Investec Bank (Mauritius) Limited

Unaudited financial reports for the three months ended 30 June 2013

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

Unaudited financial report for the three months ended 30 June 2013

The unaudited financial report for the three months ended 30 June 2013 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

Net interest income increased by 13% to USD 10.6 million for the three months ended 30 June 2013 as compared to the three months ended 30 June 2012 as a result of the increase in loans and advances to customers and fixed income investments.

Net fee and commission income increased by 7% to USD 1.4 million for the three months ended 30 June 2013 as compared to the three months period ended 30 June 2012.

Net trading loss amounted to USD 1.3 million for the three months ended 30 June 2013 as compared to a net trading loss of USD 1.5 million reported for the same period last year.

The net loss on financial instruments amounted to USD 3.7 million for the three months ended 30 June 2013 as compared to a loss of USD 0.2 million for the three months ended 30 June 2012.

Regulatory impairment portfolio provisions amounting to USD 0.3 million were reversed during the three months ended 30 June 2013 as a result of the contraction in the loan portfolio.

Operating expenses decreased marginally by 3% to USD 2.4 million for the three months ended 30 June 2013 as compared to USD 2.5 million for the same period last year mainly as a result of the appreciation of the United States Dollars against the Mauritian rupee and the South African Rand.

Profit after tax amounted to USD 4.9 million for the period ended 30 June 2013 as compared to USD 6.3 million for the period ended 30 June 2012 mainly due to the fair value adjustment on financial instruments highlighted above.

Loans and advances to customers decreased by 5% from USD 772.2 million as at 31 March 2013 to USD 730.7 million as at 30 June 2013 and investment securities increased by 26% from USD 189.8 million as at 31 March 2013 to USD 238.8 million as at 30 June 2013. External deposits increased by 8% from USD 666.9 million as at 31 March 2013 to USD 722.8 million as at 30 June 2013.

The bank remains well capitalised with a capital adequacy ratio of 28% as at 30 June 2013 with tier 1 capital representing 97% 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.

As at 30 June 2013, the total on and off balance sheet credit exposure to related parties amounted to USD 27.6 million (31 March 2013 – USD 31.0 million) representing 2% (31 March 2013 - 2%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to USD 27.6 million (31 March 2013 - USD 30.9 million) representing 9% (31 March 2013 - 10%) 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 reasonnable growth in assets over the next quarter which is expected to translate into higher operating income as compared to the last quarter.

David M Lawrence   Pierre de Chasteigner du Mee   Craig C McKenzie

Chairman

Board of Directors

Dated: 12 August 2013

Statement of financial position

USD'000	30 June 2013	31 March 2013	30 June 2012
Assets			
Cash and balances with central bank	5,866	4,556	3,248
Due from banks	387,301	340,995	279,693
Reverse repurchase agreement	44,684	-	-
Derivative financial instruments	31,399	31,584	26,991
Investment securities	238,834	189,756	178,559
Amount due from holding bank	18,548	18,625	20,393
Amount due from group companies	3,258	3,122	3,053
Loans and advances to customers	730,676	772,245	725,578
Investment in associate	4,915	4,915	4,915
Investment in subsidiary	15	15	15
Equipment	378	387	466
Deferred tax assets	262	262	250
Other assets	7,552	5,136	5,127
Total assets	**1,473,688**	**1,371,598**	**1,248,288**
Liabilities			
Deposits by banks	2,252	3,527	2,899
Securities sold under repurchase agreement with banks	116,554	119,378	-
Derivative financial instruments	2,327	3,234	5,698
Amount due to holding bank	35,451	35,554	182,270
Amount due to group companies	13,801	13,788	46,676
Due to customers	722,842	666,854	506,850
Debt securities issued	261,815	217,060	216,042
Current tax liabilities	1,255	1,015	169
Other liabilities	8,413	7,082	10,239
Total liabilities	**1,164,710**	**1,067,492**	**970,843**
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	209,465	43,065	182,703
Other reserves	43,035	204,563	38,264
Total equity	**308,978**	**304,106**	**277,445**
Total liabilities and equity	**1,473,688**	**1,371,598**	**1,248,288**

Statement of comprehensive income

USD'000	Three months ended 30 June 2013	Three months ended 30 June 2012	Year ended 31 March 2013
Interest income	14,454	13,224	55,797
Interest expense	(3,815)	(3,790)	(14,820)
Net interest income	**10,639**	**9,434**	**40,977**
Fee and commission income	1,440	1,360	3,670
Fee and commission expense	(84)	(97)	(504)
Net fee and commission income	**1,356**	**1,263**	**3,166**
Net trading (loss) / income	(1,265)	(1,478)	1,327
Net loss on financial instruments designated at fair value through profit or loss	(3,698)	(186)	(1,199)
Other operating income	230	-	-
Total operating income	**7,262**	**9,033**	**44,271**
Impairment reversal / (loss) on loans and advances	275	(68)	(377)
Net operating income	**7,537**	**8,965**	**43,894**
Personnel expenses	(994)	(1,050)	(4,080)
Depreciation of equipment	(30)	(33)	(126)
Other operating expenses	(1,388)	(1,399)	(5,439)
Total operating expenses	**(2,412)**	**(2,482)**	**(9,645)**
Profit before tax	**5,125**	**6,483**	**34,249**
Income tax expense	(253)	(150)	(1,255)
Profit for the period / year	**4,872**	**6,333**	**32,994**
Analysed as follows:			
Transfer to statutory reserve	-	-	4,949
Transfer to retained earnings	4,872	6,333	28,045
Porfit attributable to equity holder of the bank	**4,872**	**6,333**	**32,994**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**4,872**	**6,333**	**32,994**

Statement of changes in equity

USD'000	Stated capital	General banking reserve	Statutory reserve	Retained earnings	Total
At 1 April 2013	56,478	2,745	40,320	204,563	304,106
Movement in reserves 1 April 2013 - 30 June 2013					
Total comprehensive income					
Total comprehensive income	-	-	-	4,872	4,872
Appropriations to other reserves	-	(30)	-	30	-
Balance at 30 June 2013	**56,478**	**2,715**	**40,320**	**209,465**	**308,978**
At 1 April 2012	56,478	2,885	35,371	176,378	271,112
Movement in reserves 1 April 2012 - 31 March 2013					
Total comprehensive income	-	-	-	32,994	32,994
Appropriations to other reserves	-	(140)	4,949	(4,809)	-
Balance at 31 March 2013	**56,478**	**2,745**	**40,320**	**204,563**	**304,106**
At 1 April 2012	56,478	2,885	35,371	176,378	271,112
Movement in reserves 1 April 2012 - 30 June 2012					
Total comprehensive loss					
Total comprehensive income	-	-	-	6,333	6,333
Appropriations to other reserves	-	8	-	(8)	-
Balance at 30 June 2012	**56,478**	**2,893**	**35,371**	**182,703**	**277,445**

Cash flow statement

USD'000	30 June 2013	31 March 2013	30 June 2012
Operating activities			
Profit before tax	5,125	34,249	6,483
Adjustments for:			
Change in operating assets	60,158	(122,468)	(64,020)
Change in operating liabilities	55,046	62,205	80,904
Non-cash item included in profit before income tax	921	(3,162)	1,765
Income tax paid	(13)	(272)	-
Net cash flows generated from / (used in) operating activities	**121,237**	**(29,448)**	**25,132**
Investing activities			
Purchase of investment securities	(70,398)	-	-
Proceeds on disposal of investment securities	11,693	-	32,972
Purchase of equipment	(21)	(28)	(15)
Net cash flows (used in) / generated from investing activities	**(58,726)**	**(28)**	**32,957**
Financing activities			
Reverse repurchase agreement	(44,630)	-	-
Securities sold under repurchase agreement with banks	-	119,743	
Issue of preference shares	44,000	-	-
Net cash flows generated (used in) / from financing activities	**(630)**	**119,743**	**-**
Net increase in cash and cash equivalents	61,881	90,267	58,089
Cash and cash equivalents at beginning of the period / year	291,515	201,248	204,799
Cash and cash equivalents at end of the period / year	**353,396**	**291,515**	**262,888**

Notes to the unaudited financial accounts for the three months ended 30 June 2013

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 three months ended 30 June 2013 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 2013.

(c) Functional currency of the bank

The bank's functional currency is USD.

Notes to the unaudited financial accounts for the three months ended 30 June 2013

3. Related party transactions

USD'000	30 June 2013	31 March 2013	30 June 2012
Net fair value of derivatives held with group companies	**2,103**	(1,097)	(4,166)
Interest income	**295**	545	104
Interest expense	**(567)**	(4,019)	(1,341)
Loans and advances	**1,022**	1,039	1,439
Deposits	**(4,133)**	(4,248)	(2,286)
Net amount due to group companies	**(27,446)**	(27,595)	(205,500)

Terms and conditions of transactions with related parties

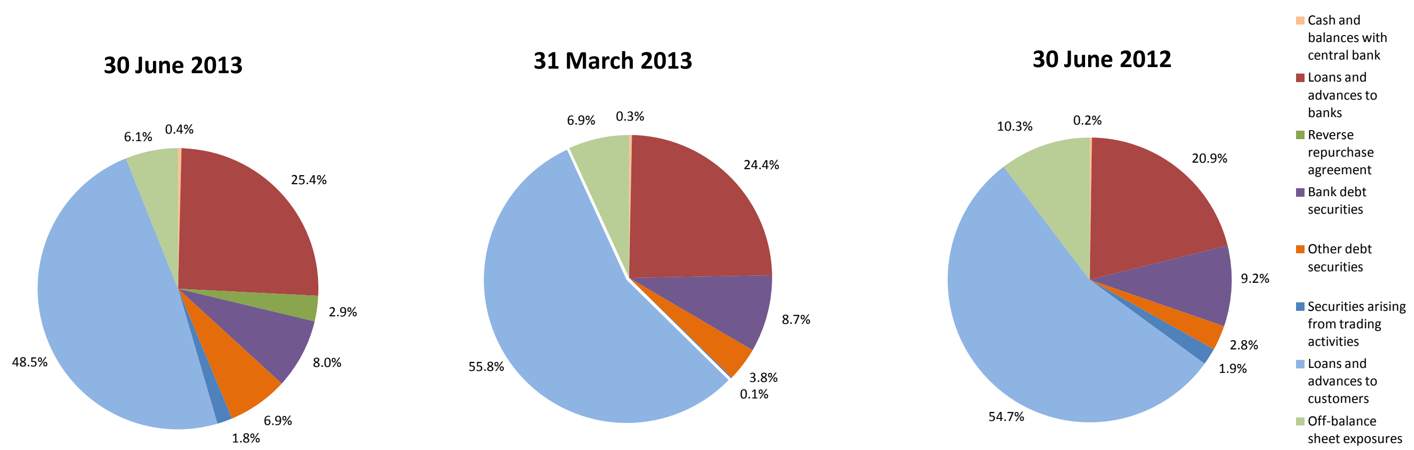
The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. Loans and advances to related parties as at 30 June 2013 were secured. For the three months ended 30 June 2013, the bank has not made any impairment relating to amounts owed by related parties (31 March 2013: Nil and 30 June 2012: Nil).

Credit and counterparty risk information

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

	30 June 2013 USD'000	31 March 2013 USD'000	30 June 2012 USD'000	30 June 2013 vs 30 June 2012 % change	Average* USD'000
On-balance sheet exposures	**1,430,563**	**1,302,171**	**1,202,417**	**19.0**	**1,388,710**
Cash and balances with central bank	5,863	4,552	3,245	80.7	5,208
Loans and advances to banks	387,301	340,995	279,693	38.5	364,148
Reverse repurchase agreement	44,684	-	-	100	44,684
Bank debt securities	122,033	121,740	122,827	(0.6)	121,887
Other debt securities	105,611	53,479	38,185	>100%	79,545
Securities arising from trading activities	27,003	1,459	25,459	6.1	14,231
Loans and advances to customers	738,068	779,946	733,008	0.7	759,007
Off-balance sheet exposures	**92,428**	**95,938**	**138,609**	**(33.3)**	**94,182**
Guarantees^	16,707	14,564	28,922	(42.2)	15,635
Contingent liabilities, committed facilities and other	75,721	81,374	109,687	(31.0)	78,547
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**1,522,991**	**1,398,109**	**1,341,026**	**13.6**	**1,482,892**

*Where the average is based on a straight line average.
^Excludes guarantees provided to clients which are backed/secured by cash deposits with the bank



Asset quality and impairments

USD'000	30 June 2013	31 March 2013	30 June 2012
Gross core loans and advances to customers	**738,068**	**779,946**	**733,088**
Total impairments	**(7,392)**	**(7,701)**	**(7,430)**
Portfolio impairments	(6,979)	(7,150)	(7,202)
Specific impairments	(413)	(551)	(228)
Net core loans and advances to customers	**730,676**	**772,245**	**725,578**
Average gross core loans and advances to customers	**759,007**	**756,044**	**732,575**
Current loans and advances to customers	722,410	761,500	719,837
Past due and default core loans and advances to customers	15,658	18,446	13,171
Past due loans and advances to customers (1-60 days)	9,717	12,327	9,982
Special mention loans and advances to customers	1,009	111	1,240
Default loans and advances to customers	4,932	6,008	1,949
Gross core loans and advances to customers	**738,068**	**779,946**	**733,008**
Current loans and advances to customers	722,410	761,500	719,837
Gross core loans and advances to customers that are past due but not impaired	11,214	14,209	11,800
Gross core loans and advances to customers that are impaired	4,444	4,237	1,371
Gross core loans and advances to customers	**738,068**	**779,946**	**733,008**
Total income statement reversal / (charge) for impairments on loans and advances	**275**	**(377)**	**68**
Gross default loans and advances to customers	4,932	6,008	1,949
Specific impairments	(413)	(551)	(228)
Portfolio impairments	(6,979)	(7,150)	(7,202)
Defaults net of impairments	**(2,460)**	**(1,693)**	**(5,481)**
Collateral and other credit enhancements	5,575	10,243	2,538
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%	0.99%	1.01%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.67%	0.77%	0.27%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.34%)	(0.22%)	-
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 loans and advances)	(0.14%)	0.05%	(0.01%)

Capital structure

USD '000	30 June 2013	31 March 2013	30 June 2012
Regulatory capital			
Tier 1			
Stated capital	56,478	56,478	56,478
Retained income	203,021	204,563	174,719
Statutory reserves	40,320	40,320	35,371
Total tier 1	**299,819**	**301,361**	**266,569**
Less: deductions	(269)	(269)	(7)
	299,550	**301,092**	**266,562**
Tier 2			
General banking reserve	2,715	2,745	2,892
Portfolio provision	6,979	7,150	7,202
Total tier 2	**9,694**	**9,895**	**10,094**
Less: deductions	(7)	(7)	(7)
	9,687	**9,888**	**10,087**
Total capital	**309,237**	**310,980**	**276,649**
Capital requirements	**110,110**	**106,906**	**101,680**
Credit risk - prescribed standardised exposure classe	99,032	96,750	91,750
Corporates	40,761	40,869	37,507
Secured on real estate property	37,495	39,413	38,003
Short-term claims on institutions and corporates	8,170	6,707	5,605
Retail	11	14	15
Institutions	11,452	8,818	9,742
Other exposure classes	1,143	928	878
Equity risk - standardised approach	2,713	3,108	3,173
Listed equities	16	17	19
Unlisted equities	2,697	3,091	3,154
Aggregate net open foreign exchange position	1,860	544	197
Operational risk - standardised approach	6,505	6,505	6,561

Capital adequacy

USD '000	30 June 2013	31 March 2013	30 June 2012
Primary capital (tier 1)	299,819	301,361	266,569
less:deductions	(269)	(269)	(7)
	299,550	**301,092**	**266,562**
Tier 2 capital	9,694	9,895	10,094
less: deductions	(7)	(7)	(7)
	9,687	**9,888**	**10,087**
Total capital	**309,238**	**310,980**	**276,648**
Risk-weighted assets	**1,101,095**	**1,069,061**	**1,016,805**
Credit risk - prescribed standardised exposure classe	990,314	967,498	917,488
Corporates	407,606	408,692	375,073
Secured on real estate property	374,954	394,134	380,031
Short-term claims on institutions and corporates	81,703	67,068	56,035
Retail	106	143	147
Institutions	114,520	88,181	97,419
Other exposure classes	11,425	9,280	8,783
Equity risk - standardised approach	27,135	31,082	31,732
Listed equities	160	174	190
Unlisted equities	26,975	30,908	31,542
Aggregate net open foreign exchange position	18,600	5,435	1,970
Operational risk - standardised approach	65,046	65,046	65,615
Capital adequacy ratio	**28.1%**	**29.1%**	**27.2%**
Tier 1 ratio	27.2%	28.2%	26.2%

Balance Sheet risk management

The tables that follows show our 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 30 June 2013 **USD'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	307	76	30	25	-	-	-	438
Investment/trading assets*	-	-	2	-	18	102	148	270
Advances	8	4	18	76	130	477	18	731
Other assets	-	-	-	-	-	-	8	8
Assets	**315**	**80**	**50**	**101**	**148**	**579**	**174**	**1,447**
Deposits - banks	-	(2)	-	-	-	-	-	(2)
Deposits - non-banks	(433)	(62)	(132)	(30)	(34)	(32)	-	(723)
Securities sold under repurchase agreement with banks	-	-	-	-	-	(18)	(99)	(117)
Other liabilities	-	-	-	(10)	-	-	-	(10)
Liabilities	**(433)**	**(64)**	**(132)**	**(40)**	**(34)**	**(50)**	**(99)**	**(852)**
Intercompany loans	13	(4)	(1)	-	(2)	(97)	(198)	(289)
Shareholders' funds	-	-	-	-	-	-	(309)	(309)
Balance sheet	**(105)**	**12**	**(83)**	**61**	**112**	**432**	**(432)**	**(3)**
Off balance sheet	-	2	-	-	1	-	-	3
Contractual liquidity gap	**(105)**	**14**	**(83)**	**61**	**113**	**432**	**(432)**	**-**
Cumulative liquidity gap	(105)	(91)	(174)	(113)	-	432	-	-

At 31 March 2013 **USD'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	211	55	55	-	25	-	-	346
Investment/trading assets*	-	-	-	-	-	3	220	223
Advances	5	7	68	15	91	546	40	772
Other assets	-	-	-	6	-	-	-	6
Assets	**216**	**62**	**123**	**21**	**116**	**549**	**260**	**1,347**
Deposits - banks	-	(4)	-	-	-	-	-	(4)
Deposits - non-banks	(356)	(75)	(132)	(15)	(43)	(46)	-	(667)
Securities sold under repurchase agreement with banks	-	-	-	-	-	-	(119)	(119)
Other liabilities	-	-	(5)	(3)	-	-	-	(8)
Liabilities	**(356)**	**(79)**	**(137)**	**(18)**	**(43)**	**(46)**	**(119)**	**(798)**
Intercompany loans	8	-	(1)	-	-	(53)	(199)	(245)
Shareholders' funds	-	-	-	-	-	-	(304)	(304)
Balance sheet	**(132)**	**(17)**	**(15)**	**3**	**73**	**450**	**(362)**	**-**
Off-balance sheet	-	-	-	-	-	-	-	-
Contractual liquidity gap	**(132)**	**(17)**	**(15)**	**3**	**73**	**450**	**(362)**	**-**
Cumulative liquidity gap	(132)	(149)	(164)	(161)	(88)	362	-	-

At 30 June 2012 **USD'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	155	95	13	-	20	-	-	283
Investment/trading assets*	-	-	-	-	-	5	202	207
Advances	3	41	14	56	82	494	36	726
Other assets	-	-	-	5	-	-	-	5
Assets	**158**	**136**	**27**	**61**	**102**	**499**	**238**	**1,221**
Deposits - banks	-	(3)	-	-	-	-	-	(3)
Deposits - non-banks	(223)	(151)	(62)	(8)	(26)	(37)	-	(507)
Other liabilities	-	-	(4)	(6)	-	-	-	(10)
Liabilities	**(223)**	**(154)**	**(66)**	**(14)**	**(26)**	**(37)**	**-**	**(520)**
Intercompany loans	15	(67)	(8)	-	(111)	(35)	(216)	(422)
Shareholders' funds	-	-	-	-	-	-	(277)	(277)
Balance sheet	**(50)**	**(85)**	**(47)**	**47**	**(35)**	**427**	**(255)**	**2**
Off balance sheet	-	(2)	-	-	1	(1)	-	(2)
Contractual liquidity gap	**(50)**	**(87)**	**(47)**	**47**	**(34)**	**426**	**(255)**	**-**
Cumulative liquidity gap	(50)	(137)	(184)	(137)	(171)	255	-	-

Contractual liquidity adjustments

At 30 June 2013 USD'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
*Investments/trading assets	-	-	-	-	-	-	-	-

At 31 March 2013 USD'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
*Investments/trading assets	-	-	-	-	-	-	-	-

At 30 June 2012 USD'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
*Investments/trading assets	-	-	-	-	-	-	-	-

Behavioural liquidity

At 30 June 2013 USD'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	**239**	**63**	**49**	**91**	**146**	**196**	**(784)**	**-**
Cumulative	239	302	351	442	588	784	-	

At 31 March 2013 USD'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	**162**	**27**	**89**	**(46)**	**109**	**310**	**(651)**	**-**
Cumulative	162	189	278	232	341	651	-	

At 30 June 2012 USD'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	**132**	**29**	**(49)**	**40**	**(20)**	**328**	**(460)**	
Cumulative	117	146	97	137	117	445	(15)	

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 the delivery of products and services to our customers.

Sources of banking-related risk exposures include the potential adverse effect of volatility and changes in interest rate levels, the shape of the yield curves, basic risk spreads and optionality inherent in certain products. These 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. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

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.

At 30 June 2013 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	438	-	-	-	-	-	438
Investment/trading assets	81	-	4	26	97	62	270
Advances	608	89	7	27	-	-	731
Other assets	-	-	-	-	-	8	8
Assets	**1,127**	**89**	**11**	**53**	**97**	**70**	**1,447**
Deposits - banks	(2)	-	-	-	-	-	(2)
Deposits - non-banks	(627)	(30)	(34)	(32)	-	-	(723)
Repurchase agreements with banks	(98)	(19)	-	-	-	-	(117)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	**(727)**	**(49)**	**(34)**	**(32)**	**-**	**(10)**	**(852)**
Intercompany loans	(142)	(35)	(2)	(18)	(92)	-	(289)
Shareholders' funds	-	-	-	-	-	(309)	**(309)**
Balance sheet	**258**	**5**	**(25)**	**3**	**5**	**(249)**	**(3)**
Off balance sheet	3	16	(5)	(6)	(5)	-	3
Repricing gap	**261**	**21**	**(30)**	**(3)**	**-**	**(249)**	**-**
Cumulative repricing gap	261	282	252	249	249	-	-

At 31 March 2013 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	346	-	-	-	-	-	346
Investment/trading assets	42	-	-	-	112	69	223
Advances	714	25	7	26	-	-	772
Other assets	-	-	-	-	-	6	6
Assets	**1,102**	**25**	**7**	**26**	**112**	**75**	**1,347**
Deposits - banks	(4)	-	-	-	-	-	(4)
Deposits - non-banks	(564)	(15)	(45)	(43)	-	-	(667)
Securities sold under repurchase agreement	(119)	-	-	-	-	-	(119)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	**(687)**	**(15)**	**(45)**	**(43)**	**-**	**(8)**	**(798)**
Intercompany loans	(134)	-	(2)	(18)	(91)	-	(245)
Shareholders' funds	-	-	-	-	-	(304)	(304)
Balance sheet	**281**	**10**	**(40)**	**(35)**	**21**	**(237)**	**-**
Off-balance sheet	(21)	(1)	17	5	-	-	-
Repricing gap	**260**	**9**	**(23)**	**(30)**	**21**	**(237)**	**-**
Cumulative repricing gap	260	269	246	216	237	-	-

At 30 June 2012 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	283	-	-	-	-	-	283
Investment/trading assets	41	-	3	-	109	54	207
Advances	597	78	40	11	-	-	726
Other assets	-	-	-	-	-	5	5
Assets	**921**	**78**	**43**	**11**	**109**	**59**	**1,221**
Deposits - banks	(3)	-	-	-	-	-	(3)
Deposits - non-banks	(437)	(8)	(27)	(35)	-	-	(507)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	**(440)**	**(8)**	**(27)**	**(35)**	**-**	**(10)**	**(520)**
Intercompany loans	(311)	-	(2)	-	(109)	-	(422)
Shareholders' funds	-	-	-	-	-	(277)	(277)
Balance sheet	**170**	**70**	**14**	**(24)**	**-**	**(228)**	**2**
Off balance sheet	(10)	(1)	(6)	15	-	-	(2)
Repricing gap	**160**	**69**	**8**	**(9)**	**-**	**(228)**	**-**
Cumulative repricing gap	160	229	237	228	228	-	-

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.

	Sensitivity to the following interest rates (expressed in original currencies)					
As at 'million	**ZAR**	**GBP**	**USD**	**EUR**	**AUD**	**All (USD)**
30 June 2013						
200bp Down	1.00	0.20	3.07	0.42	(0.04)	**3.99**
200bp Up	(0.85)	(0.20)	(2.88)	(0.37)	0.04	**(3.70)**
31 March 2013						
200bp Down	(0.39)	0.34	2.86	0.31	(0.04)	**3.70**
200bp Up	0.50	(0.33)	(2.68)	(0.26)	0.04	**(3.41)**
30 June 2012						
200bp Down	2.30	0.04	1.38	0.21	0.01	**2.00**
200bp Up	(2.16)	(0.10)	(3.50)	(0.43)	(0.01)	**(4.47)**

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 exhange position
30 June 2013						
Long/(short) position	87	917	-	400	(18,600)	**18,600**
31 March 2013						
Long/(short) position	(38)	1,764	-	281	3,390	**5,435**
30 June 2012						
Long/(short) position	1,328	62	(1)	581	(2,249)	**2,250**