Investec Bank (Mauritius) Limited

Unaudited financial reports for the six months ended 30 September 2013

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

Unaudited financial report for the six months ended 30 September 2013

The unaudited financial report for the six months ended 30 September 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 17% to USD 23.0 million for the six months ended 30 September 2013 as compared to the six months ended 30 September 2012 as a result of the increase in loans and advances to customers and fixed income investments.

Net fee and commission income increased from USD 1.7 million to USD 3.3 million for the six months ended 30 September 2013 as compared to the six months period ended 30 September 2012.

Net trading loss amounted to USD 2.0 million for the six months ended 30 September 2013 as compared to a net trading loss of USD 1.0 million reported for the same period last year.

The net loss on financial instruments designated at fair value amounted to USD 2.6 million for the six months ended 30 September 2013 as compared to a profit of USD 2.3 million for the six months ended 30 September 2012.

Operating expenses increased by 5% to USD 5.1 million for the six months ended 30 September 2013 as compared to USD 4.8 million for the same period last year mainly due to IT costs incurred on implementation of projects.

Profit after tax decreased by 9% to USD 16.0 million for the period ended 30 September 2013 as compared to USD 17.5 million for the period ended 30 September 2012 mainly due to the fair value adjustment on financial instruments highlighted above.

Loans and advances to customers increased by 7% from USD 772.2 million as at 31 March 2013 to USD 823.9 million as at 30 September 2013 and investment securities increased by 27.5% from USD 189.8 million as at 31 March 2013 to USD 241.9 million as at 30 September 2013. External deposits increased by 13.2% from USD 666.9 million as at 31 March 2013 to USD 754.8 million as at 30 September 2013.

The bank remains well capitalised with a capital adequacy ratio of 27% as at 30 September 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 September 2013, the total on and off balance sheet credit exposure to related parties amounted to USD 91.9 million (31 March 2013 – USD 31.0 million) representing 6.0 % (31 March 2013 – 2.3 %) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to USD 90.9 million (31 March 2013 - USD 30.9 million) representing 30.7 % (31 March 2013 – 10.3 %) 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: 14 November 2013

Statement of financial position

USD'000	30 September 2013	31 March 2013	30 September 2012
Assets			
Cash and balances with central bank	6,458	4,556	4,566
Due from banks	278,347	340,995	224,481
Derivative financial instruments	30,514	31,584	29,175
Investment securities	241,872	189,756	181,151
Amount due from holding bank	132,691	18,625	21,979
Amount due from group companies	3,258	3,122	3,115
Loans and advances to customers	823,862	772,245	717,334
Investment in associate	4,915	4,915	4,915
Investment in subsidiary	15	15	15
Equipment	363	387	436
Deferred tax assets	262	262	250
Other assets	7,512	5,136	6,068
Total assets	**1,530,069**	**1,371,598**	**1,193,485**
Liabilities			
Deposits by banks	-	3,527	3,029
Securities sold under repurchase agreement with banks	118,736	119,378	-
Derivative financial instruments	14,331	3,234	5,349
Amount due to holding bank	35,774	35,554	156,658
Amount due to group companies	14,957	13,788	13,515
Due to customers	754,770	666,854	499,140
Debt securities issued	264,641	217,060	217,112
Current tax liabilities	1,369	1,015	169
Other liabilities	7,450	7,082	9,874
Total liabilities	**1,212,028**	**1,067,492**	**904,846**
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	220,432	204,563	193,907
Other reserves	41,131	43,065	38,254
Total equity	**318,041**	**304,106**	**288,639**
Total liabilities and equity	**1,530,069**	**1,371,598**	**1,193,485**

Statement of comprehensive income

USD'000	Quarter ended 30 September 2013	Quarter ended 30 September 2012	Six months ended 30 September 2013	Six months ended 30 September 2012	Year ended 31 March 2013
Interest income	16,369	14,078	30,824	27,302	55,797
Interest expense	(3,974)	(3,865)	(7,789)	(7,655)	(14,820)
Net interest income	**12,395**	**10,213**	**23,035**	**19,647**	**40,977**
Fee and commission income	2,048	463	3,487	1,823	3,670
Fee and commission expense	(137)	(72)	(221)	(170)	(504)
Net fee and commission income	**1,911**	**391**	**3,266**	**1,653**	**3,166**
Net trading (loss) / income	(707)	525	(1,973)	(953)	1,327
Net gain/(loss) on financial instruments designated at fair value through profit or loss	1,090	2,526	(2,609)	2,340	(1,199)
Other operating income	-	-	230	-	-
Total operating income	**14,689**	**13,655**	**21,949**	**22,687**	**44,271**
Impairment reversal / (loss) on loans and advances	(659)	47	(384)	(21)	(377)
Net operating income	**14,030**	**13,702**	**21,565**	**22,666**	**43,894**
Personnel expenses	(1,109)	(972)	(2,103)	(2,022)	(4,080)
Depreciation of equipment	(32)	(32)	(62)	(66)	(126)
Other operating expenses	(1,554)	(1,360)	(2,941)	(2,759)	(5,439)
Total operating expenses	**(2,695)**	**(2,364)**	**(5,106)**	**(4,847)**	**(9,645)**
Profit before tax	**11,335**	**11,338**	**16,459**	**17,819**	**34,249**
Income tax expense	(240)	(142)	(493)	(292)	(1,255)
Profit for the period / year	**11,095**	**11,196**	**15,966**	**17,527**	**32,994**
Analysed as follows:					
Transfer to statutory reserve	-	-	-	-	4,949
Transfer to retained earnings	11,095	11,196	15,966	17,527	28,045
Porfit attributable to equity holder of the bank	**11,095**	**11,196**	**15,966**	**17,527**	**32,994**
Other comprehensive loss	(2,031)	-	(2,031)	-	-
Total comprehensive income for the year	**9,064**	**11,196**	**13,935**	**17,527**	**32,994**

Statement of changes in equity

USD'000	Stated capital	Available-for-sale reserve	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 September 2013						
Total comprehensive income						
Profit for the period	-	-	-	-	15,966	15,966
Other comprehensive loss	-	(2,031)	-	-	-	(2,031)
Total comprehensive income	-	(2,031)	-	-	15,966	13,935
Appropriations to other reserves	-	-	97	-	(97)	-
Balance at 30 June 2013	**56,478**	**(2,031)**	**2,842**	**40,320**	**220,432**	**318,041**
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 September 2012						
Total comprehensive loss						
Total comprehensive income	-	-	-	-	17,527	17,527
Appropriations to other reserves	-	-	(2)	-	2	-
Balance at 30 September 2012	**56,478**	**-**	**2,883**	**35,371**	**193,907**	**288,639**

Cash flow statement

USD'000	30 September 2013	31 March 2013	30 September 2012
Operating activities			
Profit before tax	16,459	34,249	17,819
Adjustments for:			
Change in operating assets	(156,579)	(122,468)	5,901
Change in operating liabilities	97,243	62,205	14,908
Non-cash item included in profit before income tax	4,758	(3,162)	(1,301)
Income tax paid	(140)	(272)	(143)
Net cash flows (used in) / generated from operating activities	**(38,260)**	**(29,448)**	**37,184**
Investing activities			
Purchase of investment securities	(73,670)	-	(32,972)
Proceeds on disposal of investment securities	11,693	-	-
Purchase of equipment	(37)	(28)	(17)
Net cash flows used in investing activities	**(62,014)**	**(28)**	**(32,989)**
Financing activities			
Reverse repurchase agreement	(44,630)	-	-
Reverse repurchase agreement matured	44,745	-	-
Securities sold under repurchase agreement with banks	-	119,743	-
Issue of preference shares	44,000	-	-
Net cash flows generated from financing activities	**44,115**	**119,743**	**-**
Net (decrease) / increase in cash and cash equivalents	(56,159)	90,267	4,195
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	**235,356**	**291,515**	**208,994**

Notes to the unaudited financial accounts for the six months ended 30 September 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 September 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 six months ended 30 September 2013

3. Related party transactions

USD'000	30 September 2013	31 March 2013	30 September 2012
Net fair value of derivatives held with group companies	**(11,130)**	(1,097)	(2,662)
Interest income	**1,772**	545	281
Interest expense	**(1,087)**	(4,019)	(2,504)
Loans and advances	**66,876**	1,039	1,143
Deposits	**(2,624)**	(4,248)	(4,671)
Net amount due to group companies	**85,218**	(27,595)	(145,079)

Terms and conditions of transactions with related parties

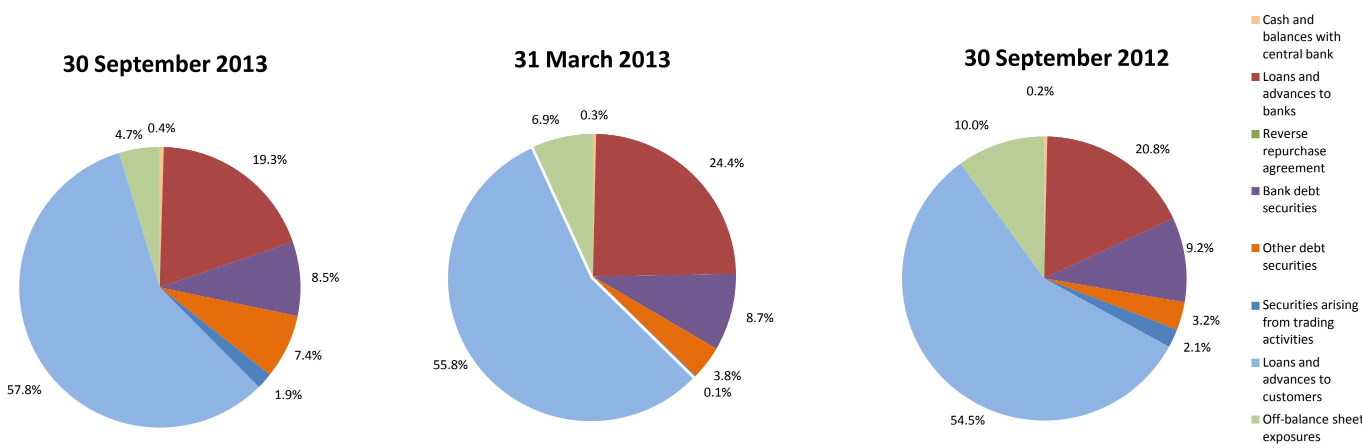
The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. Loans and advances to related parties as at 30 September 2013 were secured. For the six months ended 30 September 2013, the bank has not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

Credit and counterparty risk information

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

	30 September 2013 USD'000	31 March 2013 USD'000	30 September 2012 USD'000	30 September 2013 vs 31 March 2013 % change	Average* USD'000
On-balance sheet exposures	**1,373,273**	**1,302,171**	**1,144,007**	**20.0**	**1,337,721**
Cash and balances with central bank	6,452	4,552	4,562	41.7	5,502
Loans and advances to banks	278,347	340,995	224,481	(18.4)	309,671
Bank debt securities	122,584	121,740	122,711	0.7	122,162
Other debt securities	106,638	53,479	40,862	99.4	80,058
Securities arising from trading activities	27,346	1,459	26,676	>100	14,402
Loans and advances to customers	831,906	779,946	724,715	6.7	805,926
Off-balance sheet exposures	**67,312**	**95,938**	**127,474**	**(47.2)**	**81,625**
Guarantees^	15,066	14,564	33,829	3.4	14,815
Contingent liabilities, committed facilities and other	52,246	81,374	93,645	(35.8)	66,810
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**1,440,585**	**1,398,109**	**1,271,481**	**3.0**	**1,419,346**

*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 September 2013	31 March 2013	30 September 2012
Gross core loans and advances to customers	**831,906**	**779,946**	**724,715**
Total impairments	**(8,044)**	**(7,701)**	**(7,381)**
Portfolio impairments	(7,700)	(7,150)	(7,148)
Specific impairments	(344)	(551)	(233)
Net core loans and advances to customers	**823,862**	**772,245**	**717,334**
Average gross core loans and advances to customers	**805,926**	**756,044**	**728,428**
Current loans and advances to customers	813,607	761,500	707,843
Past due loans and advances to customers (1-60 days)	11,507	12,327	11,019
Special mention loans and advances to customers	452	111	499
Default loans and advances to customers	6,340	6,008	5,354
Gross core loans and advances to customers	**831,907**	**779,946**	**724,715**
Current loans and advances to customers	813,607	761,500	707,843
Gross core loans and advances to customers that are past due but not impaired	14,060	14,209	15,478
Gross core loans and advances to customers that are impaired	4,239	4,237	1,394
Gross core loans and advances to customers	**831,906**	**779,946**	**724,715**
Total income statement charge for impairments on loans and advances	**(384)**	**(377)**	**(21)**
Gross default loans and advances to customers	6,340	6,008	5,354
Specific impairments	(344)	(551)	(233)
Portfolio impairments	(7,700)	(7,150)	(7,148)
Defaults net of impairments	**(1,704)**	**(1,693)**	**(2,027)**
Collateral and other credit enhancements	9,753	10,243	8,544
Net default loans and advances to customers (limited to zero)	**-**	**-**	**-**
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.97%	0.99%	1.02%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.76%	0.77%	0.74%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.21%)	(0.22%)	(0.28%)
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)	0.10%	0.05%	0.01%

Capital structure

USD '000	30 September 2013	31 March 2013	30 September 2012
Regulatory capital			
Tier 1			
Stated capital	56,478	56,478	56,478
Retained income	201,253	204,563	173,050
Statutory reserves	40,320	40,320	35,372
Total tier 1	**298,051**	**301,361**	**264,900**
Less: deduction	(2,300)	(269)	(257)
	295,751	**301,092**	**264,643**
Tier 2			
General banking reserve	2,843	2,745	2,883
Portfolio provision	7,700	7,150	7,148
Total tier 2	**10,543**	**9,895**	**10,031**
Less: deduction	(7)	(7)	(7)
	10,536	**9,888**	**10,024**
Total capital	**306,288**	**310,980**	**274,667**
Capital requirements	**112,770**	**106,906**	**98,381**
Credit risk - prescribed standardised exposure classes	102,852	96,750	88,187
Corporates	40,588	40,869	35,070
Secured on real estate property	38,438	39,413	37,543
Short-term claims on institutions and corporates	7,124	6,707	4,692
Retail	9	14	22
Institutions	15,566	8,818	9,883
Other exposure classes	1,127	928	977
Equity risk - standardised approach	2,823	3,108	3,486
Listed equities	19	17	18
Unlisted equities	2,803	3,091	3,468
Aggregate net open foreign exchange position	590	544	146
Operational risk - standardised approach	6,505	6,505	6,562

Capital adequacy

USD '000	30 September 2013	31 March 2013	30 September 2012
Primary capital (tier 1)	298,051	301,361	264,900
less:deduction	(2,300)	(269)	(257)
	295,751	**301,092**	**264,643**
Tier 2 capital	10,543	9,895	7,148
less: deduction	(7)	(7)	(257)
	10,536	**9,888**	**6,891**
Total capital	**306,288**	**310,980**	**271,534**
Risk-weighted assets	**1,127,695**	**1,069,061**	**983,827**
Credit risk - prescribed standardised exposure classes	1,028,517	967,498	881,893
Corporates	405,884	408,692	350,703
Secured on real estate property	384,382	394,134	375,432
Short-term claims on institutions and corporates	71,237	67,068	46,925
Retail	92	143	224
Institutions	155,655	88,181	98,835
Other exposure classes	11,267	9,280	9,774
Equity risk - standardised approach	28,228	31,082	34,860
Listed equities	193	174	181
Unlisted equities	28,035	30,908	34,679
Aggregate net open foreign exchange position	5,904	5,435	1,459
Operational risk - standardised approach	65,046	65,046	65,615
Capital adequacy ratio	**27.2%**	**29.1%**	**27.9%**
Tier 1 ratio	26.2%	28.2%	26.9%

Balance Sheet risk management

The tables that follow 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 September 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	190	-	95	-	-	-	-	285
Investment/trading assets*	-	-	1	2	19	101	150	273
Advances	10	1	72	31	125	488	97	824
Other assets	-	-	-	-	-	-	8	8
Assets	**200**	**1**	**168**	**33**	**144**	**589**	**255**	**1,390**
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non-banks	(455)	(54)	(156)	(29)	(46)	(15)	-	(755)
Securities sold under repurchase agreement with banks	-	-	-	-	-	(18)	(101)	(119)
Other liabilities	-	-	-	(7)	(2)	-	-	(9)
Liabilities	**(455)**	**(54)**	**(156)**	**(36)**	**(48)**	**(33)**	**(101)**	**(883)**
Intercompany loans	8	43	69	-	(1)	(97)	(201)	(179)
Shareholders' funds	-	-	-	-	-	-	(318)	(318)
Balance sheet	**(247)**	**(10)**	**81**	**(3)**	**95**	**459**	**(365)**	**10**
Off balance sheet	-	-	1	(9)	2	(3)	(1)	(10)
Contractual liquidity gap	**(247)**	**(10)**	**82**	**(12)**	**97**	**456**	**(366)**	**-**
Cumulative liquidity gap	(247)	(257)	(175)	(187)	(90)	366	-	-

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 September 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	134	75	20	-	-	-	-	229
Investment/trading assets*	-	-	-	-	-	2	209	211
Advances	9	5	24	33	99	522	25	717
Other assets	-	-	-	7	-	-	-	7
Assets	**143**	**80**	**44**	**40**	**99**	**524**	**234**	**1,164**
Deposits - banks	-	(3)	-	-	-	-	-	(3)
Deposits - non-banks	(203)	(139)	(64)	(27)	(8)	(58)	-	(499)
Other liabilities	-	-	(4)	(6)	-	-	-	(10)
Liabilities	**(203)**	**(142)**	**(68)**	**(33)**	**(8)**	**(58)**	**-**	**(512)**
Intercompany loans	16	(4)	(37)	(85)	-	(35)	(218)	(363)
Shareholders' funds	-	-	-	-	-	-	(288)	(288)
Balance sheet	**(44)**	**(66)**	**(61)**	**(78)**	**91**	**431**	**(272)**	**1**
Off balance sheet	-	2	-	(2)	-	(1)	-	(1)
Contractual liquidity gap	**(44)**	**(64)**	**(61)**	**(80)**	**91**	**430**	**(272)**	**-**
Cumulative liquidity gap	(44)	(108)	(169)	(249)	(158)	272	-	-

Contractual liquidity adjustments

At 30 September 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 September 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 September 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	**114**	**33**	**238**	**17**	**143**	**202**	**(747)**	**-**
Cumulative	114	147	385	402	545	747	-	

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 September 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	**123**	**36**	**(24)**	**(83)**	**91**	**324**	**(467)**	
Cumulative	123	159	135	52	143	467	-	

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 September 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	285	-	-	-	-	-	285
Investment/trading assets	24	1	5	81	101	61	273
Advances	667	24	17	42	74	-	824
Other assets	-	-	-	-	-	8	8
Assets	**976**	**25**	**22**	**123**	**175**	**69**	**1,390**
Deposits - banks	-	-	-	-	-	-	-
Deposits - non-banks	(666)	(29)	(46)	(14)	-	-	(755)
Repurchase agreements with banks	(119)	-	-	-	-	-	(119)
Other liabilities	-	-	-	-	-	(9)	(9)
Liabilities	**(785)**	**(29)**	**(46)**	**(14)**	**-**	**(9)**	**(883)**
Intercompany loans	13	(36)	(1)	(62)	(93)	-	(179)
Shareholders' funds	-	-	-	-	-	(318)	**(318)**
Balance sheet	**204**	**(40)**	**(25)**	**47**	**82**	**(258)**	**10**
Off balance sheet	121	(4)	10	(112)	(25)	-	(10)
Repricing gap	**325**	**(44)**	**(15)**	**(65)**	**57**	**(258)**	**-**
Cumulative repricing gap	325	281	266	201	258	-	-

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 September 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	229	-	-	-	-	-	229
Investment/trading assets	38	-	-	-	112	61	211
Advances	641	28	37	11	-	-	717
Other assets	-	-	-	-	-	7	7
Assets	**908**	**28**	**37**	**11**	**112**	**68**	**1,164**
Deposits - banks	(3)	-	-	-	-	-	(3)
Deposits - non-banks	(406)	(27)	(10)	(56)	-	-	(499)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	**(409)**	**(27)**	**(10)**	**(56)**	**-**	**(10)**	**(512)**
Intercompany loans	(247)	(5)	(2)	-	(109)	-	(363)
Shareholders' funds	-	-	-	-	-	(288)	(288)
Balance sheet	**252**	**(4)**	**25**	**(45)**	**3**	**(230)**	**1**
Off balance sheet	-	-	-	(1)	-	-	(1)
Repricing gap	**252**	**(4)**	**25**	**(46)**	**3**	**(230)**	**-**
Cumulative repricing gap	252	248	273	227	230	-	-

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 September 2013						
200bp Down	0.67	4.56	3.07	0.44	(0.02)	**11.09**
200bp Up	(0.54)	(3.90)	(2.97)	(0.39)	0.03	**(9.84)**
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 September 2012						
200bp Down	(0.39)	0.04	0.79	0.34	0.01	**1.27**
200bp Up	0.49	(0.13)	(2.85)	(0.43)	(0.08)	**(3.64)**

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 September 2013						
Long/(short) position	340	787	4	(16)	4,773	**5,904**
31 March 2013						
Long/(short) position	(38)	1,764	-	281	3,390	**5,435**
30 September 2012						
Long/(short) position	488	33	2	396	(1,459)	**1,459**