

The Hongkong and Shanghai Banking Corporation Limited - Mauritius Branch

Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	2017 MUR'000	2016 MUR'000	2015 MUR'000
Interest income	789,429	838,046	814,987
Interest expense	(211,945)	(236,936)	(257,351)
Net interest income	577,484	601,110	557,636
Fee and commission income	188,458	193,193	209,589
Fee and commission expense	(43,325)	(33,154)	(33,677)
Net fee and commission income	145,133	160,039	175,912
Net trading income	173,088	168,202	194,350
	895,705	929,351	927,898
Other operating income	320,937	301,122	284,857
Total operating income	1,216,642	1,230,473	1,212,755
Net impairment loss on financial assets	(4,853)	(15,556)	(18,045)
Personnel expenses	(363,021)	(346,258)	(361,609)
Operating lease expenses	(45,398)	(40,995)	(46,669)
Depreciation	(11,402)	(12,029)	(14,809)
Other expenses	(484,918)	(506,013)	(519,509)
Total expenses	(904,739)	(905,295)	(942,596)
Profit before income tax	307,050	309,622	252,114
Income tax expense	(86,883)	(85,455)	(57,397)
Profit for the year	220,167	224,167	194,717
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liabilities	(112,584)	(84,691)	(7,754)
Related tax on remeasurements of defined benefit liabilities	48,978	12,704	1,163
Gain / (Loss) on revaluation of land and buildings	15,442	(28,711)	1,790
Related tax on gain on revaluation of land and buildings	(1,274)	2,788	(77)
	(49,438)	(97,910)	(4,878)
Items that may be reclassified to profit or loss			
Net change in fair value of available for sale financial assets	953	106,233	(78,038)
	953	106,233	(78,038)
Other comprehensive income for the year	(48,485)	8,323	(82,916)
Total comprehensive income for the year	171,682	232,490	111,801

The Hongkong and Shanghai Banking Corporation Limited - Mauritius Branch

Summary statement of financial position at 31 December 2017

	2017 MUR'000	2016 MUR'000	2015 MUR'000
ASSETS			
Cash and cash equivalents	4,392,528	3,509,555	4,560,602
Trading assets	800	694	225,613
Loans and advances to banks	604,380	563,557	307,595
Loans and advances to customers	13,004,031	12,404,036	13,603,659
Investment securities	6,175,741	5,705,028	4,864,108
Other assets	1,924,534	2,060,873	1,973,128
Property, plant and equipment	248,766	233,996	266,243
Deferred tax assets	89,067	53,014	36,308
Total assets	26,439,847	24,530,753	25,837,256
LIABILITIES			
Deposits from banks	268,725	188,531	650,082
Deposits from customers	19,718,435	19,542,948	20,498,350
Trading liabilities	9,443	6,400	1,527
Other borrowed funds	2,887,037	1,264,409	1,426,619
Current tax liabilities	47,003	54,846	45,203
Other liabilities	1,120,718	1,251,509	1,128,971
Total liabilities	24,051,361	22,308,643	23,750,752
Shareholder's funds			
Assigned capital	239,265	239,265	239,265
Retained earnings	1,516,703	1,368,257	1,305,057
Other reserves	632,518	614,588	542,182
Total shareholder's funds	2,388,486	2,222,110	2,086,504
Total liabilities and shareholder's funds	26,439,847	24,530,753	25,837,256

Approved on 26 March 2018

Christopher Jonathan Kyle Murray
Chief Executive Officer

Lukas Mandangu
Chief Financial Officer

The Hongkong and Shanghai Banking Corporation Limited - Mauritius Branch

Summary Statement of changes in equity for the year ended 31 December 2017

	Assigned capital MUR'000	Retained earnings MUR'000	Other Reserves				Fair value reserve MUR'000	Total MUR'000
			Reserves for own shares MUR'000	Revaluation reserves MUR'000	Statutory reserve MUR'000	General banking reserve MUR'000		
Balance at 01 January 2015	239,265	1,121,831	24,899	233,704	243,185	125,756	(13,751)	1,974,889
Total comprehensive income								
Profit for the year	-	194,717	-	-	-	-	-	194,717
Other comprehensive income								
Net change in fair value	-	-	-	-	-	-	(78,038)	(78,038)
Realisation of revaluation reserve to retained earnings	-	26,262	-	(26,262)	-	-	-	-
Remeasurements of defined benefit liabilities	-	(7,754)	-	-	-	-	-	(7,754)
Revaluation of properties	-	-	-	1,790	-	-	-	1,790
Tax on other comprehensive income	-	1,163	-	(77)	-	-	-	1,086
Total other comprehensive income	-	19,671	-	(24,549)	-	-	(78,038)	(82,916)
Total comprehensive income	-	214,388	-	(24,549)	-	-	(78,038)	111,801
Transactions with owners of the Bank								
Other movements during the period	-	899	3,161	-	-	-	-	4,060
Net change in fair value of share-based payment liability	-	-	(4,246)	-	-	-	-	(4,246)
Transactions with owners of the Bank	-	899	(1,085)	-	-	-	-	(186)
Transfer (from)/to general banking reserve	-	(32,061)	-	-	-	32,061	-	-
Balance at 31 December 2015	239,265	1,305,057	23,814	209,155	243,185	157,817	(91,789)	2,086,504
Total comprehensive income								
Profit for the year	-	224,167	-	-	-	-	-	224,167
Other comprehensive income								
Net change in fair value	-	-	-	-	-	-	106,233	106,233
Realisation of revaluation reserve to retained earnings	-	1,277	-	(1,277)	-	-	-	-
Remeasurements of defined benefit liabilities	-	(84,691)	-	-	-	-	-	(84,691)
Revaluation of properties	-	-	-	(28,711)	-	-	-	(28,711)
Tax on other comprehensive income	-	12,704	-	2,788	-	-	-	15,492
Total other comprehensive income	-	(70,710)	-	(27,200)	-	-	106,233	8,323
Total comprehensive income	-	153,457	-	(27,200)	-	-	106,233	232,490
Transactions with owners of the Bank								
Other movements during the period	-	1,608	2,157	-	-	-	-	3,765
Net change in fair value of share-based payment liability	-	-	(3,249)	-	-	-	-	(3,249)
Profit remittance to Head office	-	(97,400)	-	-	-	-	-	(97,400)
Transactions with owners of the Bank	-	(95,792)	(1,092)	-	-	-	-	(96,884)
Transfer (from)/to general banking reserve	-	5,535	-	-	-	(5,535)	-	-
Balance at 31 December 2016	239,265	1,368,257	22,722	181,955	243,185	152,282	14,444	2,222,110
Total comprehensive income								
Profit for the year	-	220,167	-	-	-	-	-	220,167
Other comprehensive income								
Net change in fair value	-	-	-	-	-	-	953	953
Realisation of revaluation reserve to retained earnings	-	929	-	(929)	-	-	-	-
Remeasurements of defined benefit liabilities	-	(112,584)	-	-	-	-	-	(112,584)
Revaluation of properties	-	-	-	15,442	-	-	-	15,442
Tax on other comprehensive income	-	48,978	-	(1,274)	-	-	-	47,704
Total other comprehensive income	-	(62,677)	-	13,239	-	-	953	(48,485)
Total comprehensive income	-	157,490	-	13,239	-	-	953	171,682
Transactions with owners of the Bank								
Other movements during the period	-	(4,713)	1,241	139	-	-	-	(3,333)
Net change in fair value of share-based payment liability	-	-	(1,973)	-	-	-	-	(1,973)
Transactions with owners of the Bank	-	(4,713)	(732)	139	-	-	-	(5,306)
Transfer (from)/to general banking reserve	-	(4,331)	-	-	-	4,331	-	-
Balance at 31 December 2017	239,265	1,516,703	21,990	195,333	243,185	156,613	15,397	2,388,486

The Hongkong and Shanghai Banking Corporation Limited - Mauritius Branch

Summary Statement of cash flows for the year ended 31 December 2017

	2017 MUR'000	2016 MUR'000	2015 MUR'000
Cash flows from operating activities			
Profit before income tax	307,050	309,622	252,114
Adjustments for:			
Depreciation	11,402	12,029	14,809
Loss on sale of fixed assets	370	1	911
Profit on sales of equity securities			
Provision and adjustments to income for impairment losses	(2,967)	9,115	8,940
Net interest income	(577,484)	(601,110)	(557,636)
Exchange differences in respect of cash & cash equivalents	120,401	28,243	(170,204)
	(141,228)	(242,100)	(451,066)
Change in:			
Other assets	135,613	(84,464)	(287,922)
Other liabilities	(237,434)	54,717	197,991
Trading assets	(106)	224,919	281,907
Trading liabilities	3,043	4,873	(2,057)
Loans and advances to customers	(597,028)	1,190,508	(1,424,564)
Loans and advances to banks	(40,823)	(255,962)	4,115
Deposits from customers	175,487	(955,402)	1,912,417
Deposits from banks	80,194	(461,551)	(155,469)
Interest received	790,155	834,765	817,943
Interest paid	(218,894)	(253,099)	(265,333)
Other borrowed funds	-	(1,326,820)	1,326,820
	(51,021)	(1,269,616)	1,954,782
Tax paid	(87,373)	(77,219)	(89,373)
Net cash (used in)/from operating activities	(138,394)	(1,346,835)	1,865,409
Cash flows from investing activities			
Acquisition of property, plant and equipment	(11,100)	(8,542)	(5,384)
Proceeds from disposal of equipment	-	50	270
Proceeds from disposal of assets held for sale	-	-	26,040
Net investment in securities	(469,760)	(734,687)	(35,506)
Net cash used in investing activities	(480,860)	(743,179)	(14,580)
Cash flows from financing activities			
Repatriation of profit	-	(97,400)	-
Net cash used in financing activities	-	(97,400)	-
Net change in cash and cash equivalents	(619,254)	(2,187,414)	1,850,829
Cash and cash equivalents at 1 January	2,245,146	4,460,803	2,439,770
Exchange differences in respect of cash & cash equivalents	(120,401)	(28,243)	170,204
Cash and cash equivalents at 31 December	1,505,491	2,245,146	4,460,803

Independent Auditor's Report

To the Directors of

The Hongkong and Shanghai Banking Corporation Limited

Report on the Summary Financial Statements

Our Opinion

In our opinion, the accompanying summary financial statements of The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch (the "Bank") are consistent, in all material respects, with the audited financial statements, on the basis described in note 1.

The summary financial statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 31 December 2017 comprise:

- the summary statement of financial position as at 31 December 2017;
- the summary statement of profit or loss and other comprehensive income for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary statement of cash flows for the year then ended; and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and our Audit Report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 March 2018.

Responsibilities of Management for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in note 1.

Auditor's Responsibility for the Summary Financial Statement

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers

Michael Ho Wan Kau, licensed by FRC

26 March 2018

Note 1

The accompanying summary financial statements are derived from the audited financial statements of The Hongkong and Shanghai Banking Corporation – Mauritius Branch (the "Bank") for the year ended 31 December 2017. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards, are available from the regulatory authorities. The summary financial statements comprise the statement of financial position as at 31 December 2017 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2017 as presented in the audited financial statements for that period without reference to the detailed notes.