

HSBC Bank (Mauritius) Limited

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	2014 USD'000	2013 USD'000	2012 USD'000		2014 USD'000	2013 USD'000	2012 USD'000
ASSETS				LIABILITIES			
Cash and cash equivalents	360,089	833,798	886,460	Deposits from banks	184	7	198
Trading assets	22,602	27,360	37,643	Deposits from customers	2,630,171	3,149,758	4,023,025
Derivative assets held for risk management	-	-	6,504	Trading liabilities	3,294	8,808	12,875
Loans and advances to banks	1,300,282	884,804	773,575	Derivative liabilities held for risk management	-	-	-
Loans and advances to customers	2,713,529	2,683,492	2,716,470	Other borrowed funds	1,403,564	934,568	71,294
Equipment	34	38	44	Current tax liabilities	897	899	1,469
Deferred tax assets	20	29	13	Other liabilities	30,515	14,412	16,401
Other assets	27,451	20,156	25,818	Total liabilities	4,068,625	4,108,452	4,125,262
Total assets	4,424,007	4,449,677	4,446,527	Shareholders' equity			
				Stated capital – paid up	72,957	72,957	72,957
				Retained earnings	182,280	168,424	148,138
				Other reserves	100,145	99,844	100,170
				Total equity attributable to equity holders	355,382	341,225	321,265
				Total liabilities and shareholders' equity	4,424,007	4,449,677	4,446,527

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2014 USD'000	2013 USD'000	2012 USD'000
Interest income	52,409	59,553	64,268
Interest expense	(4,397)	(4,336)	(2,006)
Net interest income	48,012	55,217	62,262
Fee and commission income	14,962	11,876	12,258
Fee and commission expense	(6,725)	(5,734)	(7,157)
Net fee and commission income	8,237	6,142	5,101
Net trading income	4,517	6,215	8,318
Net income from other financial instruments carried at fair value through profit or loss	-	81	382
Revenue	60,766	67,655	76,063
Other operating income	73	73	79
Total Operating income	60,839	67,728	76,142
Personnel expenses	(2,857)	(3,380)	(2,886)
Operating lease expenses	(143)	(142)	(141)
Depreciation	(17)	(21)	(24)
Other expenses	(6,746)	(6,450)	(3,751)
Total expenses	(9,763)	(9,993)	(6,802)
Profit before income tax	51,076	57,735	69,340
Income tax expense	(2,201)	(2,297)	(2,845)
Profit from continuing operation	48,875	55,438	66,495
Profit from discontinued operation, net of tax	-	-	4
Profit for the year	48,875	55,438	66,499
Other comprehensive income, net of income tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit asset	228	(487)	(202)
Related tax	(7)	14	4
	221	(473)	(198)
Items that are or may be reclassified to profit or loss			
Exchange difference on remeasurements of defined benefit asset	58	(8)	16
Other comprehensive income for the year, net of income tax	279	(481)	(182)
Total comprehensive income for the year	49,154	54,957	66,317
Profit attributable to:			
Equity holders	48,875	55,438	66,499
Total comprehensive income attributable to:			
Equity holders	49,154	54,957	66,317

STATEMENT OF CASH FLOWS

	2014 USD'000	2013 USD'000	2012 USD'000
Cash flows from operating activities			
Profit for the year	48,875	55,438	66,499
Adjustments for:			
Depreciation	17	21	24
Profit on sale of fixed asset	-	1	-
Income tax expense	2,201	2,297	2,845
	51,093	57,757	69,368
Change in:			
Derivative assets held for risk management	-	6,504	(6,309)
Derivative liabilities held for risk management	-	-	(1,055)
Other assets	(7,295)	5,662	(9,498)
Other liabilities	16,331	(2,431)	3,514
Trading assets	4,758	10,283	29,324
Trading liabilities	(5,514)	(4,067)	(27,159)
Loans and advances to banks	(415,478)	(111,229)	(59,994)
Loans and advances to customers	(30,037)	32,978	(282,741)
Borrowings from local banks and banks abroad	(33,748)	50,000	-
Deposits from banks	177	(191)	(32)
Deposits from customers	(519,587)	(873,267)	(219,367)
	(939,300)	(828,001)	(503,949)
Income tax paid	(2,201)	(2,868)	(2,311)
Net cash used in operating activities	(941,501)	(830,869)	(506,260)
Cash flows from investing activities			
Acquisition of equipment	(13)	(18)	(11)
Proceeds from the sale of equipment	-	4	-
Net cash used in investing activities	(13)	(14)	(11)
Cash flows used in financing activities			
Dividends paid	(35,000)	(35,000)	-
Net cash used in financing activities	(35,000)	(35,000)	-
Net change in cash and cash equivalents	(976,514)	(865,883)	(506,271)
Cash and cash equivalents at 1 January	(50,770)	815,166	1,321,464
Effect of exchange fluctuations on cash and cash equivalents	61	(53)	(27)
Cash and cash equivalents at 31 December	(1,027,223)	(50,770)	815,166

STATEMENT OF CHANGES IN EQUITY

	Stated capital USD'000	Statutory reserve USD'000	General banking reserve USD'000	Retained earnings USD'000	Other reserves USD'000	Total USD'000
Balance at 01 January 2012	72,957	72,957	24,337	84,655	37	254,943
Total comprehensive income	-	-	-	66,499	-	66,499
Profit for the year	-	-	-	66,499	-	66,499
Other comprehensive income						
Remeasurements of defined benefit asset	-	-	-	(202)	-	(202)
Exchange difference on remeasurements of defined benefit asset	-	-	-	16	-	16
Tax on other comprehensive income	-	-	-	4	-	4
Total other comprehensive income	-	-	-	(182)	-	(182)
Total comprehensive income	-	-	-	66,317	-	66,317
Transactions with owners of the Bank						
Movement during the year	-	-	-	(6)	12	6
Exchange difference	-	-	-	(1)	(1)	(1)
Transactions with owners of the Bank	-	-	-	(6)	11	5
Transfer to/(from) general banking reserve	-	-	2,828	(2,828)	-	-
Balance at 31 December 2012	72,957	72,957	27,165	148,138	48	321,265
Total comprehensive income						
Profit for the year	-	-	-	55,438	-	55,438
Other comprehensive income						
Remeasurements of defined benefit asset	-	-	-	(487)	-	(487)
Exchange difference on remeasurements of defined benefit asset	-	-	-	(8)	-	(8)
Tax on other comprehensive income	-	-	-	14	-	14
Total other comprehensive income	-	-	-	(481)	-	(481)
Total comprehensive income	-	-	-	54,957	-	54,957
Transactions with owners of the Bank						
Dividends paid	-	-	-	(35,000)	-	(35,000)
Exchange difference	-	-	-	(1)	4	3
Transactions with owners of the Bank	-	-	-	(35,001)	4	(34,997)
Transfer to/(from) general banking reserve	-	-	(330)	330	-	-
Balance at 31 December 2013	72,957	72,957	26,835	168,424	52	341,225
Total comprehensive income						
Profit for the year	-	-	-	48,875	-	48,875
Other comprehensive income						
Remeasurements of defined benefit asset	-	-	-	228	-	228
Exchange difference on remeasurements of defined benefit asset	-	-	-	58	-	58
Tax on other comprehensive income	-	-	-	(7)	-	(7)
Total other comprehensive income	-	-	-	279	-	279
Total comprehensive income	-	-	-	49,154	-	49,154
Transactions with owners of the Bank						
Dividends paid	-	-	-	(35,000)	-	(35,000)
Exchange difference	-	-	-	2	1	3
Transactions with owners of the Bank	-	-	-	(34,998)	1	(34,997)
Transfer to/(from) general banking reserve	-	-	300	(300)	-	-
Balance at 31 December 2014	72,957	72,957	27,135	182,280	53	355,382

Approved by the Board on 10 February 2015

Jayant Rikhye
Chairman

Dean Lamm
Managing Director

Giovanna Viscone
Director

The above information, including the independent auditors' report, has been extracted from the audited financial statements for the year ended 31 December 2014. It should therefore be read in conjunction with the rest of the audited financial statements.

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 2014, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 10 February 2015, 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.

KPMG
Ebène, Mauritius Date: 10 February 2015

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"), which comprise the statement of financial position at 31 December 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 117.

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 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.

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 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSBC BANK (MAURITIUS) LIMITED REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of HSBC Bank (Mauritius) Limited at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of 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. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the financial statements and on whether the disclosure is consistent with the requirements of the Code. In our opinion, the disclosure in the financial statements is consistent with the requirements of the Code.

KPMG
Ebène, Mauritius

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Licensed by FRC Date: 10 February 2015

