



Investec Bank (Mauritius) Limited

Unaudited financial report for the three months ended 30 June 2009

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



Unaudited financial report for three months ended 30 June 2009

The unaudited financial report for the three months ended 30 June 2009 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).

Bank's performance

Net interest income for the three months ended 30 June 2009 amounted to USD 9.2 million, 23.4% down as compared to the same period in the previous year. This decrease was mainly due to a decrease in average loans and advances of 16.5% compared to the same period in the previous year following a decline in activity levels.

Net fee and commission increased to USD 81 thousand compared to a loss of USD 1.5 million during the period ended 30 June 2008. Management fees were paid in the prior year.

Net operating income for the period ended 30 June 2009 amounted to USD 20.5 million compared to USD 11.1 million for the same period in the previous year. This increase was mainly due to the following:

- A fair value gain of USD 4.9 million on a listed equity investment;
- A foreign currency revaluation gain of USD 4.8 million; and
- A net mark to market gain of USD 1.4 million on embedded derivatives.

This was partially offset by a mark to market loss of USD 1.7 million on the bank's structured credit investment portfolio.

During the period ended 30 June 2009, USD 0.8 million of previously recognised portfolio impairment losses were reversed and no additional specific impairments have been reflected to date.

Loans and total advances to external clients increased slightly by 5.6% from USD 461.1 million as at 31 March 2009 to USD 487.1 million as at 30 June 2009. External deposits decreased slightly by 6.9% from USD 439.7 million as at 31 March 2009 to USD 409.5 million as at 30 June 2009.



Related party transactions, policies and practices

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

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

As at 30 June 2009, the total on and off balance sheet credit exposure to the related parties amounted to USD 69.9 million (31 March 2009 - USD 66.1 million) representing 7.6% (31 March 2009 - 7.3%) of the bank's total exposure. At 30 June 2009, none of the facilities granted to related parties was non-performing. The credit exposure to the six related parties with the highest exposure amounted to USD 62.3 million (31 March 2009 - USD 63.9 million) representing 33.9% (31 March 2009- 42.5%) 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

The bank expects to achieve a reasonable growth in operating income, in line with its objectives.

David M Lawrence

Chairman

Board of directors

Dated: 14 August 2009

Craig C McKenzie

Chief executive officer



Balance Sheet

USD'000

	30 June 2009	30 June 2008	31 March 2009
Assets			
Cash and balances with central bank	4,119	1,843	2,492
Due from banks	127,552	66,441	148,630
Derivative financial instruments	30,071	9,065	26,328
Investment securities	62,673	123,918	64,305
Amount due from holding bank	121,401	79,355	92,000
Amount due from group companies	90,118	64,644	116,259
Loans and advances to customers	487,067	583,569	461,137
Investment in associates	2,687	10,542	2,184
Investment in subsidiaries	46	46	38
Equipment	257	268	230
Deferred tax assets	213	209	326
Other assets	12,145	5,441	1,190
Total assets	938,349	945,341	915,119
Liabilities			
Deposits by banks	98,123	104,913	105,747
Securities sold under repurchase agreement with bank	-	1,508	898
Derivative financial instruments	19,463	33,276	22,182
Amount due to holding bank	143,045	185,381	134,394
Amount due to group companies	45,906	67,385	49,069
Due to customers	409,500	372,276	439,739
Debt securities in issue	2,694	2,651	2,190
Current tax liabilities	1,502	1,313	1,235
Other liabilities	12,672	23,504	9,234
Total liabilities	732,905	792,207	764,688
Equity			
Issued capital	69,487	35,953	56,478
Retained earnings	113,918	101,505	78,285
Other reserves	22,039	15,676	15,668
Total equity	205,444	153,134	150,431
Total liabilities and equity	938,349	945,341	915,119



Income Statement

USD'000

	3 months ended		Year ended
	30-Jun-09	30-Jun-08	31-Mar-09
Interest income	12,685	22,610	75,070
Interest expense	(3,516)	(10,663)	(29,510)
Net interest income	9,169	11,947	45,560
Fee and commission income	477	1,606	2,342
Fee and commission expense	(396)	(3,129)	(2,338)
Net fee and commission income/(expense)	81	(1,523)	4
Net trading income/(loss)	7,153	(1,952)	16,577
Net gain/(loss) on financial instruments designated at fair value through profit or loss	3,220	2,449	(40,974)
Other income	11	-	3,136
Total operating income	19,634	10,921	24,303
Impairment losses on financial assets-held-to-maturity	-	-	(5,204)
Impairment reversal/(losses) on loans and advances	838	162	(1,280)
Impairment losses on investment in an associate	-	-	(6,985)
Net operating income	20,472	11,083	10,834
Personnel expenses	(934)	(1,206)	(3,865)
Depreciation of equipment	(23)	(40)	(94)
Other operating expenses	(737)	(729)	(2,473)
Total operating expenses	(1,694)	(1,975)	(6,432)
Profit before income tax	18,778	9,108	4,402
Income tax expense	-	(449)	(542)
Profit for the period/year	18,778	8,659	3,860
Transfer to statutory reserve	-	-	579
Profit attributable to equity holder of the bank	18,778	8,659	3,281
	18,778	8,659	3,860



Statement of changes in equity

USD'000

	Issued capital	Available for sale reserve	General banking reserve	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
At 1 April 2008	34,634	(1,188)	817	15,514	(2,305)	91,746	139,218
Movement in reserves 1 April 2008 - 30 June 2008							
Foreign currency adjustments	1,319	(45)	(30)	591	2,322	1,100	5,257
Fair value movements on available for sale assets	-	-	-	-	-	-	-
Total income and expense for the period recognised directly in equity	1,319	(45)	(30)	591	2,322	1,100	5,257
Profit for the period	-	-	-	-	-	8,659	8,659
Total income and expense for the period	1,319	(45)	(30)	591	2,322	9,759	13,916
Appropriations to other reserves	-	-	-	-	-	-	-
Balance at 30 June 2008	35,953	(1,233)	787	16,105	17	101,505	153,134
At 1 April 2008	34,634	(1,188)	817	15,514	(2,305)	91,746	139,218
Movement in reserves 1 April 2008 - 31 March 2009							
Foreign currency adjustments	(3,156)	169	(113)	-	2,050	(17,274)	(18,324)
Fair value movements on available for sale assets	-	677	-	-	-	-	677
Total income and expense for the year recognised directly in equity	(3,156)	846	(113)	-	2,050	(17,274)	(17,647)
Profit for the year	-	-	-	-	-	3,860	3,860
Total income and expense for the year	(3,156)	846	(113)	-	2,050	(13,414)	(13,787)
Issue of ordinary shares	25,000	-	-	-	-	-	25,000
Transfer to statutory reserve	-	-	-	579	-	(579)	-
Appropriations to other reserves	-	-	(532)	-	-	532	-
Balance at 31 March 2009	56,478	(342)	172	16,093	(255)	78,285	150,431
At 1 April 2009	56,478	(342)	172	16,093	(255)	78,285	150,431
Movement in reserves 1 April 2009 - 30 June 2009							
Foreign currency adjustments	13,009	(79)	963	3,385	2,111	16,779	36,168
Fair value movements on available for sale assets	-	67	-	-	-	-	67
Total income and expense for the period recognised directly in equity	13,009	(12)	963	3,385	2,111	16,779	36,235
Profit for the period	-	-	-	-	-	18,778	18,778
Total income and expense for the period	13,009	(12)	963	3,385	2,111	35,557	55,013
Appropriations to other reserves	-	-	(76)	-	-	76	-
Balance at 30 June 2009	69,487	(354)	1,059	19,478	1,856	113,918	205,444



Cash flow statement

USD'000

	30 June 2009	30 June 2008	31 March 2009
Operating activities			
Profit before income tax	18,778	9,108	4,402
Adjustments for:			
Change in operating assets	130,204	296,003	155,530
Change in operating liabilities	(199,901)	(303,262)	(128,244)
Non-cash item included in profit before tax	(9,613)	(3,062)	36,017
Income tax paid	-	-	(141)
Net cash flows (used in)/ from operating activities	(60,532)	(1,213)	67,564
Investing activities			
Purchase of investment securities	-	(4,231)	(2,245)
Proceeds on disposal of securities	6,260	189	122
Purchase of equipment	-	(57)	(125)
Proceeds on disposal of equipment	11	-	18
Net cash flows from/ (used in) investing activities	6,271	(4,099)	(2,230)
Financing activities			
Issue of ordinary shares	-	-	25,000
Net cash flows from financing activities	-	-	25,000
Net (decrease)/ increase in cash and cash equivalents	(54,261)	(5,312)	90,334
Cash and cash equivalents at beginning of period / year	151,122	70,897	70,897
Effect of exchange rate changes on cash and cash equivalents	34,810	2,699	(10,109)
Cash and cash equivalents at end of the period / year	131,671	68,284	151,122



Notes to the interim financial accounts for the three months ended 30 June 2009

1. General information

Investec Bank (Mauritius) Limited (the "bank") is a public company incorporated in the Republic of Mauritius on 20 April 1990. The bank's principal activity is the provision of banking services. Its registered office is situated on the 7th Floor, Harbour Front Building, President John Kennedy Street, Port Louis.

2. Significant accounting policies

(a) Statement of compliance

The financial reports for the three months ended 30 June 2009 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 whilst the functional currency is South African Rand.

The reports have been prepared using the same accounting policies as those applied in the accounts for the financial year ended 31 March 2009.

(c) Foreign currency translation

The following rates have been applied in the translation of the report:

	30-Jun 2009	30-Jun 2008	31-Mar 2009
Closing ZAR/\$ exchange rate	7.7083	7.8333	9.4838
Average ZAR/\$ exchange rate	8.4700	7.7744	8.8558



Notes to the unaudited financial accounts for the three months ended 30 June 2009 (Continued)

3. Related party transactions

	30 June 2009 USD'000	30 June 2008 USD'000	31 March 2009 USD'000
Net fair value of derivatives held with group companies	(3,666)	(29,316)	16,846
Interest income	3,756	2,407	13,515
Interest expense	1,492	6,343	14,352
Loans and advances to key management personnel	29	-	5
Deposits from key management personnel	844	143	802
Net amount due from/(due to) group companies	22,568	(108,767)	24,796

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2009, the bank has not made any provision for doubtful debts relating to amounts owed by related parties (30 June 2008 and 31 March 2009: Nil).

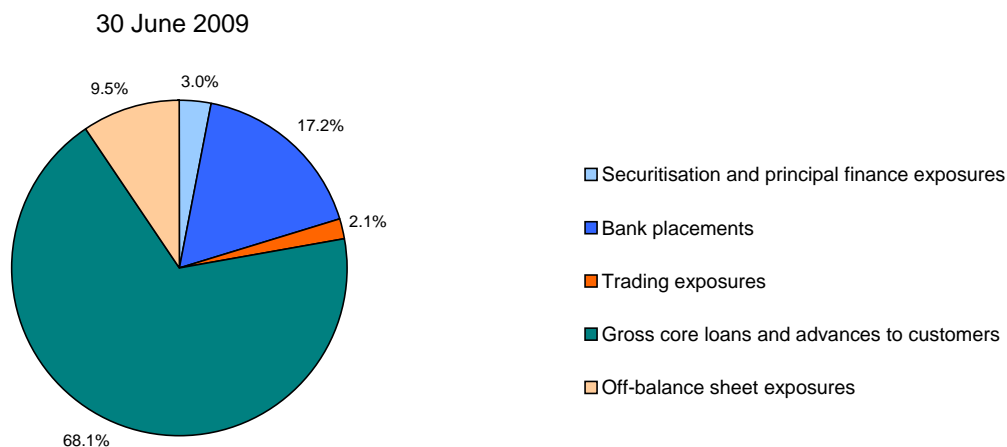


Credit and counterparty risk information

The table below provides an analysis of gross credit and counterparty exposures

	30 June 2009	31 March 2009	% change	Average*
USD'000				
On-balance sheet exposures	690,940	681,183	1.4%	686,062
Unrated credit instruments arising from securitisation/principal finance activities	22,913	26,569	-13.8%	24,741
Bank placements	131,669	151,122	-12.9%	141,396
Trading exposures (positive fair value excluding potential future exposures)	16,130	10,371	55.5%	13,250
Gross core loans and advances to customers	520,228	493,121	5.5%	506,675
Off-balance sheet exposures	72,999	81,313	-10.2%	77,156
Guarantees	38,936	40,650	-4.2%	39,793
Committed facilities, contingent liabilities and other	34,063	40,663	-16.2%	37,363
Total gross credit and counterparty exposures pre collateral or other credit enhancements	763,940	762,496	0.2%	763,218

*Where the average is based on a straight line average for the three month period to 30 June 2009





Asset quality

USD'000	30 June 2009	31 March 2009
Gross core loans and advances to customers (including held-to-maturity assets)	520,228	493,121
Total impairments	(10,035)	(9,314)
Portfolio impairments	(4,766)	(4,487)
Specific impairments	(5,269)	(4,827)
Net core loans and advances to customers	510,193	483,807
Average gross core loans and advances to customers	506,675	679,059
Current loans and advances to customers	388,276	432,407
Total gross non-current loans and advances to customers	131,952	60,714
Past due loans and advances to customers (1-60 days)	57709*	41,319
Special mention loans and advances to customers	59,469	6,197
Default loans and advances to customers	14,774	13,198
Gross core loans and advances to customers	520,228	493,121
Total gross non-current core loans and advances to customers	131,952	60,714
Gross core loans and advances to customers that are past due but not impaired	119,530	49,936
Gross core loans and advances to customers that are impaired	12,422	10,778
Total income statement charge / (reversal) for impairments against core loans	838	(6,484)
Gross default loans and advances to customers	14,774	13,198
Specific impairments	(5,269)	(4,827)
Defaults net of specific impairments	9,505	8,371
Collateral and other credit enhancements	20,157	16,119
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	1.01%	0.98%
Portfolio impairments as a % of gross core loans and advances to customers	0.92%	0.91%
Total impairments as a % of gross core loans and advances to customers	1.93%	1.89%
Specific impairments as a % of gross default loans	35.66%	36.57%
Gross defaults as a % of gross core loans and advances to customers	2.84%	2.68%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.86%	1.73%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%
Credit loss ratio (i.e income statement charge as a % of average gross core loans and advances)	0.00%	0.95%

* USD 32.8 million in arrears were settled by 13 July 2009



Contractual liquidity

At 30 June 2009 USD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks	81	50	-	-	-	-	-	131
Investment/trading assets and statutory liquids **	17	-	-	-	30	-	45	92
Securitized assets	-	-	-	-	-	-	-	-
Advances	43	4	29	74	27	245	65	487
Other assets	-	-	-	16	-	-	-	16
Assets	141	54	29	90	57	245	110	726
Deposits - banks	-	(10)	(8)	(0)	-	(80)	-	(98)
Deposits - non-banks	(165)	(23)	(94)	(104)	(0)	(18)	(5)	(409)
Investment/trading liabilities	-	-	-	-	-	-	(19)	(19)
Other liabilities	-	-	-	(15)	-	-	-	(15)
Liabilities	(165)	(33)	(102)	(119)	(0)	(98)	(24)	(541)
Intercompany loans	53	(37)	78	2	(12)	(30)	(35)	19
Shareholders' funds	-	-	-	-	-	-	(205)	(205)
Balance sheet	29	(16)	5	(27)	45	117	(154)	(1)
Off-balance sheet	-	(12)	2	(2)	(1)	(2)	3	(12)
Contractual liquidity gap	29	(28)	7	(29)	44	115	(151)	(13)
Cumulative liquidity gap	29	1	8	(21)	23	138	(13)	

Contractual liquidity adjustments

At 30 June 2009 USD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
**Investments/trading assets	(53)	-	-	-	53	-	-	-

Behavioural liquidity

At 30 June 2009 USD'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	218	31	74	66	(82)	116	(421)	0
Cumulative	218	249	322	388	306	421	(0)	

Interest rate sensitivity gap

At 30 June 2009 USD'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short-term funds - banks	131	-	-	-	-	-	131
Investment/trading assets and statutory liquids	-	-	-	-	-	92	92
Securitized assets	-	-	-	-	-	-	-
Advances	436	29	5	8	19	(10)	487
Other assets	-	-	-	-	-	16	16
Assets	567	29	5	8	19	98	726
Deposits - banks	(98)	(0)	-	-	-	-	(98)
Deposits - non-banks	(282)	(108)	(0)	(14)	(5)	-	(409)
Investment/trading liabilities	-	-	-	-	-	(19)	(19)
Other liabilities	-	-	-	-	-	(15)	(15)
Liabilities	(380)	(108)	(0)	(14)	(5)	(34)	(541)
Intercompany loans	46	(27)	-	-	-	-	19
Shareholders' funds	-	-	-	-	-	(205)	(205)
Balance sheet	233	(106)	5	(6)	14	(141)	(1)
Off-balance sheet	(5)	(2)	(2)	(3)	-	-	(12)
Repricing gap	228	(108)	3	(9)	14	(141)	(13)
Cumulative repricing gap	228	120	123	114	128	(13)	

Economic value sensitivity

At 30 June 2009 USD'million	Sensitivity to the following interest rates (expressed in original currency)				
	ZAR	GBP	USD	EUR	All (USD)
200bp Down	0.38	0.04	0.78	0.05	1.25
200bp Up	(0.32)	0.01	(0.63)	0.01	(0.92)



Capital structure and capital adequacy

As at USD'000	30 June 2009	31 March 2009
Regulatory capital		
Tier 1		
Share capital	69,487	56,478
Retained income	95,064	78,030
Statutory reserves	19,478	16,093
Other reserves	(354)	(342)
Total Tier 1	183,675	150,259
Less: deductions	(23)	(19)
	183,652	150,240
Tier 2		
Aggregate amount	6,363	5,097
Less: deductions	(23)	(19)
	6,340	5,078
Total capital	189,992	155,318
Capital requirements	63,625	65,632
Credit risk - prescribed standardised exposure classes	52,961	55,210
Corporates	29,238	28,193
Secured on real estate property	15,432	13,962
Short term claims on institutions and corporates	6,960	9,736
Retail	70	30
Institutions	-	2,751
Other exposure classes	1,261	538
Equity risk - standardised approach	4,624	4,382
Listed equities	663	641
Unlisted equities	3,961	3,741
Operational risk - standardised approach	6,040	6,040
Risk-weighted assets (banking and trading)	636,250	656,315
Credit risk - prescribed standardised exposure classes	529,618	552,099
Corporates	292,376	281,928
Secured on real estate property	154,324	139,617
Short term claims on institutions and corporates	69,599	97,357
Retail	704	298
Institutions	-	27,513
Other exposure classes	12,615	5,386
Equity risk - standardised approach	46,235	43,819
Listed equities	6,629	6,408
Unlisted equities	39,606	37,411
Operational risk - standardised approach	60,397	60,397
Capital adequacy ratio	29.9%	23.7%
Tier 1 ratio	28.9%	22.9%
Capital adequacy ratio - pre operational risk	33.0%	26.1%
Tier 1 ratio - pre operational risk	31.9%	25.2%