

Standard Chartered Bank (Mauritius) Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Statement of financial position at 31 December 2010

	Note	2010 USD'000	2009 USD'000	2008 USD'000
ASSETS				
Cash and cash equivalents	15	225,524	660,668	396,082
Trading assets	16	404,935	187,913	132,908
Derivative financial assets	30	91,440	63,153	39,739
Loans and advances to customers	17	1,055,123	754,606	1,021,514
Investment securities	18	1,482,278	855,386	135,384
Investment in subsidiary	19	96,320	58,338	58,338
Property, plant and Equipment	21	1,117	290	428
Intangible asset	20	36,821	-	-
Deferred tax assets	26 (a)	3,921	3,248	3,378
Other assets	22	41,581	25,013	19,552
Total assets		3,439,660	2,609,615	1,807,323
LIABILITIES				
Deposits from customers	23	863,683	657,806	416,932
Derivative financial liabilities	30	87,405	53,343	4,709
Other borrowed funds	24	2,092,430	1,651,445	1,178,626
Subordinated liabilities	25	37,000	37,000	37,000
Income tax liability	26 (a)	6,018	4,232	4,275
Other liabilities	27	42,704	44,546	27,899
Total liabilities		3,159,440	2,455,272	1,689,743
Shareholders' Equity				
Share capital	28	207,652	92,464	92,464
Retained earnings		63,276	49,032	35,007
Other reserves		9,292	12,847	10,109
Total equity attributable to equity holders of the parent		280,220	154,343	137,580
Total equity and liabilities		3,439,660	2,609,615	1,807,323
CONTINGENT LIABILITIES	29/30	4,503,027	2,456,432	890,732

Income Statement for the year ended 31 December 2010

	Note	2010 USD'000	2009 USD'000	2008 USD'000
Interest income		191,001	82,607	74,382
Interest expense		(104,666)	(65,673)	(52,227)
Net interest income	6	86,335	16,934	22,155
Fee and commission income		4,198	2,350	1,689
Fee and commission expense		(6,242)	(3,490)	(1,350)
Net fee and commission (expense) / income	7	(2,044)	(1,140)	339
Net (loss) / income from other financial instruments carried at fair value	8	(37,248)	1,948	35,583
Other operating (loss) / income	9	(40,255)	5,454	(4,433)
Operating income		44,025	23,096	26,927
Net impairment loss on financial assets	10	(2,064)	(651)	(2,222)
Personnel expenses	11	(2,402)	(1,034)	(1,096)
Operating lease expenses		(274)	(177)	(180)
Depreciation and amortisation		(527)	(165)	(99)
Other expenses	12	(6,250)	(1,918)	(1,178)
Operating expenses		(11,517)	(3,965)	(4,774)
Profit before income tax		32,508	19,131	22,153
Income tax expense	13	(1,459)	(874)	(1,488)
Profit for the year		31,049	18,257	20,665
Profit attributable to:				
Equity holders of the bank		31,049	18,257	20,665
Transfer for the year to statutory reserve		4,657	2,738	3,100

Statement of comprehensive income for the year ended 31 December 2010

	Note	2010 USD'000	2009 USD'000	2008 USD'000
Profit for the year		31,049	18,257	20,665
Other comprehensive (loss) / income				
Net (loss) / gain on available-for-sale financial assets		(8,143)	(1,489)	2,105
Income tax relating to components of other comprehensive income	26(b)	393	(5)	(63)
Other comprehensive income for the year, net of income tax		(7,750)	(1,494)	2,042
Total comprehensive income for the year		22,299	16,763	22,707
Total comprehensive income attributable to:				
Equity holders of the bank		22,299	16,763	22,707
Transfer for the year to statutory reserve		4,657	2,738	3,100

Approved by the Board on and authorised for issue on 23rd of March 2011
 Ray Ferguson Chairperson
 Sridhar Nagarajan CEO / Director
 Sylvestre Carpen CFO / Director
 Board of Directors

*The above information and the independent auditors' report has been extracted from the audited financial statements for the year ended 31 December 2010. It should therefore be read in conjunction with the rest of the audited financial statements. The notes on pages 28 to 87 form part of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD CHARTERED BANK (MAURITIUS) LIMITED

We have audited the financial statements of Standard Chartered Bank (Mauritius) Limited for the year ended 31 December 2010, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 23 March 2011 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 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
 Port Louis
 Date 23 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD CHARTERED BANK (MAURITIUS) LIMITED

Report on the Financial Statements

We have audited the financial statements of Standard Chartered Bank (Mauritius) Limited (the "Bank") on pages 23 to 87 which comprise the statement of financial position at 31 December 2010 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.

This report is made solely to the Bank's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The 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 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.

Statement of changes in equity for the year ended 31 December 2010

	Share Capital USD'000	Statutory Reserve USD'000	Available-for-sale Reserve USD'000	Retained earnings USD'000	Total USD'000
Balance at 1 January 2008	20,125	7,009	-	29,389	56,523
Total comprehensive income for the year	-	-	-	-	-
Net profit for the year	-	-	-	20,665	20,665
Fair value adjustment	-	-	2,042	-	2,042
Other comprehensive income	-	-	2,042	20,665	22,707
Transactions with owners, recorded directly in equity					
Distributions to owners					
Dividend to equity holders	-	-	-	(13,989)	(13,989)
Issuance of ordinary shares	72,339	-	-	-	72,339
Total contribution by and (distributions) to owners	72,339	-	-	(13,989)	58,350
Transfer to statutory reserve	-	3,100	-	(3,100)	-
Balance at 31 December 2008	92,464	10,109	2,042	32,965	137,580
Total comprehensive income for the year	-	-	-	-	-
Net profit for the year	-	-	-	18,257	18,257
Other comprehensive income	-	-	-	-	-
Fair value adjustment	-	-	(1,494)	-	(1,494)
Transfer to statutory reserve	-	2,738	-	(2,738)	-
Balance at 31 December 2009	92,464	12,847	548	48,484	154,343
Total comprehensive income for the year	-	-	-	-	-
Net profit for the year	-	-	-	31,049	31,049
Fair value adjustment	-	-	(8,760)	-	(8,760)
Other comprehensive income for the year	-	-	(8,760)	31,049	22,289
Transactions with owners, recorded directly in equity					
Contributions by and (distributions) to owners					
Dividend to equity holders	-	-	-	(11,600)	(11,600)
Issuance of ordinary shares	115,188	-	-	-	115,188
Total contributions by and (distributions) to owners	115,188	-	-	(11,600)	103,588
Transfer to statutory reserve	-	4,657	-	(4,657)	-
Balance at 31 December 2010	207,652	17,504	(8,212)	63,276	280,220

Statement of cash flows for the year ended 31 December 2010

	Note	2010 USD'000	2009 USD'000	2008 USD'000
Cash flows from operating activities				
Profit for the year		31,049	18,257	20,665
Adjustments for:				
Depreciation and amortisation	21	527	185	98
Provision and adjustments to income for credit impairment		2,664	651	2,222
Net gain on sale of securities		37,248	(18,080)	-
Other		3,115	(18,553)	14,281
Net interest income		(86,335)	(16,934)	(22,155)
Income tax expense		1,852	749	4,459
Deferred tax		(393)	125	(3,011)
Net fee and commission income		2,044	-	-
Changes in operating assets and liabilities				
Change in trading assets		(217,022)	(55,005)	596,748
Change in derivative financial instruments		18,775	-	(53,333)
Change in loans and advances to banks		-	-	206,132
Change in loans and advances to customers		(301,117)	265,160	(66,480)
Change in other assets		(5,762)	5,058	3,193
Change in deposits from customers		206,077	240,674	29,645
Change in borrowings from banks abroad		431,185	482,517	(85,262)
Change in debt securities		-	-	(57,661)
Change in other liabilities		30,129	(4,457)	4,234
Interest received		182,358	72,089	72,511
Interest paid		(136,803)	(44,471)	(55,063)
Income tax paid		(66)	(791)	(1,563)
Fee and commission income received		2,035	-	-
Fee and commission income paid		(6,176)	-	-
Net cash from operating activities		194,784	950,394	109,380
Cash flows from investing activities				
Purchase of investment securities		(1,089,893)	(945,741)	(149,568)
Purchase of equity investment		(37,982)	-	(58,338)
Proceeds from sale and redemption of investment securities		412,482	259,980	-
Purchase of intangible assets		(37,141)	-	-
Purchase of equipment	21	(962)	(47)	(429)
Proceeds from sale of equipment		-	-	2
Net cash from / (used in) investing activities		753,516	(685,806)	(208,333)
Cash flows from financing activities				
Change in subordinated liabilities		20,000	-	22,000
Proceeds from issuing shares		115,188	-	72,339
Dividend paid		(11,600)	-	(13,989)
Net cash from financing activities		123,588	-	80,350
Net increase / (decrease) in cash and cash equivalents		660,668	396,082	414,685
Cash and cash equivalents at beginning of year		(435,144)	264,586	(18,603)
Cash and cash equivalents at end of year	15	225,524	660,668	396,082

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD CHARTERED BANK (MAURITIUS) LIMITED (CONTINUED)

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements on pages 23 to 87 give a true and fair view of the financial position of the Bank at 31 December 2010 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

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

The directors are responsible for preparing the Corporate Governance Report and making the 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 requirement of the Code.

KPMG

Licensed Auditors
 Port Louis
 Date 23 March 2011

John Chung, BSc FCA
 Signing Partner