

# ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016 Rs	2015 Rs	2014 Rs
<b>ASSETS</b>			
Cash and cash equivalents	3,964,100,418	4,209,338,745	2,805,820,364
Loans to and placements with banks	969,392,050	1,293,205,330	410,357,000
Loans and advances to customers	4,618,384,205	3,022,540,573	2,611,531,008
Investment securities	4,762,813,460	3,023,798,745	2,549,821,997
Property, plant and equipment	222,202,278	222,920,721	140,519,789
Intangible assets	9,716,195	12,081,248	13,669,563
Deferred tax assets	21,796,869	12,104,927	13,891,899
Other assets	586,862,482	535,203,124	487,445,589
<b>Total assets</b>	<b>15,155,267,957</b>	<b>12,331,193,413</b>	<b>9,033,057,209</b>
<b>LIABILITIES</b>			
Deposits from customers	13,263,979,580	11,210,088,967	8,258,162,243
Other borrowed funds	140,000,000	-	1,180,207
Current tax liabilities	32,541,835	1,006,333	7,511,567
Other liabilities	192,244,250	191,430,021	194,052,836
Preference shares	320,758,971	320,726,882	182,407,187
<b>Total liabilities</b>	<b>13,949,524,636</b>	<b>11,723,252,203</b>	<b>8,643,314,040</b>
<b>Shareholders' Equity</b>			
Stated capital	940,495,472	506,699,200	356,699,200
Retained earnings	178,491,090	49,836,305	2,360,009
Other reserves	86,756,759	51,405,705	30,683,960
<b>Capital and reserves</b>	<b>1,205,743,321</b>	<b>607,941,210</b>	<b>389,743,169</b>
<b>Total equity and liabilities</b>	<b>15,155,267,957</b>	<b>12,331,193,413</b>	<b>9,033,057,209</b>

These financial statements have been approved and authorised for issue by the Board of Directors on 16 September 2016

Hon. Y.K.J. Yeung Sik Yuen, G.O.S.K. Chairman  
Professor Donald Ah-Chuen, G.O.S.K. Managing Director  
Stephanie Ha Chow Chairperson of Audit Committee

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rs	2015 Rs	2014 Rs
Interest income	568,364,546	446,569,983	383,602,068
Interest expense	(300,366,712)	(270,914,123)	(268,857,872)
<b>Net interest income</b>	<b>267,997,834</b>	<b>175,655,860</b>	<b>114,744,196</b>
Fee and commission income	62,287,855	56,878,127	47,542,671
Fee and commission expense	(27,486,119)	(19,315,322)	(5,796,650)
<b>Net fee and commission income</b>	<b>34,801,736</b>	<b>37,562,805</b>	<b>41,746,021</b>
Dividend income	1,036,164	114,715	705,255
Other trading income	130,136,225	98,505,914	45,902,100
Other income	509,697	9,618,825	1,624,157
<b>Operating income</b>	<b>434,481,656</b>	<b>321,458,119</b>	<b>204,721,729</b>
Personnel expenses	(100,909,341)	(87,798,992)	(64,694,724)
Depreciation and amortisation	(16,846,870)	(15,450,885)	(11,263,285)
Other expenses	(70,250,415)	(71,534,668)	(48,063,214)
<b>Non interest expense</b>	<b>(188,006,626)</b>	<b>(174,784,545)</b>	<b>(124,021,223)</b>
<b>Operating profit before impairment</b>	<b>246,475,030</b>	<b>146,673,574</b>	<b>80,700,506</b>
Allowance for credit impairment on financial assets	(44,492,851)	(71,569,014)	(62,550,915)
<b>Operating profit before tax</b>	<b>201,982,179</b>	<b>75,104,560</b>	<b>18,149,591</b>
Tax expense	(25,529,284)	(6,884,342)	(3,005,747)
<b>Profit for the year</b>	<b>176,452,895</b>	<b>68,220,218</b>	<b>15,143,844</b>
<b>Other comprehensive (loss)/income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement pension net of deferred tax	852,957	-	-
Items that may be reclassified subsequently to profit or loss:			
Fair value realised on disposal of available-for-sale financial assets	(389,784)	(83,468)	-
(Loss)/gain on remeasuring available-for-sale financial assets	(4,806,342)	61,291	2,259,076
<b>Other comprehensive (loss)/income for the year</b>	<b>(4,343,169)</b>	<b>(22,177)</b>	<b>2,259,076</b>
<b>Total comprehensive income for the year</b>	<b>172,109,726</b>	<b>68,198,041</b>	<b>17,402,920</b>
<b>Earnings per share</b>			
Basic	3.46	1.60	0.47

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Stated Capital Rs	Retained Earnings/ (Accumulated Losses) Rs	Statutory Reserve Rs	General Banking Reserve Rs	Investment Revaluation Reserve Rs	Total Rs
<b>At 1 July 2013</b>	<b>304,871,110</b>	<b>(6,095,409)</b>	<b>11,849,083</b>	<b>10,362,328</b>	<b>(474,953)</b>	<b>320,512,159</b>
Profit for the year	-	15,143,844	-	-	-	15,143,844
Other comprehensive income	-	-	-	-	2,259,076	2,259,076
<b>Total comprehensive income for the year</b>	<b>51,828,090</b>	<b>15,143,844</b>	<b>-</b>	<b>-</b>	<b>2,259,076</b>	<b>17,402,920</b>
Right Issue	-	-	-	-	-	51,828,090
Transfer to statutory reserve	-	(2,271,577)	2,271,577	-	-	-
Transfer to general banking reserve	-	(4,416,849)	-	4,416,849	-	-
<b>At 30 June 2014</b>	<b>356,699,200</b>	<b>2,360,009</b>	<b>14,120,660</b>	<b>14,779,177</b>	<b>1,784,123</b>	<b>389,743,169</b>
<b>At 1 July 2014</b>	<b>356,699,200</b>	<b>2,360,009</b>	<b>14,120,660</b>	<b>14,779,177</b>	<b>1,784,123</b>	<b>389,743,169</b>
Profit for the year	-	68,220,218	-	-	-	68,220,218
Other comprehensive loss	-	-	-	-	(22,177)	(22,177)
<b>Total comprehensive income/(loss) for the year</b>	<b>150,000,000</b>	<b>68,220,218</b>	<b>-</b>	<b>-</b>	<b>(22,177)</b>	<b>68,198,041</b>
Issue of shares	-	-	-	-	-	150,000,000
Transfer to statutory reserve	-	(10,233,033)	10,233,033	-	-	-
Transfer to general banking reserve	-	(10,510,889)	-	10,510,889	-	-
<b>At 30 June 2015</b>	<b>506,699,200</b>	<b>49,836,305</b>	<b>24,353,693</b>	<b>25,290,066</b>	<b>1,761,946</b>	<b>607,941,210</b>
<b>At 1 July 2015</b>	<b>506,699,200</b>	<b>49,836,305</b>	<b>24,353,693</b>	<b>25,290,066</b>	<b>1,761,946</b>	<b>607,941,210</b>
Profit for the year	-	176,452,895	-	-	-	176,452,895
Other comprehensive income/(loss)	-	852,957	-	-	(5,196,126)	(4,343,169)
<b>Total comprehensive income/(loss) for the year</b>	<b>433,796,272</b>	<b>177,305,852</b>	<b>-</b>	<b>-</b>	<b>(5,196,126)</b>	<b>172,109,726</b>
Issue of shares	-	-	-	-	-	433,796,272
Transfer to statutory reserve	-	(26,467,934)	26,467,934	-	-	-
Transfer to general banking reserve	-	(14,079,246)	-	14,079,246	-	-
Equity dividends	-	(8,103,887)	-	-	-	(8,103,887)
<b>At 30 June 2016</b>	<b>940,495,472</b>	<b>178,491,090</b>	<b>50,821,627</b>	<b>39,369,312</b>	<b>(3,434,180)</b>	<b>1,205,743,321</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rs	2015 Rs	2014 Rs
<b>Cash flows from operating activities</b>	<b>201,982,179</b>	<b>75,104,560</b>	<b>18,149,591</b>
Profit before taxation	-	-	-
<b>Adjustments for:</b>			
Depreciation	13,961,195	12,717,336	8,683,428
Amortisation	2,885,675	2,733,549	2,579,857
Provision for credit impairment	44,492,851	71,569,014	62,550,915
Employee benefit liability	601,233	(101,845)	136,533
Exchange difference	(1,885,138)	(15,257,206)	-
Loss/(profit) on disposal of property, plant and equipment	1,084,139	1,674,236	(170,023)
Profit on disposal of investment securities	(373,500)	(9,581,619)	-
<b>Net changes in operating assets and liabilities</b>	<b>(1,640,336,483)</b>	<b>(482,578,581)</b>	<b>(233,528,075)</b>
Increase in loans and advances to customers	(51,659,358)	(47,757,531)	(88,116,890)
Increase in other assets	323,813,280	(882,848,330)	574,914,614
Decrease/(increase) in loans to and placements with banks	2,053,890,613	2,951,926,724	1,664,191,450
Increase in deposits from customers	1,231,163	(1,727,278)	22,682,488
Increase/(decrease) in other liabilities	949,687,849	1,675,873,029	2,032,073,888
Income tax(paid)/ refund	(3,818,844)	(12,256,602)	2,413,213
<b>Net cash generated from operating activities</b>	<b>945,869,005</b>	<b>1,663,616,427</b>	<b>2,034,487,101</b>
<b>Cash flows from investing activities</b>	<b>(2,871,430,254)</b>	<b>(889,749,687)</b>	<b>(798,516,854)</b>
Purchase of investment securities	-	-	-
Proceeds from sale and redemption of investment securities	1,129,478,051	440,589,586	417,531,560
Purchase of property, plant and equipment	(15,921,768)	(98,647,582)	(31,234,895)
Purchase of intangible assets	(520,622)	(1,145,234)	(1,064,360)
Proceeds from sale of property, plant and equipment	1,594,876	1,855,078	1,786,974
<b>Net cash used in investing activities</b>	<b>(1,756,799,717)</b>	<b>(547,097,839)</b>	<b>(411,497,575)</b>
<b>Cash flows from financing activities</b>	<b>140,000,000</b>	<b>-</b>	<b>-</b>
Proceeds of debt securities issued and other borrowed funds	-	-	-
Repayment of debt securities issued and other borrowed funds	-	(114,062)	(50,264,266)
Proceeds from issue of preference shares	-	138,180,000	-
Proceeds from issue of shares	433,796,272	150,000,000	51,828,090
Dividend paid	(8,103,887)	-	-
<b>Net cash generated from financing activities</b>	<b>565,692,385</b>	<b>288,065,938</b>	<b>1,563,824</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(245,238,327)</b>	<b>1,404,584,526</b>	<b>1,624,553,350</b>
Net cash and cash equivalents at beginning of year	4,209,338,745	2,804,754,219	1,180,200,869
<b>Net cash and cash equivalents at end of year</b>	<b>3,964,100,418</b>	<b>4,209,338,745</b>	<b>2,804,754,219</b>

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC BANKING CORPORATION LTD

This report is made solely to the shareholders of ABC Banking Corporation Ltd (the "Bank"), as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 Financial Statements of ABC Banking Corporation Ltd ("the Bank") which comprise the statement of financial position as at 30 June 2016 and the statement of profit or loss and other 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 information.

### 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 2001, the Banking Act 2004 and the Financial Reporting Act 2004. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 auditor's judgment, 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 auditor considers 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 give a true and fair view of the financial position of the Bank as at 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

### Report on other legal and regulatory requirements Mauritius Companies Act 2001

We have no relationship with, or interests in, the Bank other than in our capacities as auditor and arm's length dealings in the ordinary course of business.

We have obtained all information and explanations that we have required.

In our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

### Banking Act 2004

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 provisions of the Banking Act 2004 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. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosures are consistent with the requirements of the Code.

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

**Deloitte** L.L.K Ah Hee, FCCA  
**Chartered Accountants** Licensed by FRC  
16 September 2016

### COMMENTS FOR THE YEAR ENDED 30 JUNE 2016

For the year ended 30 June 2016, ABC Banking Corporation Ltd posted a satisfactory result with a net profit after tax of MUR 176 million, equivalent to two and a half times the figure for the prior financial year.

The strong contribution of our international activities and the expansion of our loans, advances and placement portfolios were key to the 35% increase in the bank's gross income noted during the year.

At 30 June 2016, the bank's total assets base reached MUR 15 billion with the bank's continued focus to expand its loan book, the latter improving by 50% over the period, while the deposits and savings portfolio continued its growing trend to MUR 13 billion.

The bank increased its capital during the year by MUR 434 million through rights issue to further strengthen its capital base and fuel its continued growth.

This notice is issued pursuant to DEM Rule 18 and the Securities Act 2005.

The Board of Directors of ABC Banking Corporation Ltd accepts full responsibility for the accuracy of the information contained in this report.

**By Order of the Board**  
**ABC Professional & Secretarial Services Ltd**  
Company Secretary

16 September 2016