

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of **The Mauritius Commercial Bank (Seychelles) Limited** (hereafter referred to as the "Bank"), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the attached financial statements of **The Mauritius Commercial Bank (Seychelles) Limited** set out on pages 3 to 41 which comprise the statement of financial position as at December 31, 2013, the statement of Profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended and a summary of significant accounting policies and explanatory notes.

Directors' Responsibility

As stated on page 1(a) of the Directors' Report, the Board of Directors are responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of 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 these 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of 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.

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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Opinion

In our opinion, the financial statements on pages 3 to 41 give a true and fair view of the financial position of the Bank at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act 1972.

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests, in the Bank other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

Financial Institutions Act, 2004 and Regulations and Directives of the Central Bank of Seychelles

The Financial Institutions Act, 2004 and Regulations and Directives of the Central Bank of Seychelles requires that in carrying out our audit, we consider and report to you the following matters. We confirm that:

- 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 Financial Institutions Act, 2004 and Regulations and Directives of the Central Bank of Seychelles.
- The explanations or information called for or given to us by the employees of the Bank were satisfactory.
- The Bank did not carry out any fiduciary duties for the year under review.



BDO ASSOCIATES
Chartered Accountants

Dated: April 29, 2014
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION - YEAR ENDED DECEMBER 31, 2013
(All amounts are in Seychelles Rupee unless otherwise stated)

	Notes	2013	2012
ASSETS			
Cash and cash equivalents	5	448,433,795	461,339,118
Loans and advances	6	1,150,272,147	948,617,824
Investment in subsidiary	7	99,100	99,100
Investment in financial assets	8	932,463,634	551,364,422
Property and equipment	9	61,767,486	48,422,146
Intangible assets	10	47,168,061	3,071,389
Current tax assets	11	11,834,734	19,021,579
Deferred tax assets	12	4,800,202	2,117,005
Other assets	13	64,388,994	15,324,049
Total assets		<u>2,721,228,153</u>	<u>2,049,376,632</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits from banks and customers	14	2,371,375,620	1,807,128,747
Borrowings	15	7,000,000	7,000,000
Retirement benefit obligations	16	6,912,324	5,982,441
Other liabilities	17	122,667,182	43,651,956
Total liabilities		<u>2,507,955,126</u>	<u>1,863,763,144</u>
SHAREHOLDERS' EQUITY			
Share capital	18	20,000,000	20,000,000
Statutory reserve	19	20,000,000	20,000,000
Fair value reserve		7,759,687	4,751,793
Retained earnings		165,513,340	140,861,695
Total equity		<u>213,273,027</u>	<u>185,613,488</u>
Total equity and liabilities		<u>2,721,228,153</u>	<u>2,049,376,632</u>
CONTINGENT LIABILITIES			
Acceptances, letters of credit and guarantees		107,574,422	72,338,922
Loan commitments		48,412,981	134,039,553
		<u>155,987,403</u>	<u>206,378,475</u>

These financial statements have been approved for issue by the Board of Directors on April 29, 2014.

 Pierre-Guy Noël Director	 Jean Mamet Director	 Jean-François Desvaux de Marigny Director
 Jocelyn Ah-Yu Director	 Raoul Gufflet Director	 Gilbert Gnany Director

The notes on pages 7 to 41 form an integral part of these financial statements.
 Auditors' report on pages 2 to 2(a).

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME -YEAR ENDED DECEMBER 31, 2013
(All amounts are in Seychelles Rupee unless otherwise stated)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Interest income	20	124,999,534	111,810,794
Interest expense	21	(29,740,694)	(25,277,579)
Net interest income		<u>95,258,840</u>	<u>86,533,215</u>
Fee and commission income	22	57,725,438	48,300,713
Fee and commission expense	23	(28,864,942)	(22,715,652)
Net fee and commission income		<u>28,860,496</u>	<u>25,585,061</u>
Other income			
Profit arising from dealing in foreign currencies		30,545,980	35,069,254
Other operating income	24	782,977	499,910
		<u>31,328,957</u>	<u>35,569,164</u>
Operating income		<u>155,448,293</u>	<u>147,687,440</u>
Non-interest expenses			
Staff costs	25	(28,993,998)	(24,841,119)
Depreciation	9	(6,881,069)	(4,229,684)
Amortisation of intangible assets	10	(816,709)	(459,923)
Other operating expenses	26	(59,199,796)	(52,396,273)
		<u>(95,891,572)</u>	<u>(81,926,999)</u>
Operating profit before impairment		59,556,721	65,760,441
Allowance for credit impairment	6(ii)	(848,631)	(1,076,870)
Profit before taxation		<u>58,708,090</u>	<u>64,683,571</u>
Taxation	11(b)	(22,056,445)	(20,860,148)
Profit for the year		<u>36,651,645</u>	<u>43,823,423</u>
Other comprehensive income:			
<i>Items that will or may be reclassified to profit or loss:</i>			
Increase in fair value of available-for-sale financial assets	8(b)	3,007,894	1,013,436
Total comprehensive income for the year		<u><u>39,659,539</u></u>	<u><u>44,836,859</u></u>

The notes on pages 7 to 41 form an integral part of these financial statements.

Auditors' report on pages 2 to 2(a).