1,321,464	1,286,227

KPMG's report on the complete set of financial statements reads as follows:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSBC BANK (MAURITIUS) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of HSBC Bank (Mauritius) Limited (the "Bank") on pages 43 to 114 which comprise the statement of financial position at 31 December 2012 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. This report is made solely to the Bank's members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Bank's members those matters that 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.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Banking Act 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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements on pages 43 to 114 give a true and fair view of the financial position of the Bank at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritius Companies Act

We have no relationship with or interests in the Bank other than in our capacity as auditors.

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

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

Banking Act

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

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

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code").

Our responsibility is to report on these disclosures.

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

KPMG

Licensed Auditors

Jean Claude LIONG

Licensed by FRC

Ebène

Date: 27 February 2013



HSBC Bank (Mauritius) Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Stated capital	Statutory reserve	General banking reserve	Retained earnings	Other reserves	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 January 2010	72,957	72,957	18,108	35,340	29	199,391
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	43,593	-	43,593
Exchange difference	-	-	-	(2)	-	(2)
Total comprehensive income for the year	-	-	-	43,591	-	43,591
<i>Transactions with owners of the Bank, recognised directly in equity</i>						
Movement during the year	-	-	-	-	(18)	(18)
Transfer to general banking reserve	-	-	1,875	(1,875)	-	-
Dividends paid	-	-	-	(20,000)	-	(20,000)
Transactions with owners of the Bank, recognised directly in equity	-	-	1,875	(21,875)	(18)	(20,018)
Balance at 31 December 2010	72,957	72,957	19,983	57,056	11	222,964
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	52,488	-	52,488
Deferred tax	-	-	-	17	-	17
Unrecognised actuarial gains/losses	-	-	-	(557)	-	(557)
Exchange difference	-	-	-	(5)	-	(5)
Total comprehensive income for the year	-	-	-	51,943	-	51,943
<i>Transactions with owners of the Bank, recognised directly in equity</i>						
Transfer to general banking reserve	-	-	4,354	(4,354)	-	-
Dividends paid	-	-	-	(20,000)	-	(20,000)
Movement during the year	-	-	-	10	22	32
Exchange difference	-	-	-	-	4	4
Transactions with owners of the Bank, recognised directly in equity	-	-	4,354	(24,344)	26	(19,964)
Balance at 31 December 2011	72,957	72,957	24,337	84,655	37	254,943
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	66,499	-	66,499
Deferred tax	-	-	-	4	-	4
Unrecognised actuarial gains/losses	-	-	-	(202)	-	(202)
Exchange difference	-	-	-	16	-	16
Total comprehensive income for the year	-	-	-	66,317	-	66,317
<i>Transactions with owners of the Bank, recognised directly in equity</i>						
Transfer to general banking reserve	-	-	2,828	(2,828)	-	-
Movement during the year	-	-	-	(6)	12	6
Exchange difference	-	-	-	-	(1)	(1)
Transactions with owners of the Bank, recognised directly in equity	-	-	2,828	(2,834)	11	5
Balance at 31 December 2012	72,957	72,957	27,165	148,138	48	321,265

