

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the nine months ended 31 December 2014

This document includes salient financial information in accordance with the
Bank of Mauritius Guideline on Public Disclosure





Unaudited financial report for the nine months ended 31 December 2014

The unaudited financial report for the nine months ended 31 December 2014 has been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information. The annexed unaudited report including the explanatory notes are in conformity with International Financial Reporting Standards (IFRS).

An overview of the bank's performance

Total operating income increased by U\$11.0 million, from U\$41.2 million for the nine months ended 31 December 2013, to U\$52.2 million for the nine months ended 31 December 2014 mainly as a result of the following:

- Net interest income increased by U\$9.2 million,
- Net fee and commission income increased by U\$1.6 million,
- Net gain on financial instruments amounted to U\$2.5 million, as compared to a net gain of U\$0.6 million for the same period last year, as a result of mark-to-market adjustment on the investment portfolio.

Operating expenses increased by 6.5% to U\$8.2 million for the nine months ended 31 December 2014 as compared to U\$7.7 million for the same period last year mainly due to the increase in personnel expenses related to compliance and private banking.

Profit after tax amounted to U\$42.7 million for the nine months ended 31 December 2014 as compared to U\$32.9 million for the nine months ended 31 December 2013 mainly due to the increase in total operating income referred to above.

Loans and advances to customers decreased by 8.7% to U\$892.0 million and external deposits decreased by 6.6% to U\$777.1 million for the nine months ended 31 December 2014.

The bank remains well capitalised with a capital adequacy ratio of 28.1% as at 31 December 2014 with tier 1 capital representing 96% of the capital base.



Related party transactions, policies and practices

The bank adheres to the Bank of Mauritius Guideline on Related Party Transactions issued in January 2009. All transactions with a related party are carried out on terms and conditions that were at least as favourable to the bank as the market conditions prevailing for prime clients at that time.

The board has set up a Conduct Review Committee which consists of three non-executive directors. The Conduct Review Committee meets at least once every quarter and reviews all transactions initiated in the quarter under review. After each meeting the matters reviewed by the Conduct Review Committee are reported to the board of directors. The bank reports on the proceedings of the Conduct Review Committee during the year to the Bank of Mauritius on a yearly basis.

At 31 December 2014, the total on and off-balance sheet credit exposure to related parties amounted to U\$96.2 million (31 March 2014 – U\$104.6 million) representing 5.9% (31 March 2014 – 6.3%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to U\$94.9 million (31 March 2014 – U\$103.7 million) representing 28.0% (31 March 2014 – 30.0%) of the Tier 1 Capital and all the related party transactions were within the regulatory limits as recommended in the abovementioned guideline.

Risk management

In the ordinary course of business operations, the bank is exposed to a number of risks, including credit, market, liquidity, operational, legal and reputation risk. Various committees and forums have been set up to measure, monitor and mitigate these risks.

Prospects

Net interest and fee income is expected to increase slightly over the next quarter while assets are expected to remain stable.

David M Lawrence
Chairman
Board of Directors

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Director/CEO

Dated: 13 February 2014



Statement of financial position

U\$'000	31 December 2014	31 March 2014	31 December 2013
Assets			
Cash and balances with central bank	13,374	16,710	18,716
Due from banks	177,958	284,161	485,684
Reverse repurchase agreement	13,226	-	-
Derivative financial instruments	23,475	35,163	33,595
Investment securities	222,574	243,751	245,069
Amount due from holding bank	253,889	182,430	26,989
Amount due from group companies	12,090	3,877	3,208
Loans and advances to customers	892,039	890,702	822,195
Investment in associate	4,915	4,915	4,915
Investment in subsidiary	-	-	15
Equipment	438	338	351
Deferred tax assets	293	293	262
Other assets	4,686	5,136	4,550
Total assets	1,618,957	1,667,476	1,645,549
Liabilities			
Securities sold under repurchase agreement with banks	114,384	121,403	119,807
Derivative financial instruments	2,208	11,250	17,781
Amount due to holding bank	61,226	42,632	35,541
Amount due to group companies	6,888	10,115	11,056
Due to customers	777,057	832,204	847,506
Debt securities issued	255,972	266,299	265,436
Current tax liabilities	611	1,107	1,529
Other liabilities	7,871	32,060	9,797
Total liabilities	1,226,217	1,317,070	1,308,453
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	284,191	241,637	237,395
Other reserves	52,071	52,291	43,223
Total equity	392,740	350,406	337,096
Total liabilities and equity	1,618,957	1,667,476	1,645,549



Statement of profit or loss

US\$'000	Quarter ended		Nine months ended		Year ended
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 March 2014
Interest income	17,885	15,709	54,467	46,533	64,374
Interest expense	(3,129)	(3,755)	(10,318)	(11,544)	(14,991)
Net interest income	14,756	11,954	44,149	34,990	49,383
Fee and commission income	2,024	1,433	7,576	4,920	6,643
Fee and commission expense	(360)	(271)	(1,451)	(492)	(1,222)
Net fee and commission income	1,664	1,162	6,124	4,427	5,421
Net trading income/ (loss)	888	2,333	(490)	360	2,329
Net (loss) / gain on financial instruments designated at fair value through profit or loss	(3,502)	3,180	2,494	572	427
Net other operating (loss)/ income	(1)	650	(2)	880	2,517
Total operating income	13,805	19,280	52,275	41,229	60,077
Impairment reversal/ (loss) on loans and advances	1,017	386	72	2	(3,654)
Net operating income	14,822	19,665	52,348	41,230	56,423
Personnel expenses	(1,363)	(1,373)	(4,167)	(3,477)	(4,735)
Depreciation of equipment	(28)	(33)	(96)	(95)	(128)
Other operating expenses	(1,345)	(1,213)	(4,057)	(4,154)	(5,460)
Total operating expenses	(2,737)	(2,620)	(8,319)	(7,725)	(10,323)
Profit before tax	12,086	17,046	44,028	33,505	46,100
Income tax expense	(558)	(160)	(1,357)	(653)	(199)
Profit for the period/year	11,528	16,886	42,671	32,852	45,901
Analysed as follows:					
Transfer to statutory reserve	-	-	-	-	6,885
Transfer to retained earnings	11,528	16,886	42,671	32,852	39,016
Profit attributable to equity holder of the bank	11,528	16,886	42,671	32,852	45,901

Statement of other comprehensive income

US\$'000	Quarter ended		Nine months ended		Year ended
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 March 2014
Profit for the period/year	11,528	16,886	42,671	32,852	45,901
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent period - Fair value movements on available-for-sale assets	710	2,169	(337)	138	399
Total comprehensive income for the period/year	12,238	19,055	42,335	32,991	46,300
Attributable to:					
Equity holder of the bank	12,238	19,055	42,335	32,991	46,300



Statement of changes in equity

US\$'000	Stated capital	Available-for-sale reserve	General banking reserve	Statutory reserve	Retained earnings	Total
At 1 April 2014	56,478	399	4,687	47,205	241,637	350,406
Movement in reserves 1 April 2014 - 31 December 2014						
Total comprehensive income						
Profit for the period	-	-	-	-	42,671	42,671
Other comprehensive loss	-	(337)	-	-	-	(337)
Total comprehensive income for the period	-	(337)	-	-	42,671	42,334
Appropriations from other reserves	-	-	117	-	(117)	-
Balance at 31 December 2014	56,478	62	4,804	47,205	284,191	392,740
At 1 April 2013	56,478	-	2,745	40,320	204,563	304,106
Movement in reserves 1 April 2013 - 31 March 2014						
Total comprehensive income						
Profit for the year	-	-	-	-	45,901	45,901
Other comprehensive income	-	399	-	-	-	399
Total comprehensive income for the year	-	399	-	-	45,901	46,300
Appropriations to other reserves	-	-	1,942	6,885	(8,827)	-
Balance at 31 March 2014	56,478	399	4,687	47,205	241,637	350,406
At 1 April 2013	56,478	-	2,745	40,320	204,563	304,106
Movement in reserves 1 April 2013 - 31 December 2013						
Total comprehensive income	-	-	-	-	32,852	32,852
Appropriations to other reserves	-	138	20	-	(20)	138
Balance at 31 December 2013	56,478	138	2,765	40,320	237,395	337,096



Statement of cash flows

US\$'000	31 December 2014	31 March 2014	31 December 2013
Operating activities			
Profit before tax	44,028	46,100	33,505
Adjustments for:			
Change in operating assets	(66,278)	(219,511)	(5,660)
Change in operating liabilities	(73,012)	198,227	191,642
Non-cash item included in profit before income tax	(11,079)	502	(4,080)
Dividend received	-	(1,857)	-
Income tax paid	(1,853)	(140)	(140)
Net cash flows (used in) / generated from operating activities	(108,195)	23,321	215,267
Investing activities			
Proceeds on disposal of subsidiary	-	658	-
Purchase of investment securities	-	(74,270)	(73,670)
Proceeds on disposal of investment securities	27,969	938	12,520
Dividend received	-	1,857	-
Purchase of equipment	(195)	(79)	(59)
Net cash flows generated from / (used in) investing activities	27,774	(70,896)	(61,209)
Financing activities			
Repurchase agreements made with banks	(13,224)	-	(44,630)
Reverse repurchase agreement matured	-	-	44,630
Treasury bills purchased	(3,291)	-	-
Treasury bills matured	3,223	-	-
Dividends received from subsidiary	-	-	655
Dividends received from investments	-	-	230
Issue of preference shares	-	44,000	44,000
Net cash flows (used in)/generated from financing activities	(13,292)	44,000	44,884
Net (decrease)/ increase in cash and cash equivalents	(93,712)	(3,575)	198,942
Net foreign exchange differences	(12,818)	7,388	6,823
Cash and cash equivalents at beginning of the period/year	295,328	291,515	291,515
Cash and cash equivalents at end of the period/year	188,798	295,328	497,280



Notes to the unaudited financial accounts for the nine months ended 31 December 2014

1. General information

Investec Bank (Mauritius) Limited (the "bank") is a public company incorporated and domiciled in the Republic of Mauritius on 20 April 1990 and established as a wholly-owned subsidiary of Investec Bank Limited ("IBL") in 1997. The bank's principal activity is the provision of banking services. Its registered office is situated on the 6th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis, Mauritius.

2. Significant accounting policies

(a) Statement of compliance

The financial reports for the nine months ended 31 December 2014 have been prepared in accordance with Bank of Mauritius Guideline on Public Disclosure of Information and International Financial Reporting Standards (IFRS).

(b) Basis of preparation

The reports are presented in United States Dollar.

The reports have been prepared using the same accounting policies as those applied in the accounts for the financial year ended 31 March 2014.

(c) Functional currency of the bank

The bank's functional currency is USD.



Notes to the unaudited financial accounts for the nine months ended 31 December 2014

3. Related party transactions

US\$'000	31 December 2014	31 March 2014	31 December 2013
Net fair value of derivatives held with group companies	3,647	(9,199)	(13,549)
Interest income	5,606	6,271	3,718
Interest expense	(452)	(8,152)	(1,526)
Loans and advances	53,822	72,169	70,021
Deposits	(4,484)	(4,447)	(3,326)
Net amount due to group companies	(58,107)	(132,739)	(16,400)

Terms and conditions of transactions with related parties

The abovementioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. Loans and advances to related parties at 31 December 2014 were secured. For the period ended 31 December 2014, the bank has not made any impairment relating to amounts owed by related parties (31 March 2014: Nil and 31 December 2013: Nil).



Credit and counterparty risk information

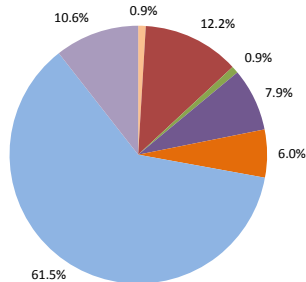
The table that follows provides an analysis of gross credit and counterparty exposures

US\$'000	31 December 2014	31 March 2014	31 December 2013	31 December 2014 vs 31 March 2014 % change	Average*
On-balance sheet exposures	1,309,180	1,427,642	1,564,904	(8.3)	1,368,410
Cash and balances with central bank	13,371	16,705	18,709	(20.0)	15,038
Loans and advances to banks	177,958	284,161	485,684	(37.4)	231,059
Reverse repurchase agreement	13,226	-	-	>100	6,613
Investment securities - bank debt securities	115,221	123,978	122,471	(7.1)	119,599
Investment securities - other debt securities	88,121	103,005	107,578	(14.5)	95,563
Derivative financial instruments	204	710	623	(71.3)	457
Loans and advances to customers	901,075	899,069	829,839	0.2	900,072
Other assets	4	14	-	(68.3)	9
Off-balance sheet exposures	154,797	87,842	43,664	76.2	121,320
Guarantees ^a	25,767	21,919	15,195	17.6	23,843
Contingent liabilities, committed facilities and other	129,030	65,923	28,469	95.7	97,477
Total gross credit and counterparty exposures pre collateral or other credit enhancements	1,463,977	1,515,484	1,608,567	(3.4)	1,489,730

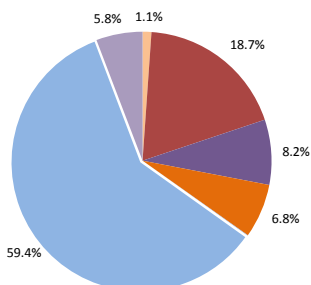
*Where the average is based on a straight line average.

^aExcludes guarantees provided to clients which are backed/secured by cash deposits with the bank

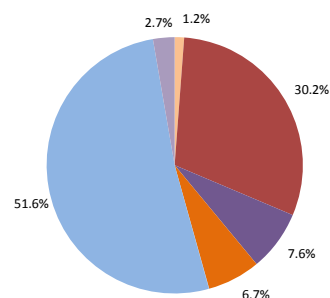
31 December 2014



31 March 2014



31 December 2013



- Cash and balances with central bank
- Loans and advances to banks
- Reverse repurchase agreement
- Bank debt securities
- Other debt securities
- Sovereign debt securities
- Loans and advances to customers
- Other assets
- Off-balance sheet exposures



Asset quality and impairments

US\$'000	31 December 2014	31 March 2014	31 December 2013
Gross core loans and advances to customers	901,075	899,069	829,839
Total impairments	(9,036)	(8,367)	(7,643)
Portfolio impairments	(8,965)	(8,289)	(7,261)
Specific impairments	(71)	(78)	(382)
Net core loans and advances to customers	892,039	890,702	822,196
Average gross core loans and advances to customers	900,072	839,507	804,892
Current loans and advances to customers	865,129	873,448	757,848
Past due and default core loans and advances to customers	35,946	25,621	71,991
Past due loans and advances to customers (1-60 days)	29,725	20,986	65,661
Special mention loans and advances to customers	23	2,658	797
Default loans and advances to customers	6,198	1,977	5,533
Gross core loans and advances to customers	901,075	899,069	829,839
Current loans and advances to customers	865,129	873,448	757,848
Gross core loans and advances to customers that are past due but not impaired	35,699	25,543	68,972
Gross core loans and advances to customers that are impaired	247	78	3,019
Gross core loans and advances to customers	901,075	899,069	829,839
Total income statement (charge)/reversal for impairments on core loans and advances	72	(3,654)	2
Gross default loans and advances to customers	6,198	1,977	5,533
Specific impairments	(71)	(78)	(382)
Portfolio impairments	(8,965)	(8,289)	(7,261)
Defaults net of impairments	(2,838)	(6,390)	(2,110)
Collateral and other credit enhancements	35,358	3,964	8,054
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	1.00%	0.93%	0.92%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.69%	0.22%	0.67%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.32%)	(0.72%)	(0.26%)
Net defaults as a % of gross core loans and advances to customers	-	-	-
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	(0.01%)	0.44%	0.00%



Capital structure

US\$'000	31 December 2014	31 March 2014	31 December 2013
Capital Base			
Paid up or assigned capital	56,478	56,478	56,478
Statutory reserve	47,205	47,205	40,320
Retained earnings	235,164	241,637	199,970
<i>Deductions</i>			
Loss on available-for-sale securities	-	399	-
Deferred tax	(293)	(293)	(269)
Core capital	338,555	345,426	296,499
General banking reserve	4,804	4,687	2,764
Portfolio provisions	8,965	8,289	7,261
Supplementary capital	13,769	12,976	10,025
50% of investment in subsidiary	-	-	(7)
Net supplementary capital (B)	13,769	12,976	10,018
Capital base (A + B)	352,324	358,402	306,517
Risk-weighted assets			
Risk-weighted on-balance sheet assets	1,058,248	1,066,500	1,017,286
Non-market related off-balance sheet risk-weighted assets	90,529	80,386	72,606
Market related off-balance sheet risk-weighted assets	10,942	11,481	26,927
Operational risk	79,233	79,232	65,046
Aggregate net open foreign exchange position	14,264	8,636	7,305
Total risk-weighted assets	1,253,215	1,246,235	1,189,171
Capital adequacy ratio (%)	28.1%	28.8%	25.8%
Tier 1 ratio	27.0%	27.7%	24.9%



Capital structure

U\$'000	31 December 2014				31 March 2014	31 December 2013	
	Exposures before CRM	Exposures after CRM	Risk-weights %	Risk-weighted assets	Drawn Balances	Risk-weighted assets	Risk-weighted assets
Cash items	2	2	-	-	2	-	-
Claims on sovereigns	49,639	49,639	50%-100%	34,773	49,639	44,582	35,192
Claims on central banks and international institutions	13,371	13,371	0%-50%	2,684	13,371	4,386	7,630
Claims on multilateral development banks (MDBs)	14,943	14,943	-	7,471	14,943	4,946	-
Claims on banks	629,187	629,187	20%-50%	188,346	629,187	187,676	196,489
Claims on corporates	490,115	439,047	20%-100%	424,318	490,115	432,926	386,807
Claims included in the regulatory retail portfolio	298	163	-	122	305	99	87
Claims secured by residential property	44,939	44,939	35%-125%	29,260	45,188	28,128	29,642
Claims secured by commercial real estate	310,209	309,187	100%-125%	310,325	310,209	326,702	320,210
Past due claims	18,616	18,514	100%-150%	27,873	18,686	924	5,488
Other assets	33,077	33,077	-	33,077	33,077	36,130	35,741
Total on-balance sheet credit risk-weighted exposures	1,604,397	1,552,070		1,058,248	1,604,723	1,066,500	1,017,286



Risk-weighted assets

US\$'000	31 December 2014										31 March 2014	31 December 2013
	Bank	Corporates	Retail	Residential mortgage	Others	Total before CRM	Total after CRM	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Non-market related off-balance sheet risk-weighted assets												
Direct credit substitutes	-	12,867	25	-	-	12,892	8,324	100	12,892	8,324	2,888	3,032
Sales and repurchase agreements and assets sales with recourse	-	-	-	-	-	-	-	100	-	-	25,000	-
Transaction-related contingent items	2,391	15,052	-	-	-	17,443	8,721	50	8,721	9,001	9,677	4,954
Total other commitments	525	174,277	410	2,091	43,723	221,026	73,436	-	73,440	73,204	42,820	63,915
Total non-market-related off-balance sheet risk-weighted credit exposures	2,916	202,195	435	2,091	43,723	251,360	90,481	-	95,054	90,529	80,386	71,901

US\$'000	31 December 2014					31 March 2014	31 December 2013
	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Market related off-balance sheet risk-weighted assets							
Interest rate contracts	56,931	596	265	861	532	2,172	2,064
Foreign exchange and gold contracts	434,511	10,126	5,795	15,921	6,715	2,387	3,207
Other market-related contracts	-	-	17,416	17,416	3,694	6,922	21,656
Total market-related off-balance sheet risk-weighted credit exposures	491,441	10,723	23,475	34,198	10,942	11,481	26,927



Balance Sheet risk management

The tables that follow show the bank's liquidity mismatch. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered cash and near cash as a buffer against both expected and unexpected cash flows.

With respect to the behavioural liquidity mismatch:

The new funding we would require under normal business circumstances is shown in the 'behavioural mismatch'. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

Contractual liquidity

At 31 December 2014 US\$ million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	111	43	51	-	-	-	-	205
Investment/trading assets	-	-	1	1	2	193	48	245
Advances	11	5	60	144	127	418	127	892
Other assets	-	-	-	-	-	-	5	5
Assets	122	48	112	145	129	611	180	1,347
Deposits - non-banks	(639)	(48)	(10)	(46)	(15)	(19)	-	(777)
Securities sold under repurchase agreement	(7)	-	-	-	-	(107)	-	(114)
Other liabilities	(4)	-	-	(4)	-	-	-	(8)
Liabilities	(650)	(48)	(10)	(50)	(15)	(126)	-	(899)
Intercompany loans	259	(20)	-	-	(41)	(152)	(104)	(58)
Shareholders' funds	-	-	-	-	-	-	(393)	(393)
Balance sheet	(269)	(20)	102	95	73	333	(317)	(3)
Off-balance sheet	-	-	-	2	-	2	(1)	3
Contractual liquidity gap	(269)	(20)	102	97	73	335	(318)	-
Cumulative liquidity gap	(269)	(289)	(187)	(90)	(17)	318	-	-

At 31 March 2014 US\$ million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	173	48	80	-	-	-	-	301
Investment/trading assets	-	-	-	17	1	102	161	281
Advances	5	14	85	27	127	518	115	891
Other assets	-	-	-	-	-	-	6	6
Assets	178	62	165	44	128	620	282	1,479
Deposits - non-banks	(614)	(62)	(27)	(35)	(85)	(9)	-	(832)
Securities sold under repurchase agreement	-	-	-	-	-	(18)	(103)	(121)
Other liabilities	(28)	-	(5)	-	-	(1)	-	(34)
Liabilities	(642)	(62)	(32)	(35)	(85)	(28)	(103)	(987)
Intercompany loans	6	128	40	-	(6)	(35)	(266)	(133)
Shareholders' funds	-	-	-	-	-	-	(349)	(349)
Balance sheet	(458)	128	173	9	37	557	(436)	10
Off-balance sheet	-	(6)	-	-	1	(4)	(1)	(10)
Contractual liquidity gap	(458)	122	173	9	38	553	(437)	-
Cumulative liquidity gap	(458)	(336)	(163)	(154)	(116)	437	-	-

At 31 December 2013 US\$ million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	358	96	50	-	-	-	-	504
Investment/trading assets	-	-	2	1	21	101	154	279
Advances	14	21	20	81	110	474	102	822
Other assets	-	-	-	-	-	-	5	5
Assets	372	117	72	82	131	575	261	1,610
Deposits - non-banks	(635)	(64)	(25)	(18)	(91)	(15)	-	(848)
Securities sold under repurchase agreement	-	-	-	-	-	(18)	(102)	(120)
Other liabilities	-	-	-	(11)	-	-	-	(11)
Liabilities	(635)	(64)	(25)	(29)	(91)	(33)	(102)	(979)
Intercompany loans	19	-	(1)	-	(1)	(97)	(202)	(282)
Shareholders' funds	-	-	-	-	-	-	(337)	(337)
Balance sheet	(244)	53	46	53	39	445	(380)	12
Off-balance sheet	-	3	(13)	-	-	(2)	-	(12)
Contractual liquidity gap	(244)	56	33	53	39	443	(380)	-
Cumulative liquidity gap	(244)	(188)	(155)	(102)	(63)	380	-	-



Behavioural liquidity

At 31 December 2014 US\$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Behavioural liquidity gap	251	28	103	143	113	63	(701)	-
Cumulative	251	279	382	525	638	701	-	-

At 31 March 2014 US\$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Behavioural liquidity gap	35	160	149	94	127	287	(852)	-
Cumulative	35	195	344	438	565	852	-	-

At 31 December 2013 US\$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Behavioural liquidity gap	235	91	58	71	146	167	(768)	-
Cumulative	235	326	384	455	601	768	-	-

Repricing - all currencies

Non-trading interest rate risk description

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of unexpected, adverse movements in interest rates arising from the execution of our core business strategies and, otherwise known as interest rate risk in the banking book, the delivery of products and services to our customers.

Sources of interest rate risk include:

- Repricing risk: Arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios
- Yield curve risk: Repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- Basis risk: Arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- Optionality: The bank is not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk, while prepayment optionality is restricted to variable rate contracts and has no impact on interest rate risk.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity.

Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affected the interest rate margin realised between lending income and borrowing costs assuming no management intervention. The bank's assets and liabilities are included at carrying amount and are categorised by earlier of contractual repricing or maturity date.

At 31 December 2014 US\$'million	Not > three months	> three months but < six months	> six months but < one year	> one year but < five years	> five years	Non rate	Total non-trading
Cash and short-term funds - banks	205	-	-	-	-	-	205
Investment/trading assets	14	-	1	169	5	56	245
Advances	774	42	4	24	48	-	892
Other assets	-	-	-	-	-	5	5
Assets	993	42	5	193	53	61	1,347
Deposits - non-banks	(698)	(46)	(15)	(18)	-	-	(777)
Repurchase agreements with banks	(114)	-	-	-	-	-	(114)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(812)	(46)	(15)	(18)	-	(8)	(899)
Intercompany loans	94	-	-	(152)	-	-	(58)
Shareholders' funds	-	-	-	-	-	(393)	(393)
Balance sheet	275	(4)	(10)	23	53	(340)	(3)
Off balance sheet	129	(10)	(3)	(101)	(12)	-	3
Repricing gap	404	(14)	(13)	(78)	41	(340)	-
Cumulative repricing gap	404	390	377	299	340	-	-

At 31 March 2014 US\$'million	Not > three months	> three months but < six months	> six months but < one year	> one year but < five years	> five years	Non rate	Total non-trading
Cash and short-term funds - banks	301	-	-	-	-	-	301
Investment/trading assets	21	1	1	80	101	77	281
Advances	678	18	73	39	83	-	891
Other assets	-	-	-	-	-	6	6
Assets	1,000	19	74	119	184	83	1,479
Deposits - non-banks	(702)	(33)	(88)	(9)	-	-	(832)
Securities sold under repurchase agreement	(121)	-	-	-	-	-	(121)
Other liabilities	(26)	-	-	-	-	(8)	(34)
Liabilities	(849)	(33)	(88)	(9)	-	(8)	(987)
Intercompany loans	26	-	-	(63)	(96)	-	(133)
Shareholders' funds	-	-	-	-	-	(349)	(349)
Balance sheet	177	(14)	(14)	47	88	(274)	10
Off-balance sheet	92	14	19	(113)	(22)	-	(10)
Repricing gap	269	-	5	(66)	66	(274)	-
Cumulative repricing gap	269	269	274	208	274	-	-



At 31 December 2013 US\$'million	Not > three months	> three months but < six months	> six months but < one year	> one year but < five years	> five years	Non rate	Total non- trading
Cash and short-term funds - banks	504	-	-	-	-	-	504
Investment/trading assets	23	-	5	80	102	69	279
Advances	546	100	58	41	77	-	822
Other assets	-	-	-	-	-	5	5
Assets	1,073	100	63	121	179	74	1,610
Deposits - non-banks	(725)	(18)	(91)	(14)	-	-	(848)
Repurchase agreements with banks	(120)	-	-	-	-	-	(120)
Other liabilities	-	-	-	-	-	(11)	(11)
Liabilities	(845)	(18)	(91)	(14)	-	(11)	(979)
Intercompany loans	(125)	-	(1)	(62)	(94)	-	(282)
Shareholders' funds	-	-	-	-	-	(337)	(337)
Balance sheet	103	82	(29)	45	85	(274)	12
Off balance sheet	107	(5)	23	(113)	(24)	-	(12)
Repricing gap	210	77	(6)	(68)	61	(274)	-
Cumulative repricing gap	210	287	281	213	274	-	-

Economic value sensitivity

Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention, i.e. the numbers represent the change in our net asset value should such a hypothetical scenario arise. The effect of the change in net asset value is on the income statement only - there is no effect on other comprehensive income.

As at 'million	Sensitivity to the following interest rates (expressed in original currencies)					All (USD)
	ZAR	GBP	USD	EUR	AUD	
30 September 2014						
200bp Down	(0.49)	2.31	0.60	0.20	(0.06)	4.35
200bp Up	0.53	(1.99)	(0.64)	(0.18)	0.06	(3.86)
31 March 2014						
200bp Down	(0.83)	4.18	4.09	0.27	0.43	11.89
200bp Up	(0.72)	(3.57)	(3.51)	(0.24)	(0.42)	(10.26)
31 December 2013						
200bp Down	0.99	4.18	2.54	0.57	0.24	10.54
200bp Up	(0.88)	(3.55)	(2.51)	(0.52)	(0.24)	(9.39)

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency other than the financial currency. Foreign currency risk does not arise from financial instruments that are non-monetary or from financial instruments that are denominated in the functional currency.

The bank computes its net open foreign position in accordance with the Bank of Mauritius Guideline for Calculation and Reporting of Foreign Exchange Exposures by taking the higher of the absolute values of all net short and net long positions. The bank monitors the net open position on a daily basis.

Open position (USD'000)	EUR	GBP	JPY	MUR	Other currencies	Aggregate net open foreign exchange position
30 September 2014						
Long/(short) position	(73)	1,032	17	(303)	13,133	14,264
31 March 2014						
Long/(short) position	(1,360)	1,059	-	(819)	7,577	8,636
31 December 2013						
Long/(short) position	(627)	484	16	(700)	6,805	7,305