

HSBC Bank (Mauritius) Limited

STATEMENT OF FINANCIAL POSITION

at 31 December 2013

	2013 USD'000	2012 USD'000	2011 USD'000
ASSETS			
Cash and cash equivalents	833,798	886,460	1,359,788
Trading assets	27,360	37,643	66,967
Derivative assets held for risk management	-	6,504	195
Loans and advances to banks	884,804	773,575	713,581
Loans and advances to customers	2,683,492	2,716,470	2,433,729
Equipment	38	44	57
Deferred tax assets	29	13	17
Other assets	20,156	25,818	16,320
Total assets	4,449,677	4,446,527	4,590,654
LIABILITIES			
Deposits from banks	7	198	230
Deposits from customers	3,149,758	4,023,025	4,242,392
Trading liabilities	8,808	12,875	40,034
Derivative liabilities held for risk management	-	-	1,055
Other borrowed funds	934,568	71,294	38,324
Current tax liabilities	899	1,469	942
Other liabilities	14,412	16,401	12,734
Total liabilities	4,108,452	4,125,262	4,335,711
Shareholders' equity			
Stated capital – paid up	72,957	72,957	72,957
Retained earnings	168,424	148,138	84,655
Other reserves	99,844	100,170	97,331
Total equity attributable to equity holders	341,225	321,265	254,943
Total liabilities and shareholders' equity	4,449,677	4,446,527	4,590,654

Approved by the Board on 20 March 2014

Jayant Rikhye
Chairman

Dean Lam
Managing Director

Giovanna Viscione
Director



HSBC Bank (Mauritius) Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	2013 USD'000	2012 USD'000	2011 USD'000
Interest income	59,553	64,268	45,443
Interest expense	(4,336)	(2,006)	(1,230)
Net interest income	55,217	62,262	44,213
Fee and commission income	11,876	12,258	11,599
Fee and commission expense	(5,734)	(7,157)	(2,643)
Net fee and commission income	6,142	5,101	8,956
Net trading income	6,215	8,318	6,275
Net income from other financial instruments carried at fair value through profit or loss	81	382	298
Revenue	67,655	76,063	59,742
Other operating income	73	79	70
Total Operating income	67,728	76,142	59,812
Personnel expenses	(3,380)	(2,886)	(2,420)
Operating lease expenses	(142)	(141)	(144)
Depreciation	(21)	(24)	(31)
Other expenses	(6,450)	(3,751)	(2,717)
Total expenses	(9,993)	(6,802)	(5,312)
Profit before income tax	57,735	69,340	54,500
Income tax expense	(2,297)	(2,845)	(2,016)
Profit from continuing operation	55,438	66,495	52,484
Profit from discontinued operation, net of tax	-	4	4
Profit for the year	55,438	66,499	52,488
Other comprehensive income, net of income tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit asset	(487)	(202)	(557)
Related tax	14	4	17
	(473)	(198)	(540)
Items that are or may be reclassified to profit or loss			
Exchange difference on remeasurements of defined benefit asset	(8)	16	(5)
Other comprehensive income for the year, net of income tax	(481)	(182)	(545)
Total comprehensive income for the year	54,957	66,317	51,943
Profit attributable to:			
Equity holders	55,438	66,499	52,488
Total comprehensive income attributable to:			
Equity holders	54,957	66,317	51,943

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 2013, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 20 March 2014, 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: 20 March 2014



HSBC Bank (Mauritius) Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	2013 USD'000	2012 USD'000	2011 USD'000
Cash flows from operating activities			
Profit for the year	55,438	66,499	52,488
Adjustments for:			
Depreciation	21	24	31
Profit on sale of fixed asset	1	-	-
Income tax expense	2,297	2,845	2,016
	57,757	69,368	54,535
Change in:			
Derivative assets held for risk management	6,504	(6,309)	(195)
Derivative liabilities held for risk management	-	(1,055)	(6,337)
Other assets	5,662	(9,498)	(7,050)
Other liabilities	(2,431)	3,514	7,600
Trading assets	10,283	29,324	(40,327)
Trading liabilities	(4,067)	(27,159)	20,953
Loans and advances to banks	(111,229)	(59,994)	(176,895)
Loans and advances to customers	32,978	(282,741)	(435,446)
Borrowings from local banks and banks abroad	50,000	-	-
Deposits from banks	(191)	(32)	(5)
Deposits from customers	(873,267)	(219,367)	640,228
	(828,001)	(503,949)	57,061
Income tax paid	(2,868)	(2,311)	(1,843)
Net cash (used in)/from operating activities	(830,869)	(506,260)	55,218
Cash flows from investing activities			
Proceed from sale of investment securities	-	-	30
Acquisition of equipment	(18)	(11)	(18)
Proceeds from the sale of equipment	4	-	1
Net cash (used in)/from investing activities	(14)	(11)	13
Cash flows used in financing activities			
Dividends paid	(35,000)	-	(20,000)
Net cash used in financing activities	(35,000)	-	(20,000)
Net change in cash and cash equivalents	(865,883)	(506,271)	35,231
Cash and cash equivalents at 1 January	815,166	1,321,464	1,286,227
Effect of exchange fluctuations on cash and cash equivalents	(53)	(27)	6
Cash and cash equivalents at 31 December	(50,770)	815,166	1,321,464

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 2013 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 43 to 114.

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 auditor's 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' 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 give a true and fair view of the financial position of HSBC Bank (Mauritius) Limited at 31 December 2013 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

Reesan Emrith

Licensed by FRC

Date: 20 March 2014



HSBC Bank (Mauritius) Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	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 01 January 2011	72,957	72,957	19,983	57,056	11	222,964
Total comprehensive income						
Profit for the year	-	-	-	52,488	-	52,488
Other comprehensive income						
Remeasurements of defined benefit asset	-	-	-	(557)	-	(557)
Exchange difference on remeasurements of defined benefit asset	-	-	-	(5)	-	(5)
Tax on other comprehensive income	-	-	-	17	-	17
Total other comprehensive income	-	-	-	(545)	-	(545)
Total comprehensive income	-	-	-	51,943	-	51,943
Transactions with owners of the Bank						
Dividends paid	-	-	-	(20,000)	-	(20,000)
Movement during the year	-	-	-	10	22	32
Exchange difference	-	-	-	-	4	4
Transactions with owners of the Bank	-	-	-	(19,990)	26	(19,964)
Transfer to/(from) general banking reserve	-	-	4,354	(4,354)	-	-
Balance at 31 December 2011	72,957	72,957	24,337	84,655	37	254,943
Total comprehensive income						
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)
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 (from)/to general banking reserve	-	-	(330)	330	-	-
Balance at 31 December 2013	72,957	72,957	26,835	168,424	52	341,225