

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 2016

	2016 MUR'000	2015 MUR'000	2014 MUR'000
Interest income	838,046	814,987	886,288
Interest expense	(236,936)	(257,351)	(321,451)
Net interest income	601,110	557,636	564,837
Fee and commission income	193,193	209,589	223,360
Fee and commission expense	(33,154)	(33,677)	(26,703)
Net fee and commission income	160,039	175,912	196,657
Net trading income	168,202	194,350	165,985
	929,351	927,898	927,479
Other operating income	301,122	284,857	126,567
Total operating income	1,230,473	1,212,755	1,054,046
Net impairment loss on financial assets	(15,556)	(18,045)	(6,303)
Personnel expenses	(346,258)	(361,609)	(331,296)
Operating lease expenses	(40,995)	(46,669)	(44,501)
Depreciation	(12,029)	(14,809)	(14,168)
Amortisation	-	-	(166)
Other expenses	(506,013)	(519,509)	(334,848)
Total expenses	(905,295)	(942,596)	(724,979)
Profit before income tax	309,622	252,114	322,764
Income tax expense	(85,455)	(57,397)	(95,891)
Profit for the year	224,167	194,717	226,873
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liabilities	(84,691)	(7,754)	(42,598)
Related tax on remeasurements of defined benefit liabilities	12,704	1,163	6,390
(Loss) / Gain on revaluation of land and buildings	(28,711)	1,790	7,802
Related tax on gain on revaluation of land and buildings	2,788	(77)	29
	(97,910)	(4,878)	(28,377)
Items that may be reclassified to profit or loss			
Net change in fair value	106,233	(78,038)	(47,994)
	106,233	(78,038)	(47,994)
Other comprehensive income for the year	8,323	(82,916)	(76,371)
Total comprehensive income for the year	232,490	111,801	150,502
<i>Profit attributable to:</i>			
Equity holders of the Bank	224,167	194,717	226,873
<i>Total comprehensive income attributable to:</i>			
Equity holders of the Bank	232,490	111,801	150,502

The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch

Summary statement of financial position at 31 December 2016

	2016 MUR'000	2015 MUR'000	2014 MUR'000
ASSETS			
Cash and cash equivalents	3,509,555	4,560,602	2,814,959
Trading assets	694	225,613	585,558
Loans and advances to banks	563,557	307,595	311,710
Loans and advances to customers	12,404,036	13,603,659	12,188,035
Investment securities	5,705,028	4,864,108	4,828,602
Other assets	2,060,873	1,973,128	1,688,162
Property, plant and equipment	233,996	266,243	274,119
Deferred tax assets	53,014	36,308	33,408
	24,530,753	25,837,256	22,724,553
Assets held for sale	-	-	26,980
Total assets	24,530,753	25,837,256	22,751,533
LIABILITIES			
Deposits from banks	188,531	650,082	805,551
Deposits from customers	19,542,948	20,498,350	18,585,933
Trading liabilities	6,400	1,527	3,584
Other borrowed funds	1,264,409	1,426,619	375,189
Current tax liabilities	54,846	45,203	75,175
Other liabilities	1,251,509	1,128,971	931,212
Total liabilities	22,308,643	23,750,752	20,776,644
Shareholders' funds			
Assigned capital	239,265	239,265	239,265
Retained earnings	1,368,257	1,305,057	1,121,831
Other reserves	614,588	542,182	613,793
Total shareholders' funds	2,222,110	2,086,504	1,974,889
Total liabilities and shareholders' funds	24,530,753	25,837,256	22,751,533

Approved on 15 March 2017

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 2016

	Assigned capital	Retained earnings	Other Reserves				Fair value reserve	Total
			Reserves for own shares	Revaluation reserves	Statutory reserve	General banking reserve		
			MUR'000	MUR'000	MUR'000	MUR'000		
Balance at 1 January 2014	239,265	1,297,840	24,305	232,086	243,185	102,805	34,243	2,173,729
Total comprehensive income								
Profit for the year	-	226,873	-	-	-	-	-	226,873
Other comprehensive income								
Net change in fair value	-	-	-	-	-	-	(47,994)	(47,994)
Realisation of revaluation reserve to retained earnings	-	6,213	-	(6,213)	-	-	-	-
Remeasurements of defined benefit liabilities	-	(42,598)	-	-	-	-	-	(42,598)
Revaluation of land and buildings	-	-	-	7,802	-	-	-	7,802
Tax on other comprehensive income	-	6,390	-	29	-	-	-	6,419
Total other comprehensive income	-	(29,995)	-	1,618	-	-	(47,994)	(76,371)
Total comprehensive income	-	196,878	-	1,618	-	-	(47,994)	150,502
Transactions with owners of the Bank								
Other movements	-	(445)	3,358	-	-	-	-	2,913
Net change in fair value of share-based payment liability	-	-	(2,764)	-	-	-	-	(2,764)
Profit remittance to Head Office	-	(349,491)	-	-	-	-	-	(349,491)
Transactions with owners of the Bank	-	(349,936)	594	-	-	-	-	(349,342)
Transfer to general banking reserve	-	(22,951)	-	-	-	22,951	-	-
Balance at 31 December 2014	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 land and buildings	-	-	-	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	-	899	3,161	-	-	-	-	4,060
Net change in fair value of share-based payment liability	-	-	(4,246)	-	-	-	-	(4,246)
Profit remittance to Head Office	-	-	-	-	-	-	-	-
Transactions with owners of the Bank	-	899	(1,085)	-	-	-	-	(186)
Transfer 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 land and buildings	-	-	-	(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	-	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 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

The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch

Summary statement of cash flows for the year ended 31 December 2016

	2016 MUR'000	2015 MUR'000	2014 MUR'000
Cash flows from operating activities			
Profit before income tax	309,622	252,114	322,764
Adjustments for:			
Depreciation	12,029	14,809	14,168
Amortisation	-	-	166
Loss on sale of fixed assets	1	911	63
Provision and adjustments to income for impairment losses	9,115	8,940	359
Net interest income	(601,110)	(557,636)	(564,837)
Exchange differences in respect of cash and cash equivalents	28,243	(170,204)	(67,672)
	(242,100)	(451,066)	(294,989)
Change in:			
Other assets	(84,464)	(287,922)	(98,051)
Other liabilities	54,717	197,991	18,597
Trading assets	224,919	281,907	(285,914)
Trading liabilities	4,873	(2,057)	(5,188)
Loans and advances to customers	1,190,508	(1,424,564)	768,535
Loans and advances to banks	(255,962)	4,115	1,210,493
Deposits from customers	(955,402)	1,912,417	(1,686,146)
Deposits from banks	(461,551)	(155,469)	238,886
Interest received	834,765	817,943	900,535
Interest paid	(253,099)	(265,333)	(339,414)
	57,204	627,962	427,344
Tax paid	(77,219)	(89,373)	(101,240)
Net cash (used in)/from operating activities	(20,015)	538,589	326,104
Cash flows from investing activities			
Acquisition of property, plant and equipment	(8,541)	(5,384)	(16,811)
Proceeds from disposal of equipment	49	270	-
Proceeds from disposal of assets held for sale	-	26,040	-
Net investment in securities	(734,687)	(35,506)	698,973
Net cash (used in)/from investing activities	(743,179)	(14,580)	682,162
Cash flows from financing activities			
(Decrease) / increase in other borrowed funds	(1,326,820)	1,326,820	-
Repatriation of profit	(97,400)	-	(349,491)
Net cash (used in)/ from financing activities	(1,424,220)	1,326,820	(349,491)
Net change in cash and cash equivalents	(2,187,414)	1,850,829	658,775
Cash and cash equivalents at 1 January	4,460,803	2,439,770	1,713,323
Exchange differences in respect of cash and cash equivalents	(28,243)	170,204	67,672
Cash and cash equivalents at 31 December	2,245,146	4,460,803	2,439,770

Note 1:

The summary financial statements are derived from the audited financial statements of The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch (the "Bank") for the year ended 31 December 2016. 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 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2016 as presented in the audited financial statements for that period without reference to the detailed notes.

The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch

Independent Auditor's Report

To the Directors of

The Hongkong and Shanghai Banking Corporation Limited

Report on the Summary Financial Statements

The accompanying summary financial statements, which comprise the summary statement of financial position as at 31 December 2016, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited financial statements of The Hongkong and Shanghai Banking Corporation Limited – Mauritius Branch (the "Bank") for the year ended 31 December 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 15 March 2017.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Bank.

Management's Responsibility for the Summary Financial Statements

The Bank's management is responsible for the preparation of a summary of the audited financial statements on the basis described in note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Bank for the year ended 31 December 2016 are consistent, in all material respects, with those financial statements, on the basis described in note 1.

Other Matter

This report, including the opinion, has been prepared for and only for the Bank's directors in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Michael Ho Wan Kau, licensed by FRC

15 March 2017