

HSBC BANK (Mauritius) LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	2009 USD'000	2008 USD'000	2007 USD'000		2009 USD'000	2008 USD'000	2007 USD'000
ASSETS				LIABILITIES			
Cash and cash equivalents	1,621,327	1,309,422	2,520,861	Deposits from banks	268	198	50
Trading assets	80	1	233	Deposits from customers	3,279,136	3,153,544	3,214,363
Derivative assets held for risk management	3,862	584	169	Trading liabilities	20	31	192
Loans and advances to banks	46,000	210,439	68,581	Derivative liabilities held for risk management	3,031	33,648	8,405
Loans and advances to customers	1,810,754	1,427,802	895,864	Other borrowed funds	3,669	2,891	28
Investment securities	47	465,307	21,282	Current tax liabilities	1,329	3,768	2,589
Equipment	82	51	41	Other liabilities	2,692	3,921	88,129
Deferred tax assets	-	2	2	Total liabilities	3,290,145	3,198,001	3,313,756
Other assets	7,384	15,558	27,069	Shareholders' equity			
Total assets	3,489,536	3,429,166	3,534,102	Stated capital – paid up	72,957	72,957	72,957
				Retained earnings	35,340	71,005	64,684
				Other reserves	91,094	87,203	82,705
				Total equity attributable to equity holders	199,391	231,165	220,346
				Total equity and liabilities	3,489,536	3,429,166	3,534,102

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	2009 USD'000	2008 USD'000	2007 USD'000
Interest income	43,714	115,974	141,332
Interest expense	(2,727)	(33,973)	(81,130)
Net interest income	40,987	82,001	60,202
Fee and commission income	5,554	4,637	4,153
Fee and commission expense	(4,529)	(2,063)	(817)
Net fee and commission income	1,025	2,574	3,336
Net trading income	5,367	13,384	10,131
Net (loss)/income from other financial instruments carried at fair value	(2,081)	(184)	2,175
Other operating income	21	147	-
	3,307	13,347	12,306
Operating income	45,319	97,922	75,844
Personnel expenses	(1,653)	(2,064)	(1,668)
Operating lease expenses	(153)	(90)	(52)
Depreciation and amortisation	(22)	(20)	(23)
Other expenses	(1,755)	(1,082)	(792)
Total expense	(3,583)	(3,256)	(2,535)
Profit before income tax	41,736	94,666	73,309
Income tax expense	(2,049)	(2,875)	(2,638)
Profit for the year after tax	39,687	91,791	70,671
Other comprehensive income	-	-	-
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-
Total comprehensive income for the year	39,687	91,791	70,671
Profit attributable to:			
Equity holders	39,687	91,791	70,671
Transfer for the year to statutory reserve	-	153	12,141

STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

	2009 USD'000	2008 USD'000	2007 USD'000
Cash flows from operating activities			
Profit before income tax	41,736	94,666	73,309
Income tax paid	(4,486)	(1,696)	(834)
Adjustments for:			
Depreciation	22	20	23
Derivative assets held for risk management	(3,278)	(415)	303
Derivative liabilities held for risk management	(30,618)	25,243	7,956
Other assets	8,173	11,511	(18,853)
Other liabilities	(1,208)	(84,188)	74,334
	10,341	45,141	136,238
Change in trading assets	(79)	232	(228)
Change in trading liabilities	(11)	(161)	176
Change in investment securities	465,278	(445,017)	(262)
Change in loans and advances to banks	164,439	(141,858)	39,002
Change in loans and advances to customers	(382,952)	(531,938)	(600,692)
Change in deposits from banks	70	148	(481)
Change in deposits from customers	125,593	(60,819)	1,284,537
Net cash from (used in) operating activities	382,679	(1,134,272)	858,290
Cash flows used in investing activities			
Acquisition of equipment	(58)	(30)	(29)
Proceeds from the sale of equipment	6	-	-
Net cash used in investing activities	(52)	(30)	(29)
Cash flows used in financing activities			
Injection of fund capitalised as statutory reserve	-	-	38,000
Dividend paid	(71,500)	(80,000)	-
Net cash (used in)/from financing activities	(71,500)	(80,000)	38,000
Net change in cash and cash equivalents	311,127	(1,214,302)	896,261
Cash and cash equivalents at 1 January	1,306,531	2,520,833	1,624,572
Cash and cash equivalents at 31 December	1,617,658	1,306,531	2,520,833

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	Stated capital USD'000	Statutory reserve USD'000	General banking reserve USD'000	Retained earnings USD'000	Reserve for own shares USD'000	Total USD'000
Balance at 1 January 2007	72,957	22,663	-	15,093	1,444	112,157
Total comprehensive income	-	-	-	70,671	-	70,671
Movement during the year	-	-	-	-	(482)	(482)
Funds transferred to statutory reserve	-	38,000	-	-	-	38,000
Transfer to general banking reserve	-	-	8,939	(8,939)	-	-
Transfer to statutory reserve	-	12,141	-	(12,141)	-	-
Balance at 31 December 2007	72,957	72,804	8,939	64,684	962	220,346
Total comprehensive income	-	-	-	91,791	-	91,791
Movement during the year	-	-	-	-	(972)	(972)
Transfer to general banking reserve	-	-	5,317	(5,317)	-	-
Transfer to statutory reserve	-	153	-	(153)	-	-
Dividends paid	-	-	-	(80,000)	-	(80,000)
Balance at 31 December 2008	72,957	72,957	14,256	71,005	(10)	231,165
Total comprehensive income	-	-	-	39,687	-	39,687
Movement in the period	-	-	-	-	39	39
Transfer to general banking reserve	-	-	3,852	(3,852)	-	-
Dividends paid	-	-	-	(71,500)	-	(71,500)
Balance at 31 December 2009	72,957	72,957	18,108	35,340	29	199,391

Approved on 18 March 2010

Paul E Leech
Chairman

James Boucher
Managing Director

Sandeep Uppal
Director

The above information, including the independent auditors' report, has been extracted from the audited financial statements for the year ended 31 December 2009. 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 for the year ended 31 December 2009, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 18 March 2010, 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
Public Accountants
Port Louis
Date: 18 March 2010

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") on pages 39 to 107 which comprise the statement of financial position at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Bank's 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 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 principles 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 on pages 39 to 107 give a true and fair view of the financial position of the Bank at 31 December 2009 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

Other matter

This report, including the opinion, has been prepared for and only for, the Bank's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

KPMG
Public Accountants

Port Louis
Date: 18 March 2010

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