

Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the six months ended 30 September 2014

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 2014

The unaudited financial report for the six months ended 30 September 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\$16.5 million from U\$21.9 million for the six months ended 30 September 2013 to U\$38.5 million for the six months ended 30 September 2014 as a result of the following:

- Net interest income increased by U\$6.4 million,
- Net fee and commission income increased by U\$1.2 million,
- Net gain on financial instruments amounted to U\$6.0 million, as compared to a net loss of U\$2.6 million for the same period last year, as a result of mark-to-market adjustment on the investment portfolio.

Loss on disposal of loans and advances amounted to U\$0.9 million for the six months ended 30 September 2014.

Operating expenses increased by 9% to U\$5.6 million for the six months ended 30 September 2014 as compared to U\$5.1 million for the same period last year mainly due to the increase in personnel expenses related to compliance and private banking.

Profit after tax amounted to U\$31.1 million for the six months ended 30 September 2014 as compared to U\$16.0 million for the six months ended 30 September 2013 mainly due to the increase in total operating income referred to above.

Loans and advances to customers decreased by 6.7% to U\$831.1 million while external deposits increased by 1.0% to U\$840.4 million for the six months ended 30 September 2014.

The bank remains well capitalised with a capital adequacy ratio of 29.6% as at 30 September 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 September 2014, the total on and off balance sheet credit exposure to related parties amounted to U\$119.7 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\$113.3 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

Net interest and fee income is expected to remain stable while growth in assets is expected to be moderate over the next quarter.

David M Lawrence
Chairman
Board of Directors

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Director/CEO

Dated: 14 November 2014



Statement of financial position

U\$'000	30 September 2014	31 March 2014	30 September 2013
Assets			
Cash and balances with central bank	13,699	16,710	6,458
Due from banks	265,879	284,161	278,347
Reverse repurchase agreement	43,286	-	-
Derivative financial instruments	40,703	35,163	30,514
Investment securities	229,351	243,751	241,872
Amount due from holding bank	215,802	182,430	132,691
Amount due from group companies	3,269	3,877	3,258
Loans and advances to customers	831,061	890,702	823,862
Investment in associate	4,915	4,915	4,915
Investment in subsidiary	-	-	15
Equipment	385	338	363
Deferred tax assets	293	293	262
Other assets	5,305	5,136	7,512
Total assets	1,653,948	1,667,476	1,530,069
Liabilities			
Deposits by banks	-	-	-
Securities sold under repurchase agreement with banks	117,114	121,403	118,736
Derivative financial instruments	3,634	11,250	14,331
Amount due to holding bank	35,639	42,632	35,774
Amount due to group companies	10,861	10,115	14,957
Due to customers	840,442	832,204	754,770
Debt securities issued	259,741	266,299	264,641
Current tax liabilities	371	1,107	1,369
Other liabilities	5,643	32,060	7,450
Total liabilities	1,273,445	1,317,070	1,212,028
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	272,838	241,637	220,432
Other reserves	51,187	52,291	41,131
Total equity	380,503	350,406	318,041
Total liabilities and equity	1,653,948	1,667,476	1,530,069



Statement of profit or loss

US\$'000	Quarter ended		Six months ended		Year ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	31 March 2014
Interest income	17,755	16,369	36,582	30,824	64,374
Interest expense	(3,148)	(3,974)	(7,189)	(7,789)	(14,991)
Net interest income	14,607	12,395	29,393	23,035	49,383
Fee and commission income	2,994	2,048	6,472	3,487	6,643
Fee and commission expense	(1,052)	(137)	(2,011)	(221)	(1,222)
Net fee and commission income	1,942	1,911	4,461	3,266	5,421
Net trading (loss)/ income	(3,660)	(707)	(1,378)	(1,973)	2,329
Net gain/(loss) on financial instruments designated at fair value through profit or loss	903	1,090	5,996	(2,609)	427
Net other operating (loss)/ income	(25)	-	(1)	230	2,517
Total operating income	13,767	14,689	38,471	21,949	60,077
Impairment reversal/ (loss) on loans and advances	193	(659)	(945)	(384)	(3,654)
Net operating income	13,960	14,030	37,526	21,565	56,423
Personnel expenses	(1,394)	(1,109)	(2,804)	(2,103)	(4,735)
Depreciation of equipment	(34)	(32)	(67)	(62)	(128)
Other operating expenses	(1,290)	(1,554)	(2,712)	(2,941)	(5,460)
Total operating expenses	(2,718)	(2,695)	(5,583)	(5,106)	(10,323)
Profit before tax	11,242	11,335	31,942	16,459	46,100
Income tax expense	(558)	(240)	(798)	(493)	(199)
Profit for the period/year	10,684	11,095	31,144	15,966	45,901
Analysed as follows:					
Transfer to statutory reserve	-	-	-	-	6,885
Transfer to retained earnings	10,684	11,095	31,144	15,966	39,016
Profit attributable to equity holder of the bank	10,684	11,095	31,144	15,966	45,901

Statement of other comprehensive income

US\$'000	Quarter ended		Six months ended		Year ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	31 March 2014
Profit for the period/year	10,684	11,095	31,144	15,966	45,901
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period					
- Fair value movements on available-for-sale assets	(648)	(2,031)	(1,047)	(2,031)	399
Total comprehensive income for the period/year	10,036	9,064	30,097	13,935	46,300
Attributable to:					
Equity holder of the bank	10,036	9,064	30,097	13,935	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 September 2014						
Total comprehensive income						
Profit for the period	-	-	-	-	31,144	31,144
Other comprehensive loss	-	(1,047)	-	-	-	(1,047)
Total comprehensive income for the period	-	(1,047)	-	-	31,144	30,097
Appropriations from other reserves	-	-	(57)	-	57	-
Balance at 30 September 2014	56,478	(648)	4,630	47,205	272,838	380,503
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 September 2013						
Total comprehensive income	-	-	-	-	15,966	15,966
Appropriations to other reserves	-	(2,031)	97	-	(97)	(2,031)
Balance at 30 September 2013	56,478	(2,031)	2,842	40,320	220,432	318,041



Statement of cash flows

US\$'000	30 September 2014	31 March 2014	30 September 2013
Operating activities			
Profit before tax	31,942	46,100	16,459
Adjustments for:			
Change in operating assets	31,255	(219,511)	(156,579)
Change in operating liabilities	(32,044)	198,227	97,243
Non-cash item included in profit before income tax	(6,872)	502	(403)
Dividend received	-	(1,857)	-
Income tax paid	(1,534)	(140)	(140)
Net cash flows generated from operating activities	22,747	23,321	(43,421)
Investing activities			
Proceeds on disposal of subsidiary	-	658	-
Purchase of investment securities	-	(74,270)	(73,670)
Proceeds on disposal of investment securities	8,527	938	11,693
Dividend received	-	1,857	-
Purchase of equipment	(114)	(79)	(37)
Net cash flows (invested)/generated from investing activities	8,413	(70,896)	(62,014)
Financing activities			
Repurchase agreements made with banks	(43,286)	-	(44,630)
Reverse repurchase agreement matured	-	-	44,745
Treasury bills purchased	(3,291)	-	-
Treasury bills matured	3,223	-	-
Issue of preference shares	-	44,000	44,000
Net cash flows (used in)/generated from financing activities	(43,354)	44,000	44,115
Net decrease in cash and cash equivalents	(12,193)	(3,575)	(61,320)
Net foreign exchange differences	(8,560)	7,388	5,161
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	274,575	295,328	235,356



Notes to the unaudited financial accounts for the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2014

3. Related party transactions

US\$'000	30 September 2014	31 March 2014	30 September 2013
Net fair value of derivatives held with group companies	2,817	(9,199)	(11,130)
Interest income	4,368	6,271	1,772
Interest expense	(297)	(8,152)	(1,087)
Loans and advances	80,226	72,169	66,876
Deposits	(3,644)	(4,447)	(2,624)
Net amount due to group companies	(87,170)	(132,739)	85,218

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



Credit and counterparty risk information

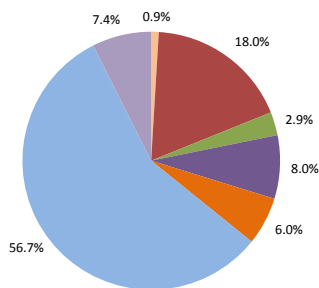
The table that follows provides an analysis of gross credit and counterparty exposures

US\$'000	30 September 2014	31 March 2014	30 September 2013	30 September 2014 vs 31 March 2014 % change	Average*
On-balance sheet exposures	1,368,934	1,427,642	1,373,273	(0.3)	1,398,288
Cash and balances with central bank	13,696	16,705	6,452	(18.0)	15,201
Loans and advances to banks	265,879	284,161	278,347	(6.4)	275,020
Reverse repurchase agreement	43,286	-	-	>100	21,643
Investment securities - bank debt securities	117,827	123,978	122,584	(5.0)	120,902
Investment securities - other debt securities	88,807	103,005	106,638	(13.8)	95,906
Derivative financial instruments	340	710	-	(52.2)	525
Loans and advances to customers	839,095	899,069	831,906	(6.7)	869,082
Other assets	4	14	-	(70.9)	9
Off-balance sheet exposures	110,195	87,842	67,312	63.7	99,018
Guarantees ^a	23,687	21,919	15,066	8.1	22,803
Contingent liabilities, committed facilities and other	86,508	65,923	52,246	31.2	76,215
Total gross credit and counterparty exposures pre collateral or other credit enhancements	1,479,129	1,515,484	1,440,585	(2.4)	1,497,306

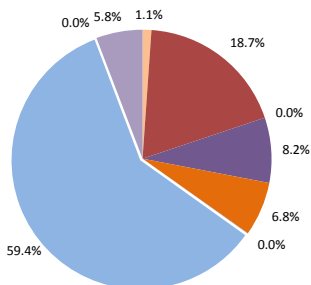
*Where the average is based on a straight line average.

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

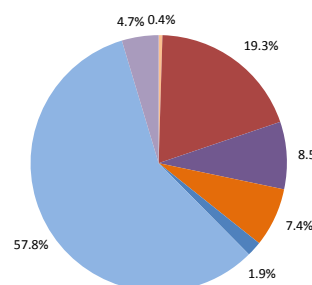
30 September 2014



31 March 2014



30 September 2013



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



Asset quality and impairments

US\$'000	30 September 2014	31 March 2014	30 September 2013
Gross core loans and advances to customers	839,095	899,069	831,906
Total impairments	(8,034)	(8,367)	(8,044)
Portfolio impairments	(7,962)	(8,289)	(7,700)
Specific impairments	(72)	(78)	(344)
Net core loans and advances to customers	831,061	890,702	823,862
Average gross core loans and advances to customers	869,082	839,507	805,926
Current loans and advances to customers	827,907	873,448	813,607
Past due and default core loans and advances to customers	11,188	25,621	18,299
Past due loans and advances to customers (1-60 days)	9,728	20,986	11,507
Special mention loans and advances to customers	-	2,658	452
Default loans and advances to customers	1,460	1,977	6,340
Gross core loans and advances to customers	839,095	899,069	831,906
Current loans and advances to customers	827,907	873,448	813,607
Gross core loans and advances to customers that are past due but not impaired	11,116	25,543	14,060
Gross core loans and advances to customers that are impaired	72	78	4,239
Gross core loans and advances to customers	839,095	899,069	831,906
Total income statement (charge)/reversal for impairments on core loans and advances	(945)	(3,654)	(384)
Gross default loans and advances to customers	1,460	1,977	6,340
Specific impairments	(72)	(78)	(344)
Portfolio impairments	(7,962)	(8,289)	(7,700)
Defaults net of impairments	(6,573)	(6,390)	(1,704)
Collateral and other credit enhancements	2,235	3,964	9,753
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.96%	0.93%	0.97%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.17%	0.22%	0.76%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.79%)	(0.72%)	(0.21%)
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)	0.22%	0.44%	(0.10%)



Capital structure

US\$'000	30 September 2014	31 March 2014	30 September 2013
Capital Base			
Paid up or assigned capital	56,478	56,478	56,478
Statutory reserve	47,205	47,205	201,253
Retained earnings	237,077	241,637	40,320
<i>Deductions</i>			
Loss on available-for-sale securities	(648)	399	(2,031)
Deferred tax	(293)	(293)	(262)
Core capital (Tier 1)	339,819	345,426	295,758
50% of investment in subsidiary	-	-	(7)
Net core capital (A)	339,819	345,426	295,751
General banking reserve	4,629	4,687	2,843
Portfolio provisions	7,962	8,289	7,700
Supplementary capital (Tier 2)	12,591	12,976	10,543
50% of investment in subsidiary	-	-	(7)
Net supplementary capital (B)	12,591	12,976	10,536
Capital base (A + B)	352,410	358,402	306,287
Risk-weighted assets			
Risk-weighted on-balance sheet assets	1,018,178	1,066,500	995,043
Non-market related off-balance sheet risk-weighted assets	70,184	80,386	52,977
Market related off-balance sheet risk-weighted assets	13,483	11,481	8,723
Operational risk	79,233	79,233	65,046
Aggregate net open foreign exchange position	9,911	8,636	5,904
Total risk-weighted assets	1,190,989	1,246,236	1,127,693
Capital adequacy ratio (%)			
Tier 1 ratio	29.6%	28.8%	27.2%
Tier 1 ratio	28.5%	27.7%	26.2%



Capital structure

U\$'000	30 September 2014				31 March 2014	30 September 2013	
Risk-weighted on-balance sheet assets	Exposures before CRM	Exposures after CRM	Risk-weights %	Risk-weighted assets	Drawn Balances	Risk-weighted assets	Risk-weighted assets
Cash items	3	3	0%	-	3	-	-
Claims on sovereigns	59,299	59,299	50%-100%	44,005	59,299	44,582	35,248
Claims on central banks and international institutions	13,696	13,696	0%-50%	3,395	13,696	4,386	2,854
Claims on multilateral development banks (MDBs)	14,926	14,926	50%	7,463	14,926	4,946	-
Claims on banks	683,763	683,763	20%-50%	194,236	683,763	187,676	183,158
Claims on corporates	435,118	383,767	20%-100%	367,477	435,904	432,926	367,364
Claims included in the regulatory retail portfolio	259	115	75%	86	266	99	91
Claims secured by residential property	45,253	45,219	35%-125%	27,574	45,253	28,128	40,714
Claims secured by commercial real estate	331,273	330,251	100%-125%	334,800	331,273	326,702	322,778
Past due claims	1,379	930	100%-150%	1,844	1,451	924	6,470
Other assets	37,299	37,299	100%	37,299	37,299	36,130	36,367
Total on-balance sheet credit risk-weighted exposures	1,622,267	1,569,268		1,018,178	1,623,132	1,066,500	995,043



Risk-weighted assets

U\$'000	30 September 2014									31 March 2014	30 September 2013
	Corporates	Retail	Residential mortgage	Others	Total before CRM	Total after CRM	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Non-market related off-balance sheet risk-weighted assets											
Direct credit substitutes	10,666	28	-	-	10,694	3,497	100	10,694	3,497	2,888	3,667
Sales and repurchase agreements and assets sales with recourse	-	-	-	-	-	-	100	-	-	25,000	-
Transaction-related contingent items	21,008	-	-	-	21,008	10,504	50	10,504	11,249	9,677	4,740
Total other commitments	222,515	8,531	2,642	48,888	282,576	55,376	-	55,387	55,438	42,820	44,570
Total non-market-related off-balance sheet risk-weighted credit exposures	254,189	8,559	2,642	48,888	314,278	69,377	-	76,585	70,184	80,386	52,977

U\$'000	30 September 2014					31 March 2014	30 September 2013
	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Market related off-balance sheet risk-weighted assets							
Interest rate contracts	111,594	757	889	1,646	993	2,172	2,666
Foreign exchange and gold contracts	355,315	9,334	5,903	15,237	5,617	2,387	2,928
Other market-related contracts	-	-	33,912	33,912	6,873	6,922	3,128
Total market-related off-balance sheet risk-weighted credit exposures	466,909	10,092	40,703	50,795	13,483	11,481	8,723



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 September 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	92	88	143	-	-	-	-	323
Investment/trading assets	17	-	-	2	2	183	64	268
Advances	7	53	65	64	137	378	127	831
Other assets	-	-	-	-	-	-	6	6
Assets	116	141	208	66	139	561	197	1,428
Deposits - banks	-	-	-	-	-	-	-	-
Deposits - non-banks	(629)	(57)	(83)	(26)	(29)	(16)	-	(840)
Securities sold under repurchase agreement	(8)	-	-	-	-	(96)	(13)	(117)
Other liabilities	(1)	-	-	(5)	-	-	-	(6)
Liabilities	(638)	(57)	(83)	(31)	(29)	(112)	(13)	(963)
Intercompany loans	209	-	-	-	(35)	(140)	(121)	(87)
Shareholders' funds	-	-	-	-	-	-	(381)	(381)
Balance sheet	(313)	84	125	35	75	309	(318)	(3)
Off-balance sheet	-	4	-	-	1	(2)	-	3
Contractual liquidity gap	(313)	88	125	35	76	307	(318)	-
Cumulative liquidity gap	(313)	(225)	(100)	(65)	11	318	-	-

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

At 30 September 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	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	-	-	-	-	-	(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	-	-



Behavioural liquidity

At 30 September 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	182	74	156	111	148	29	(700)	-
Cumulative	182	256	412	523	671	700	-	-

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

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 September 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	323	-	-	-	-	-	323
Investment/trading assets	14	1	1	157	18	77	268
Advances	678	36	13	22	82	-	831
Other assets	-	-	-	-	-	6	6
Assets	1,015	37	14	179	100	83	1,428
Deposits - banks	-	-	-	-	-	-	-
Deposits - non-banks	(767)	(26)	(29)	(18)	-	-	(840)
Repurchase agreements with banks	(113)	-	-	(4)	-	-	(117)
Other liabilities	-	-	-	-	-	(6)	(6)
Liabilities	(880)	(26)	(29)	(22)	-	(6)	(963)
Intercompany loans	102	(35)	-	(140)	(14)	-	(87)
Shareholders' funds	-	-	-	-	-	(381)	(381)
Balance sheet	237	(24)	(15)	17	86	(304)	(3)
Off balance sheet	134	(3)	(12)	(98)	(18)	-	3
Repricing gap	371	(27)	(27)	(81)	68	(304)	-
Cumulative repricing gap	371	344	317	236	304	-	-

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 September 2013 US\$'million	Not > three months	> three months but < six months	> six months but < one year	> one year but < five years	> five years	Non rate	Total non- trading
Cash and short-term funds - banks	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 - 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	-	-

Economic value sensitivity

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

As at 'million	Sensitivity to the following interest rates (expressed in original currencies)					All (USD)
	ZAR	GBP	USD	EUR	AUD	
30 September 2014	(0.64)	4.51	2.28	0.10	0.11	9.77
200bp Down	0.69	(3.93)	(2.03)	(0.08)	(0.11)	(8.54)
200bp Up						
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 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)

Foreign exchange risk

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

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

Open position (USD'000)	EUR	GBP	JPY	MUR	Other currencies	Aggregate net open foreign exchange position
30 September 2014						
Long/(short) position	392	715	17	46	7,964	9,911
31 March 2014						
Long/(short) position	(1,360)	1,059	-	(819)	7,577	8,636
30 September 2013						
Long/(short) position	340	787	4	(16)	4,773	5,904