

STANDARD BANK (MAURITIUS) LIMITED

A member of Standard Bank Group

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF FINANCIAL POSITION

at 31 December 2012

	<u>2012</u> <u>USD</u>	<u>2011</u> ¹ <u>USD</u>	<u>2010</u> ¹ <u>USD</u>
ASSETS			
Cash and cash equivalents	1,460,621,533	729,309,883	1,982,991,291
Trading assets	174,622,254	267,669,335	135,969,120
Derivative assets held for risk management	54,245,767	23,370,433	35,832,521
Loans and advances to banks	133,031,384	7,284,847	57,332,820
Loans and advances to customers	408,522,858	414,336,817	255,073,720
Investment securities	17,894,462	22,877,552	9,676,023
Property, plant and equipment	4,692,712	1,897,602	2,273,780
Intangible assets	50,104	94,182	145,893
Deferred tax assets	2,579,000	455,000	272,000
Other assets	18,218,457	10,444,117	13,307,116
Total assets	2,274,478,531	1,477,739,768	2,492,874,284
LIABILITIES			
Deposit from banks	343,813,634	23,555,093	23,725,032
Deposits from customers ¹	1,539,402,206	1,053,406,525	2,299,707,344
Trading liabilities ¹	4,929,039	5,532,029	699,926
Derivatives liabilities held for risk management	54,443,336	22,301,665	35,839,972
Other borrowed funds	213,334,482	267,860,391	53,734,004
Subordinated liabilities	45,000,000	20,000,000	20,000,000
Current tax liabilities	159,303	595,507	119,104
Other liabilities	7,429,503	5,968,507	6,771,862
Total liabilities	2,208,511,503	1,399,219,717	2,440,597,244
Shareholders' Equity			
Share capital	35,000,000	35,000,000	20,000,000
Reserves	7,553,692	7,579,692	5,914,240
Retained income	23,413,336	35,940,359	26,362,800
Total equity attributable to equity holders	65,967,028	78,520,051	52,227,040
Total equity and liabilities	2,274,478,531	1,477,739,768	2,492,874,284

Approved by the Board of Directors and authorised for issue on 20 March 2013

Louis Rivalland

Chairman

Georges Leung Shing

Director

Lakshman Bheenick

Chief Executive

¹2011 and 2010 figures restated

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INCOME STATEMENT

for the year ended 31 December 2012

	2012 USD	2011 USD	2010 USD
Interest income	31,936,301	25,029,484	21,367,081
Interest expense	(12,953,964)	(11,290,566)	(12,874,023)
Net interest income	18,982,337	13,738,918	8,493,058
Fee and commission income	8,852,303	7,259,596	5,099,696
Fee and commission expense	(571,751)	(578,857)	(325,295)
Net fee and commission income	8,280,552	6,680,739	4,774,401
Net trading income	8,272,162	9,069,327	8,034,428
Net income/(loss) from other financial instruments carried at fair value	202,516	(195,352)	256,282
Other operating income	276,918	292,484	295,982
	8,751,596	9,166,459	8,586,692
Operating income	36,014,485	29,586,116	21,854,151
Net impairment loss on financial assets	(33,366,120)	(2,705,888)	(1,788,646)
Personnel expenses	(8,419,233)	(7,892,422)	(7,598,222)
Operating lease	(785,671)	(784,958)	(782,334)
Depreciation and amortisation	(561,427)	(627,632)	(639,115)
Other expenses	(5,858,276)	(5,132,697)	(6,346,622)
	(48,990,727)	(17,143,597)	(17,154,939)
(Loss)/Profit before income tax	(12,976,242)	12,442,519	4,699,212
Income tax expense	449,219	(1,174,800)	(522,240)
(Loss)/Profit for the year	(12,527,023)	11,267,719	4,176,972
Transfer to statutory reserve	-	1,690,160	626,554
(Loss)/Profit attributable to equity holders	(12,527,023)	9,577,559	3,550,418
	(12,527,023)	11,267,719	4,176,972
STATEMENT OF COMPREHENSIVE INCOME			
for the year ended 31 December 2012			
(Loss)/Profit for the year	(12,527,023)	11,267,719	4,176,972
Other Comprehensive Income			
Net (loss)/gain on available for sale financial assets	(133,135)	(120,505)	42,954
Other Comprehensive Income for the year	(133,135)	(120,505)	42,954
Total Comprehensive (loss)/Income for the year	(12,660,158)	11,147,214	4,373,980
Transfer to statutory reserve	-	1,690,160	626,554
Comprehensive (loss)/ Income attributable to equity holders	(12,660,158)	9,457,054	3,593,374
	(12,660,158)	11,147,214	4,219,928

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	2012 USD	2011 USD	2010 USD
Cash flows from operating activities			
(Loss)/Profit for the year	(12,527,023)	11,267,719	4,176,972
Adjustments for:			
Depreciation and amortisation	561,427	627,632	639,115
Loss on sale of assets	531,656	-	492
Net impairment loss on financial assets	33,366,120	2,705,888	1,788,646
Income tax expense	(449,219)	1,174,800	522,240
Changes in operating assets and liabilities			
Increase/(Decrease) in trading assets	93,047,081	(131,700,215)	(13,996,228)
Increase/(Decrease) in derivative financial instruments held for risk management	1,266,336	(1,076,219)	2,826
(Increase)/Decrease in loans and advances to banks	(125,746,537)	50,047,973	52,931,369
Increase in loans and advances to customers	(27,552,160)	(161,968,816)	(82,339,777)
(Increase)/Decrease in other assets	(7,853,937)	2,862,999	4,007,758
(Decrease)/Increase in trading liabilities	(602,990)	4,832,103	814,320
Increase/(Decrease) in deposits from banks	320,258,541	(169,939)	(39,919,053)
(Decrease)/Increase in other borrowed funds	(54,525,909)	214,126,387	50,274,367
Increase/(Decrease) in deposits from customers	485,995,681	(1,246,300,819)	689,050,717
(Decrease)/Increase in other liabilities	1,566,131	(706,552)	(4,725,035)
Income tax paid	(2,022,388)	(880,574)	(651,736)
Net cash from/(used in) operating activities	705,312,810	(1,255,157,633)	662,576,993
Cash flows from investing activities			
Sale/(Purchase) of investment securities	4,842,955	(13,324,034)	-
Matured investment securities	-	-	32,950,476
Capital expenditure on property, plant and equipment	(3,886,750)	(199,741)	(738,860)
Proceeds from sale of property, plant and equipment	50,344	-	71,716
Capital expenditure intangible assets	(7,709)	-	(46,283)
Net cash from/(used in) investing activities	998,840	(13,523,775)	32,237,049
Cash flows from financing activities			
Increase in Share Capital	-	15,000,000	-
Increase in subordinated liabilities	25,000,000	-	-
Net cash from/(used in) financing activities	25,000,000	15,000,000	-
Net Increase/(Decrease) in cash and cash equivalents	731,311,650	(1,253,681,408)	694,814,042
Cash and cash equivalents at beginning of the year	729,309,883	1,982,991,291	1,288,177,249
Cash and cash equivalents at end of year	1,460,621,533	729,309,883	1,982,991,291

STANDARD BANK (MAURITIUS) LIMITED

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STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share capital USD	Statutory reserve USD	Other reserve USD	Retained earnings USD	Total USD
Balance at 01 January 2010	20,000,000	4,809,832	333,464	22,812,380	47,955,676
Profit for the year	-	-	-	4,176,972	4,176,972
<i>Other Comprehensive Income</i>					
Net gains on available for sale financial investments	-	-	42,954	-	42,954
Total Comprehensive Income for the year	-	-	42,954	4,176,972	4,219,926
Share based payment	-	-	101,438	-	101,438
Transfer to statutory reserve	-	626,552	-	(626,552)	-
	-	626,552	101,438	(626,552)	101,438
Balance at 31 December 2010	20,000,000	5,436,384	477,856	26,362,800	52,277,040
Profit for the year	-	-	-	11,267,719	11,267,719
<i>Other Comprehensive Income</i>					
Net gains on available for sale financial investments	-	-	(122,505)	-	(122,505)
Total Comprehensive Income for the year	-	-	(122,505)	11,267,719	11,145,214
Share based payment	-	-	97,797	-	97,797
Transfer to statutory reserve	-	1,690,160	-	(1,690,160)	-
Additional share capital	15,000,000	-	-	-	15,000,000
	15,000,000	1,690,160	(24,708)	9,577,559	26,243,011
Balance at 31 December 2011	35,000,000	7,126,544	453,148	35,940,359	78,520,051
Loss for the year	-	-	-	(12,527,023)	(12,527,023)
<i>Other Comprehensive loss</i>					
Net loss on available for sale financial investments	-	-	(131,135)	-	(131,135)
Total Comprehensive loss for the year	-	-	(131,135)	(12,527,023)	(12,658,158)
Share based payment	-	-	105,135	-	105,135
Balance at 31 December 2012	35,000,000	7,126,544	427,148	23,413,336	65,967,028

The above information including the independent auditors' report has been extracted from the audited financial statements for the year ended 31 December 2012. It should therefore be read in conjunction with the rest of the audited financial statements.

Independent auditors' report to the members of Standard Bank (Mauritius) Limited

We have audited the financial statements of Standard Bank (Mauritius) Limited for the year ended 31 December 2012, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 20 March 2013 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

Licensed auditors

Ebène

20 March 2013

STANDARD BANK (MAURITIUS) LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Independent auditors' report to the member of Standard Bank (Mauritius) Limited (continued)

Report on the Financial Statements

We have audited the financial statements of Standard Bank (Mauritius) Limited (the "Bank") on pages 84 to 154 which comprise the statement of financial position at 31 December 2012 and the income statement, 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.

This report is made solely to the Bank's member, 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 member those matters that 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 member, for our audit work, for this report, or for the opinions we have formed.

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 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 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 on pages 84 to 154 give a true and fair view of the financial position of the Bank at 31 December 2012 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.

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 and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

KPMG

Licensed auditors

Ebène

20 March 2013

Subhas Purgus

Licensed by FRC



Standard Bank