

STANDARD BANK (MAURITIUS) LIMITED

A member of Standard Bank Group



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Financial Position as at 31 December 2015

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>	<u>2013</u> <u>USD</u>
Assets			
Cash and cash equivalents	858,078,800	2,497,991,968	1,429,027,700
Trading assets	39,163,539	184,035,481	223,637,126
Derivative assets held for risk management	9,016,819	4,503,937	6,047,463
Loans and advances to banks	393,710,692	270,117,616	351,186,580
Loans and advances to customers	100,752,826	249,836,871	340,219,697
Investment securities	474,659	2,661,958	16,498,218
Property, plant and equipment	2,871,608	3,294,570	4,160,125
Intangible assets	26,645	40,554	71,428
Deferred tax assets	1,177,000	2,116,000	3,654,000
Other assets	13,629,313	16,324,078	19,467,651
Total assets	1,418,901,901	3,230,923,033	2,393,969,988
Liabilities			
Deposits from banks	79,148,172	22,885,089	355,725,816
Deposits from customers	1,164,809,245	3,025,659,257	1,776,766,143
Trading liabilities	-	23,342,017	2,349,153
Derivatives liabilities held for risk management	8,618,009	3,796,297	6,065,708
Other borrowed funds	10,996,984	43,455,945	154,292,412
Subordinated liabilities	25,000,000	25,000,000	25,000,000
Current tax payable	539,000	-	248,446
Other liabilities	40,974,564	9,597,039	11,794,793
Total liabilities	1,330,085,974	3,153,735,644	2,332,242,471
Shareholders' Equity			
Share capital	35,000,000	35,000,000	35,000,000
Other reserves	10,561,693	7,423,062	7,378,766
Retained earnings	43,254,234	34,764,327	19,348,751
Total equity attributable to equity holders	88,815,927	77,187,389	61,727,517
Total equity and liabilities	1,418,901,901	3,230,923,033	2,393,969,988

Approved by the Board of Directors and authorised for issue on 16 March 2016.

Louis Rivalland
Chairman

Duncan Westcott
Director

Lakshman Bheenic
Chief Executive

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015

	2015 USD	2014 USD	2013 USD
Interest income	21,146,140	26,117,645	29,751,601
Interest expense	(6,969,130)	(10,381,726)	(12,672,892)
Net interest income	14,177,010	15,735,919	17,078,709
Fee and commission income	7,384,020	7,717,934	8,138,815
Fee and commission expense	(230,643)	(485,645)	(623,196)
Net fee and commission income	7,153,377	7,232,289	7,515,619
Net trading income	10,897,175	8,683,797	4,110,844
Net income from other financial instruments carried at fair value	(245,678)	284,976	68,344
Other operating income	219,336	278,958	282,171
	10,870,833	9,247,731	4,461,359
Operating income	32,201,220	32,215,939	29,055,687
Net impairment loss reversal/(charge) on financial assets	4,949,466	1,125,491	(18,738,168)
Personnel expenses	(6,529,347)	(7,254,866)	(7,899,980)
Operating lease	(649,625)	(808,337)	(789,070)
Depreciation and amortisation	(794,909)	(902,607)	(820,472)
Other expenses	(5,974,611)	(5,838,034)	(5,222,592)
	(8,999,026)	(13,678,353)	(33,470,282)
Profit/(Loss) before income tax	23,202,194	18,537,586	(4,414,595)
Income tax (expense)/credit	(1,596,711)	(3,122,010)	151,527
Profit/(Loss) for the year	21,605,483	15,415,576	(4,263,068)
Profit/(Loss) attributable to equity holders	21,605,483	15,415,576	(4,263,068)
Other Comprehensive Income for the year ended 31 December 2015			
Profit/(Loss) for the year	21,605,483	15,415,576	(4,263,068)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net gain/(loss) on available for sale financial assets	868	4,539	(35,691)
Other comprehensive income/(loss) for the year	868	4,539	(35,691)
Total comprehensive income/(loss) for the year	21,606,351	15,420,115	(4,298,759)
Total comprehensive income/(loss) attributable to equity holders	21,606,351	15,420,115	(4,298,759)

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Statement of Cash Flows

for the year ended 31 December 2015

	2015 USD	2014 USD	2013 USD
Cash flows from operating activities			
Profit/(Loss) for the year	21,605,483	15,415,576	(4,263,068)
Adjusted for:			
Depreciation and amortisation	794,908	902,607	820,472
(Gain)/Loss on sale of assets	(5,735)	-	1,105
Net impairment (gain)/loss on financial assets	(4,949,466)	(1,125,491)	18,738,168
Income tax expense/(credit)	1,596,711	3,122,010	(151,527)
Changes in operating assets and liabilities			
Decrease/(Increase) in trading assets	144,871,942	39,601,645	(49,014,872)
Decrease/(Increase) in derivative financial instruments held for risk management	308,830	(725,886)	(179,323)
(Increase)/Decrease in loans and advances to banks	(123,593,076)	81,068,964	(218,155,196)
Decrease in loans and advances to customers	154,033,510	91,508,317	49,565,256
Decrease/(Increase) in other assets	2,694,765	2,851,579	(839,470)
(Decrease)/Increase in trading liabilities	(23,342,017)	20,992,864	(2,579,886)
Increase/(Decrease) in deposits from banks	56,263,084	(332,840,728)	11,912,182
Decrease in other borrowed funds	(32,458,961)	(110,836,467)	(59,042,070)
(Decrease)/Increase in deposits from customers	(1,860,850,012)	1,248,893,113	237,363,938
Increase/(Decrease) in other liabilities	31,280,609	(2,157,999)	4,226,054
Decrease/(Increase) in investment securities	2,188,168	(28,377)	1,429,935
Income tax paid	-	(1,498,071)	(851,554)
Net cash (used in)/from operating activities	(1,629,561,257)	1,055,143,656	(11,019,856)
Cash flows from investing activities			
Sale of investment securities ¹	-	13,869,176	-
Capital expenditure on property, plant and equipment	(360,891)	(48,564)	(520,960)
Proceeds from sale of property, plant and equipment	8,980	-	1,072
Capital expenditure on intangible assets	-	-	(54,089)
Net cash (used in)/from investing activities	(351,911)	13,820,612	(573,977)
Cash flows from financing activities			
Decrease in subordinated liabilities	-	-	(20,000,000)
Dividends paid	(10,000,000)	-	-
Net cash (used in)/from financing activities	(10,000,000)	-	(20,000,000)
Net (decrease)/increase in cash and cash equivalents	(1,639,913,168)	1,068,964,268	(31,593,833)
Cash at the beginning of the year	2,497,991,968	1,429,027,700	1,460,621,533
Total cash at end of the year	858,078,800	2,497,991,968	1,429,027,700

¹ Movement in investment securities relating to treasury bills and bonds have been reclassified to operating activities.

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Statement of Changes in Equity for the year ended 31 December 2015

	Share Capital USD	Statutory Reserve USD	Other Reserves USD	Retained Earnings USD	Total USD
Balance at 31 December 2012	35,000,000	7,126,544	427,148	23,413,336	65,967,028
Loss for the year	-	-	-	(4,263,068)	(4,263,068)
Net change in fair value of available-for-sale financial assets	-	-	(35,691)	-	(35,691)
Total comprehensive loss for the year	-	-	(35,691)	(4,263,068)	(4,298,759)
Share based payments	-	-	59,248	-	59,248
Transfer between reserves	-	-	(198,483)	198,483	-
Balance at 31 December 2013	35,000,000	7,126,544	252,222	19,348,751	61,727,517
Income for the year	-	-	-	15,415,576	15,415,576
Net change in fair value of available-for-sale financial assets	-	-	4,539	-	4,539
Total comprehensive income for the year	-	-	4,539	15,415,576	15,420,115
Share based payments	-	-	39,757	-	39,757
Balance at 31 December 2014	35,000,000	7,126,544	296,518	34,764,327	77,187,389
Income for the year	-	-	-	21,605,483	21,605,483
Net change in fair value of available-for-sale financial assets	-	-	868	-	868
Total comprehensive income for the year	-	-	868	21,605,483	21,606,351
Share based payments	-	-	(208,831)	231,018	22,187
Transfer to statutory reserve	-	3,034,667	-	(3,034,667)	-
Transfer to general banking reserve	-	-	311,927	(311,927)	-
	-	3,034,667	103,096	(3,115,576)	22,187
Transactions with owners of the Bank					
Dividend to equity holders	-	-	-	(10,000,000)	(10,000,000)
Balance at 31 December 2015	35,000,000	10,161,211	400,482	43,254,234	88,815,927

The above information including the independent auditors' report has been extracted from the audited financial statements for the year ended 31 December 2015. It should therefore be read in conjunction with the rest of the audited financial statements.

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

We have audited the financial statements of Standard Bank (Mauritius) Limited for the year ended 31 December 2015, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 16 March 2016 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: 16 March 2016

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

Report on the Financial Statements

We have audited the financial statements of Standard Bank (Mauritius) Limited (the "Bank"), which comprise the statement of financial position as at 31 December 2015 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 99 to 191.

This report is made solely to the Bank's member, 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 we are required to state 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 management determines 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 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 Standard Bank (Mauritius) Limited as at 31 December 2015 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 and the Financial Reporting Act 2004.

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.

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
16 March 2016

John Chung, BSc FCA
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