

Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the quarter ended 30 June 2014

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





Unaudited financial report for the quarter ended 30 June 2014

The unaudited financial report for the quarter ended 30 June 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\$17.4 million from U\$7.3 million for the quarter ended 30 June 2013 to U\$24.7 million for the quarter ended 30 June 2014 as a result of the following:

- Net interest income increased by U\$4.1 million,
- Net fee and commission income increased by U\$1.2 million,
- Net trading income increased by U\$3.5 million mainly due to positive mark-to-market movement on derivatives,
- Net gain on financial instruments increased by U\$8.8 million as a result of mark-to-market adjustment on the investment portfolio.

Loss on disposal of loans and advances amounted to U\$ 1.3 million for the quarter ended 30 June 2014.

Operating expenses increased by 19% to U\$2.9 million for the quarter ended 30 June 2014 as compared to U\$2.4 million for the same quarter last year mainly due to the increase in personnel expenses following an increase in the number of employees.

Profit after tax amounted to U\$20.5 million for the quarter ended 30 June 2014 as compared to U\$4.9 million for the quarter ended 30 June 2013 mainly due to the increase in total operating income referred to above.

Loans and advances to customers decreased by 2.8% from U\$890.7 million as at 31 March 2014 to U\$865.7 million as at 30 June 2014 while external deposits increased by 1.8% from U\$ 832.2 million to U\$847.1 million during the same period.

The bank remains well capitalised with a capital adequacy ratio of 28.4% as at 30 June 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 30 June 2014, the total on and off balance sheet credit exposure to related parties amounted to U\$121.3 million (31 March 2014 – U\$104.6 million) representing 7.2% (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\$120.5 million (31 March 2014 – U\$103.7 million) representing 35.1% (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

Growth over the next quarter is expected to be restrained while net interest and fee income is expected to remain stable.

David M Lawrence
Chairman
Board of Directors

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Director/CEO

Dated: 14 August 2014



Statement of financial position

U\$'000	30 June 2014	31 March 2014	30 June 2013
Assets			
Cash and balances with central bank	14,391	16,710	5,866
Due from banks	331,065	284,161	387,301
Reverse repurchase agreement	49,929	-	44,684
Derivative financial instruments	39,329	35,163	31,399
Investment securities	245,901	243,751	238,834
Amount due from holding bank	88,608	182,430	18,548
Amount due from group companies	3,092	3,877	3,258
Loans and advances to customers	865,741	890,702	730,676
Investment in associate	4,915	4,915	4,915
Investment in subsidiary	-	-	15
Equipment	317	338	378
Deferred tax assets	293	293	262
Other assets	34,562	5,136	7,552
Total assets	1,678,143	1,667,476	1,473,688
Liabilities			
Deposits by banks	-	-	2,252
Securities sold under repurchase agreement with banks	122,170	121,403	116,554
Derivative financial instruments	12,952	11,250	2,327
Amount due to holding bank	38,444	42,632	35,451
Amount due to group companies	10,280	10,115	13,801
Due to customers	847,060	832,204	722,842
Debt securities issued	266,323	266,299	261,815
Current tax liabilities	1,347	1,107	1,255
Other liabilities	9,100	32,060	8,413
Total liabilities	1,307,676	1,317,070	1,164,710
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	262,121	241,637	209,465
Other reserves	51,868	52,291	43,035
Total equity	370,467	350,406	308,978
Total liabilities and equity	1,678,143	1,667,476	1,473,688



Statement of profit or loss

U\$'000	Quarter ended		Year ended
	30 June 2014	30 June 2013	31 March 2014
Interest income	18,828	14,454	64,374
Interest expense	(4,041)	(3,815)	(14,991)
Net interest income	14,787	10,639	49,383
Fee and commission income	3,478	1,440	6,643
Fee and commission expense	(960)	(84)	(1,222)
Net fee and commission income	2,518	1,356	5,421
Net trading income/(loss)	2,282	(1,265)	2,329
Net gain/(loss) on financial instruments designated at fair value through profit or loss	5,093	(3,698)	427
Net other operating income	24	230	2,517
Total operating income	24,704	7,262	60,077
Impairment reversal/ (loss) on loans and advances	135	275	(3,654)
Loss on disposal of loans and advances	(1,273)	-	-
Net operating income	23,566	7,537	56,423
Personnel expenses	(1,411)	(994)	(4,735)
Depreciation of equipment	(33)	(30)	(128)
Other operating expenses	(1,422)	(1,388)	(5,460)
Total operating expenses	(2,866)	(2,412)	(10,323)
Profit before tax	20,700	5,125	46,100
Income tax expense	(240)	(253)	(199)
Profit for the period/year	20,460	4,872	45,901
Analysed as follows:			
Transfer to statutory reserve	-	-	6,885
Transfer to retained earnings	20,460	4,872	39,016
Profit attributable to equity holder of the bank	20,460	4,872	45,901

Statement of other comprehensive income

U\$'000	Quarter ended		Year ended
	30 June 2014	30 June 2013	31 March 2014
Profit for the period/year	20,460	4,872	45,901
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period			
- Fair value movements on available-for-sale assets	(399)	-	399
Total comprehensive income for the period/year	20,061	4,872	46,300
Attributable to:			
Equity holder of the bank	20,061	4,872	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 - 30 June 2014						
Total comprehensive income						
Profit for the period	-	-	-	-	20,460	20,460
Other comprehensive loss	-	(399)	-	-	-	(399)
Total comprehensive income for the period	-	(399)	-	-	20,460	20,061
Appropriations to other reserves	-	-	(24)	-	24	-
Balance at 30 June 2014	56,478	-	4,663	47,205	262,121	370,467
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 - 30 June 2013						
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



Statement of cash flows

U\$'000	30 June 2014	31 March 2014	30 June 2013
Operating activities			
Profit before tax	20,700	46,100	5,125
Adjustments for:			
Change in operating assets	79,303	(219,511)	60,158
Change in operating liabilities	(10,426)	198,227	55,046
Non-cash item included in profit before income tax	(3,902)	502	921
Dividends received	-	(1,857)	-
Income tax paid	-	(140)	(13)
Net cash flows generated from operating activities	85,675	23,321	121,237
Investing activities			
Proceeds from disposal of subsidiary	-	658	-
Purchase of investment securities	-	(74,270)	(70,398)
Proceeds on disposal of investment securities	3,494	938	11,693
Dividends received	-	1,857	-
Purchase of equipment	-	(79)	(21)
Net cash flows (invested)/generated from investing activities	3,494	(70,896)	(58,726)
Financing activities			
Repurchase agreements made with banks	(49,929)	-	(44,630)
Issue of preference shares	-	44,000	44,000
Net cash flows (used in)/generated from financing activities	(49,929)	44,000	(630)
Net increase/(decrease) in cash and cash equivalents	39,240	(3,575)	61,881
Net foreign exchange differences	5,906	7,388	-
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	340,474	295,328	353,396



Notes to the unaudited financial accounts for the quarter ended 30 June 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 quarter ended 30 June 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 quarter ended 30 June 2014

3. Related party transactions

U\$'000	30 June 2014	31 March 2014	30 June 2013
Net fair value of derivatives held with group companies	(11,051)	(9,279)	2,103
Interest income	462	6,271	295
Interest expense	(151)	(8,152)	(567)
Loans and advances	82,187	72,169	1,022
Deposits	(12,692)	(4,447)	(4,133)
Net amount due to group companies	(223,347)	(132,739)	(27,446)

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 30 June 2014 were secured. For the quarter ended 30 June 2014, the bank has not made any impairment relating to amounts owed by related parties (31 March 2014: Nil and 30 June 2013: Nil).



Credit and counterparty risk information

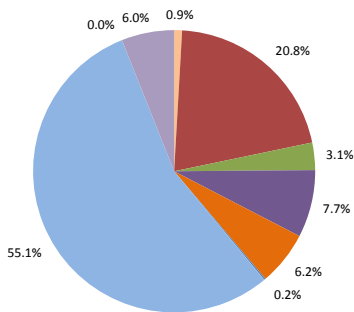
The table that follows provides an analysis of gross credit and counterparty exposures

US\$'000	30 June 2014	31 March 2014	30 June 2013	30 June 2014 vs 31 March 2014 % change	Average*
On-balance sheet exposures	1,494,080	1,427,642	1,430,563	4.4	1,460,861
Cash and balances with central bank	14,387	16,705	5,863	(13.9)	15,546
Loans and advances to banks	331,065	284,161	387,301	16.5	307,613
Reverse repurchase agreement	49,929	-	44,684	100.0	24,965
Investment securities - bank debt securities	122,945	123,978	122,033	(0.8)	123,462
Investment securities - other debt securities	98,598	103,005	105,611	(4.3)	100,801
Investment securities - sovereign debt securities	2,638	-	-	100.0	1,319
Derivative financial instruments	481	710	27,003	(32.2)	596
Loans and advances to customers	873,972	899,069	738,068	(2.8)	886,520
Other assets	65	14	-	>100%	39
Off-balance sheet exposures	95,766	87,842	92,428	3.6	91,805
Guarantees [^]	20,972	21,919	16,707	(4.3)	21,446
Contingent liabilities, committed facilities and other	74,794	65,923	75,721	13.5	70,359
Total gross credit and counterparty exposures pre collateral or other credit enhancements	1,589,846	1,515,484	1,522,991	4.9	1,552,666

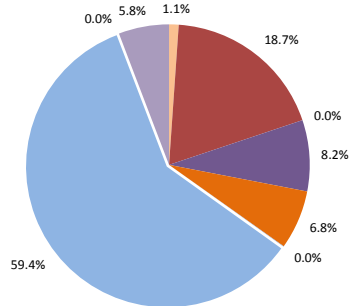
*Where the average is based on a straight line average.

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

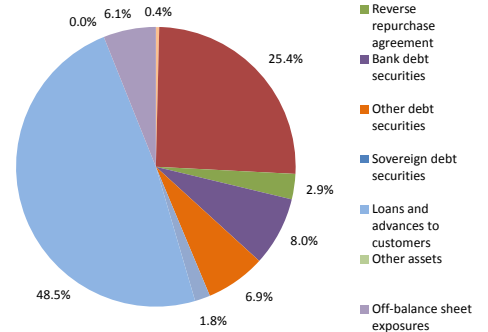
30 June 2014



31 March 2014



30 June 2013





Asset quality and impairments

US\$'000	30 June 2014	31 March 2014	30 June 2013
Gross core loans and advances to customers	873,972	899,069	738,068
Total impairments	(8,231)	(8,367)	(7,392)
Portfolio impairments	(8,154)	(8,289)	(6,979)
Specific impairments	(77)	(78)	(413)
Net core loans and advances to customers	865,741	890,702	730,676
Average gross core loans and advances to customers	886,520	839,507	759,007
Current loans and advances to customers	836,747	873,448	722,410
Past due and default core loans and advances to customers	37,225	25,621	15,658
Past due loans and advances to customers (1-60 days)	34,221	20,986	9,717
Special mention loans and advances to customers	-	2,658	1,009
Default loans and advances to customers	3,004	1,977	4,932
Gross core loans and advances to customers	873,972	899,069	738,068
Current loans and advances to customers	836,747	873,448	722,410
Gross core loans and advances to customers that are past due but not impaired	37,148	25,543	11,214
Gross core loans and advances to customers that are impaired	77	78	4,444
Gross core loans and advances to customers	873,972	899,069	738,068
Total income statement (charge)/reversal for impairments on core loans and advances	(1,138)	(3,654)	275
Gross default loans and advances to customers	3,004	1,977	4,932
Specific impairments	(77)	(78)	(413)
Portfolio impairments	(8,154)	(8,289)	(6,979)
Defaults net of impairments	(5,226)	(6,390)	(2,460)
Collateral and other credit enhancements	3,360	3,964	5,575
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.94%	0.93%	1.00%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.34%	0.22%	0.67%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.60%)	(0.72%)	(0.34%)
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)	0.51%	0.44%	(0.14%)



Capital structure

U\$ '000	30 June 2014	31 March 2014	30 June 2013
Regulatory capital			
Tier 1 capital			
Share capital	56,478	56,478	56,478
Retained income	239,845	241,637	203,021
Statutory reserves	47,209	47,205	40,320
Other reserves	-	399	-
Total tier 1 capital	343,533	345,719	299,819
Less: deduction	(293)	(293)	(269)
	343,239	345,426	299,550
Tier 2 capital			
General banking reserve	4,664	4,687	2,715
Portfolio provision	8,154	8,289	6,979
Total tier 2 capital	12,818	12,976	9,694
Less: deduction	-	-	(7)
	12,818	12,976	9,687
Total capital	356,058	358,402	309,237
Capital requirements	125,312	124,624	110,110
Credit risk - prescribed standardised exposure classes	113,073	112,772	99,032
Corporates	48,617	47,654	40,761
Secured on real estate property	35,252	36,833	37,495
Short-term claims on institutions and corporates	8,684	9,097	8,170
Retail	26	10	11
Institutions	16,070	17,938	11,452
Other exposure classes	4,424	1,240	1,143
Equity risk - standardised approach	3,153	3,065	2,713
Listed equities	6	21	16
Unlisted equities	3,147	3,044	2,697
Aggregate net open foreign exchange position	1,163	864	1,860
Operational risk - standardised approach	7,923	7,923	6,505

Capital adequacy

U\$ '000	30 June 2014	31 March 2014	30 June 2013
Tier 1 capital	343,533	345,719	299,819
less: deduction	(293)	(293)	(269)
	343,239	345,426	299,550
Tier 2 capital	12,818	12,976	9,694
less: deduction	-	-	(7)
	12,818	12,976	9,687
Total capital	356,058	358,402	309,237
Risk-weighted assets	1,253,114	1,246,235	1,101,095
Credit risk - prescribed standardised exposure classes	1,130,723	1,127,714	990,314
Corporates	486,166	476,535	407,606
Secured on real estate property	352,516	368,329	374,954
Short-term claims on institutions and corporates	86,844	90,974	81,703
Retail	256	100	106
Institutions	160,704	179,376	114,520
Other exposure classes	44,237	12,400	11,425
Equity risk - standardised approach	31,527	30,652	27,135
Listed equities	57	213	160
Unlisted equities	31,470	30,439	26,975
Aggregate net open foreign exchange position	11,631	8,636	18,600
Operational risk - standardised approach	79,233	79,233	65,046
Capital adequacy ratio	28.4%	28.8%	28.1%
Tier 1 ratio	27.4%	27.7%	27.2%



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 30 June 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	264	50	81	-	-	-	-	395
Investment/trading assets	-	1	21	1	2	157	106	288
Advances	5	5	24	129	126	462	115	866
Other assets	-	-	-	-	-	-	35	35
Assets	269	56	126	130	128	619	256	1,584
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non-banks	(658)	(40)	(29)	(67)	(41)	(12)	-	(847)
Securities sold under repurchase agreement	-	-	-	-	-	(72)	(50)	(122)
Other liabilities	(3)	-	-	(7)	-	-	-	(10)
Liabilities	(661)	(40)	(29)	(74)	(41)	(84)	(50)	(979)
Intercompany loans	12	-	68	(2)	(3)	(146)	(153)	(224)
Shareholders' funds	-	-	-	-	-	-	(370)	(370)
Balance sheet	(380)	16	165	54	84	389	(317)	11
Off-balance sheet	-	(2)	-	-	(1)	(8)	-	(11)
Contractual liquidity gap	(380)	14	165	54	83	381	(317)	-
Cumulative liquidity gap	(380)	(366)	(201)	(147)	(64)	317	-	-

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 - banks	-	-	-	-	-	-	-	-
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 30 June 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	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	-	-	-	-	-	(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	-	-



Behavioural liquidity

At 30 June 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	134	45	176	120	122	121	(718)	-
Cumulative	134	179	355	475	597	718	-	-

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 30 June 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	239	63	49	91	146	196	(784)	-
Cumulative	239	302	351	442	588	784	-	-

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 30 June 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	395	-	-	-	-	-	395
Investment/trading assets	24	-	6	126	51	81	288
Advances	669	56	37	22	82	-	866
Other assets	-	-	-	-	-	35	35
Assets	1,088	56	43	148	133	116	1,584
Deposits - banks	-	-	-	-	-	-	-
Deposits - non-banks	(725)	(66)	(44)	(12)	-	-	(847)
Repurchase agreements with banks	(122)	-	-	-	-	-	(122)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	(847)	(66)	(44)	(12)	-	(10)	(979)
Intercompany loans	(29)	(35)	(3)	(112)	(45)	-	(224)
Shareholders' funds	-	-	-	-	-	(370)	(370)
Balance sheet	212	(45)	(4)	24	88	(264)	11
Off balance sheet	113	11	(13)	(101)	(21)	-	(11)
Repricing gap	325	(34)	(17)	(77)	67	(264)	-
Cumulative repricing gap	325	291	274	197	264	-	-

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 - banks	-	-	-	-	-	-	-
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 30 June 2013 U\$'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	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	-	-

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 June 2014						
200bp Down	(0.56)	4.35	2.36	(0.05)	0.19	9.86
200bp Up	0.61	(3.76)	(2.14)	0.05	(0.19)	(8.61)
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)
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)

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 June 2014						
Long/(short) position	(1,316)	(159)	21	(116)	11,610	11,631
31 March 2014						
Long/(short) position	(1,360)	1,059	-	(819)	7,577	8,636
30 June 2013						
Long/(short) position	87	917	-	400	(18,600)	18,600