

The Hongkong and Shanghai Banking Corporation – Mauritius Branch

Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	2015 MUR'000	2014 MUR'000	2013 MUR'000
Interest income	814,987	886,288	996,024
Interest expense	(257,351)	(321,451)	(390,462)
Net interest income	557,636	564,837	605,562
Fee and commission income	209,589	223,360	213,367
Fee and commission expense	(33,677)	(26,703)	(19,927)
Net fee and commission income	175,912	196,657	193,440
Net trading income	194,350	165,985	187,839
Net loss from other financial instruments carried at fair value through profit or loss	-	-	(1,242)
	927,898	927,479	985,599
Other operating income	284,857	126,567	113,218
Total operating income	1,212,755	1,054,046	1,098,817
Net impairment loss on financial assets	(18,045)	(6,303)	(5,666)
Personnel expenses	(361,609)	(331,296)	(313,552)
Operating lease expenses	(46,669)	(44,501)	(42,816)
Depreciation	(14,809)	(14,168)	(29,872)
Amortisation	-	(166)	(2,864)
Other expenses	(519,509)	(334,848)	(334,854)
Total expenses	(942,596)	(724,979)	(723,958)
Profit before income tax	252,114	322,764	369,193
Income tax expense	(57,397)	(95,891)	(120,733)
Profit for the year	194,717	226,873	248,460
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liabilities	(7,754)	(42,598)	(41,907)
Related tax on remeasurements of defined benefit liabilities	1,163	6,390	6,286
Gain on revaluation of land and buildings	1,790	7,802	11,560
Related tax on gain on revaluation of land and buildings	(77)	29	244
	(4,878)	(28,377)	(23,817)
Items that may be reclassified to profit or loss			
Net change in fair value	(78,038)	(47,994)	(16,411)
	(78,038)	(47,994)	(16,411)
Other comprehensive income for the year	(82,916)	(76,371)	(40,228)
Total comprehensive income for the year	111,801	150,502	208,232
<i>Profit attributable to:</i>			
Equity holders of the Bank	194,717	226,873	248,460
<i>Total comprehensive income attributable to:</i>			
Equity holders of the Bank	111,801	150,502	208,232

The Hongkong and Shanghai Banking Corporation – Mauritius Branch

Summary statement of financial position at 31 December 2015

	2015	2014	2013
	MUR'000	MUR'000	MUR'000
ASSETS			
Cash and cash equivalents	4,560,602	2,814,959	3,838,653
Trading assets	225,613	585,558	347,638
Loans and advances to banks	307,595	311,710	1,522,203
Loans and advances to customers	13,603,659	12,188,035	12,956,929
Investment securities	4,864,108	4,828,602	5,527,575
Other assets	1,973,128	1,688,162	1,604,358
Property, plant and equipment	266,243	274,119	290,717
Intangible asset	-	-	166
Deferred tax assets	36,308	33,408	27,587
	25,837,256	22,724,553	26,115,826
Assets held for sale	-	26,980	-
Total assets	25,837,256	22,751,533	26,115,826
LIABILITIES			
Deposits from banks	650,082	805,551	566,665
Deposits from customers	20,498,350	18,585,933	20,272,079
Trading liabilities	1,527	3,584	8,772
Other borrowed funds	1,426,619	375,189	2,125,330
Current tax liabilities	45,203	75,175	80,927
Other liabilities	1,128,971	931,212	888,324
	23,750,752	20,776,644	23,942,097
Shareholders' funds			
Assigned capital	239,265	239,265	239,265
Retained earnings	1,305,057	1,121,831	1,297,840
Other reserves	542,182	613,793	636,624
	2,086,504	1,974,889	2,173,729
Total liabilities and shareholders' funds	25,837,256	22,751,533	26,115,826

Approved on 24 March 2016

Alastair Bryce
Chief Executive Officer

Jennifer Foo Chin Hau Kau Fong
Chief Operating Officer

The Hongkong and Shanghai Banking Corporation – Mauritius Branch

Summary statement of changes in equity for the year ended 31 December 2015

	Other Reserves							Total MUR'000
	Assigned capital	Retained earnings	Reserves for own shares	Revaluation reserves	Statutory reserve	General banking reserve	Fair value reserve	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	
Balance at 1 January 2013	239,265	1,392,180	23,723	220,282	243,185	101,334	50,654	2,270,623
Total comprehensive income								
Profit for the year	-	248,460	-	-	-	-	-	248,460
Other comprehensive income								
Net change in fair value	-	-	-	-	-	-	13,768	13,768
Remeasurements of defined benefit liabilities	-	(41,907)	-	-	-	-	-	(41,907)
Revaluation of properties	-	-	-	11,000	-	-	-	11,000
Movement during the year	-	-	-	560	-	-	(30,179)	(29,619)
Tax on other comprehensive income	-	6,286	-	244	-	-	-	6,530
Total other comprehensive income	-	(35,621)	-	11,804	-	-	(16,411)	(40,228)
Total comprehensive income	-	212,839	-	11,804	-	-	(16,411)	208,232
Transactions with owners of the Bank								
Movement relating to share-based payment	-	1,568	2,774	-	-	-	-	4,342
Net change in fair value of share-based payment liability	-	-	(2,192)	-	-	-	-	(2,192)
Profit remittance to Head Office	-	(307,276)	-	-	-	-	-	(307,276)
Transactions with owners of the Bank	-	(305,708)	582	-	-	-	-	(305,126)
Transfer (from)/to general banking reserve	-	(1,471)	-	-	-	1,471	-	-
Balance at 31 December 2013	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 properties	-	-	-	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								
Movement relating to share-based payment	-	(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 (from)/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 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								
Movement relating to share-based payment	-	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 (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

The Hongkong and Shanghai Banking Corporation – Mauritius Branch

Summary statement of cash flows for the year ended 31 December 2015

	2015 MUR'000	2014 MUR'000	2013 MUR'000
Cash flows from operating activities			
Profit before income tax	252,114	322,764	369,193
Adjustments for:			
Depreciation	14,809	14,168	29,872
Amortisation	-	166	2,864
Loss/(profit) on sale of fixed assets	911	63	(660)
Provision and adjustments to income for impairment losses	8,940	359	(776)
Net interest income	(557,636)	(564,837)	(605,562)
Exchange differences in respect of cash & cash equivalents	(170,204)	(67,672)	85,203
	(451,066)	(294,989)	(119,866)
Change in:			
Other assets	(287,922)	(98,051)	107,454
Other liabilities	197,991	18,597	(67,570)
Investment securities	(35,506)	698,973	2,321,913
Trading assets	281,907	(285,914)	187,707
Trading liabilities	(2,057)	(5,188)	(59,161)
Loans and advances to customers	(1,424,564)	768,535	214,304
Loans and advances to banks	4,115	1,210,493	(1,276,763)
Deposits from customers	1,912,417	(1,686,146)	(1,157,089)
Deposits from banks	(155,469)	238,886	151,204
Interest received	817,943	900,535	1,051,853
Interest paid	(265,333)	(339,414)	(320,880)
	592,456	1,126,317	1,033,106
Tax paid	(89,373)	(101,240)	(124,369)
Net cash from operating activities	503,083	1,025,077	908,737
Cash flows from investing activities			
Acquisition of property, plant and equipment	(5,384)	(16,811)	(9,499)
Proceeds from disposal of equipment	270	-	758
Proceeds from disposal of assets held for sale	26,040	-	-
Net cash from/(used in) investing activities	20,926	(16,811)	(8,741)
Cash flows from financing activities			
Increase/(decrease) in other borrowed funds	1,326,820	-	(458,750)
Repatriation of profit	-	(349,491)	(307,276)
Net cash from/(used in) financing activities	1,326,820	(349,491)	(766,026)
Net change in cash and cash equivalents	1,850,829	658,775	133,970
Cash and cash equivalents at 1 January	2,439,770	1,713,323	1,664,556
Exchange differences in respect of cash & cash equivalents	170,204	67,672	(85,203)
Cash and cash equivalents at 31 December	4,460,803	2,439,770	1,713,323

The Hongkong and Shanghai Banking Corporation – Mauritius Branch

The summary statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the audited financial statements of The Hongkong and Shanghai Banking Corporation Limited - Mauritius Branch for the year ended 31 December 2015.

Independent Auditor's Report to the Directors of The Hongkong and Shanghai Banking Corporation Limited

The accompanying summary financial statements, which comprise the summary statement of financial position as at 31 December 2015, 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 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 24 March 2016.

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 Guidelines and Guidance Notes 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.

Responsibility of Management for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines of the Bank of Mauritius and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 2015 are consistent, in all material respects, with those financial statements, in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers
24 March 2016

Mohammad Issa Taujoo, licensed by FRC