

Investec Bank (Mauritius) Limited

Unaudited financial reports for the six months ended 30 September 2015

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 2015

The unaudited financial report for the six months ended 30 September 2015 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 decreased by US\$5.7 million from US\$38.5 million for the six months ended 30 September 2014 to US\$32.7 million for the six months ended 30 September 2015 mainly due to the following:

- Net interest income decreased by US\$3.8 million as a result of a contraction in margin
- Net fee and commission income decreased by US\$0.9 million
- Net trading loss increased by US\$0.8 million as a result of negative mark-to-market movements on derivatives.

Operating expenses increased marginally by 1%.

The share of loss of associate amounted to US\$0.7 million.

Profit after tax amounted to US\$24.5 million for the six months ended 30 September 2015 as compared to US\$31.1 million for the comparative period mainly due to the decrease in total operating income referred to above.

Loans and advances to customers increase marginally to US\$929.4 million while external deposits increased by 20.3% to US\$934.8 million for the six months ended 30 September 2015 which translated into a healthy deposit to loan ratio of 1 to 1.

The bank remains well capitalised with a capital adequacy ratio of 29.0% as at 30 September 2015, well in excess of the regulatory requirements, 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. 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 conduct review committee which consists of three non-executive directors, approves, reviews and monitors the related party transactions. The committee meets at least once every quarter to review all related party transactions initiated in the preceding quarter. After each meeting the matters approved and 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 2015, the total on and off-balance sheet credit exposure to related parties amounted to US\$89.4 million (31 March 2015 – US\$85.5 million) representing 5.1% (31 March 2015 – 5.4%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$89.3 million (31 March 2015 – US\$85.0 million) representing 23.8% (31 March 2015 – 22.5%) of the Tier 1 Capital. 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 increase slightly over the next quarter while assets are expected to remain stable.

David M Lawrence
Chairman
Board of directors

Pierre de Chasteigner du Mée
Chairman
Corporate governance committee

Craig C McKenzie
Chief executive officer

Dated: 13 November 2015



Statement of financial position

US\$'000	30 September 2015	31 March 2015	30 September 2014
Assets			
Cash and balances with central bank	7,453	9,337	13,699
Due from banks	277,581	256,603	265,879
Reverse repurchase agreement	-	13,987	43,286
Derivative financial instruments	21,245	29,110	40,703
Investment securities	231,809	216,701	229,351
Amount due from holding bank	268,868	125,634	215,802
Amount due from group companies	3,512	3,693	3,269
Loans and advances to customers	929,387	925,913	831,061
Investment in associate	3,835	4,915	4,915
Investment in subsidiary	17	-	-
Equipment	375	409	385
Deferred tax assets	310	310	293
Other assets	3,365	3,284	5,305
Total assets	1,747,757	1,589,896	1,653,948
Liabilities			
Securities sold under repurchase agreement with banks	108,949	110,025	117,114
Derivative financial instruments	1,523	1,038	3,634
Amount due to holding bank	17,617	43,182	35,639
Amount due to group companies	9,672	9,459	10,861
Due to customers	934,798	777,206	840,442
Debt securities issued	251,981	249,512	259,741
Current tax liabilities	607	1,582	371
Other liabilities	14,276	13,347	5,643
Total liabilities	1,339,423	1,205,351	1,273,445
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	291,250	266,667	272,838
Other reserves	60,606	61,400	51,187
Total equity	408,334	384,545	380,503
Total liabilities and equity	1,747,757	1,589,896	1,653,948



Statement of profit or loss

	Quarter ended		Six months ended		Year ended
US\$'000	30 September 2015	30 September 2014	30 September 2015	30 September 2014	31 March 2015
Interest income	15,684	17,755	31,001	36,582	69,368
Interest expense	(2,777)	(3,148)	(5,446)	(7,189)	(12,940)
Net interest income	12,907	14,607	25,555	29,393	56,428
Fee and commission income	2,219	2,994	4,450	6,472	10,815
Fee and commission expense	(447)	(1,052)	(921)	(2,011)	(3,036)
Net fee and commission income	1,772	1,942	3,529	4,461	7,779
Net trading (loss)/ income	(2,793)	(3,660)	(2,210)	(1,378)	(2,056)
Net gain on financial instruments designated at fair value through profit or loss	1,077	903	5,431	5,996	3,439
Net other operating (loss)/ income	(10)	(25)	444	(1)	539
Total operating income	12,953	13,767	32,749	38,471	66,129
Impairment (loss)/ reversal on loans and advances	(363)	193	(375)	(945)	2,359
Net operating income	12,590	13,960	32,374	37,526	68,488
Personnel expenses	(1,388)	(1,394)	(2,680)	(2,804)	(5,810)
Depreciation of equipment	(30)	(34)	(61)	(67)	(125)
Other operating expenses	(1,467)	(1,290)	(2,912)	(2,712)	(5,466)
Total operating expenses	(2,885)	(2,718)	(5,653)	(5,583)	(11,401)
Operating profit	9,705	11,242	26,721	31,942	57,087
Share of loss in associate	(695)	-	(695)	-	-
Profit before tax	9,010	11,242	26,026	31,942	57,087
Income tax expense	(1,281)	(558)	(1,523)	(798)	(2,630)
Profit for the period/year	7,729	10,684	24,503	31,144	54,457
Analysed as follows:					
Transfer to statutory reserve	-	-	-	-	8,169
Transfer to retained earnings	7,729	10,684	24,503	31,144	46,288
Profit attributable to equity holder of the bank	7,729	10,684	24,503	31,144	54,457

Statement of other comprehensive income

	Quarter ended		Six months ended		Year ended
US\$'000	30 September 2015	30 September 2014	30 September 2015	30 September 2014	31 March 2015
Profit for the period/year	7,729	10,684	24,503	31,144	54,457
Other comprehensive loss to be reclassified to profit or loss in subsequent period					
- Fair value movements on available-for-sale assets	94	(648)	(329)	(1,047)	(482)
- Foreign currency translation movements on investment in associate	(385)	-	(385)	-	-
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period	(291)	(648)	(714)	(1,047)	(482)
Total comprehensive income for the period/year	7,438	10,036	23,789	30,097	53,974
Attributable to:					
Equity holder of the bank	7,438	10,036	23,789	30,097	53,974



Statement of changes in equity

US\$'000	Stated capital	Available-for-sale reserve	Foreign currency translation reserve	General banking reserve	Statutory reserve	Retained earnings	Total
At 1 April 2015	56,478	(83)	-	6,109	55,374	266,667	384,545
Movement in reserves 1 April 2015 - 30 September 2015							
Total comprehensive income							
Profit for the period	-	-	-	-	-	24,503	24,503
Other comprehensive loss	-	(329)	(385)	-	-	-	(714)
Total comprehensive income for the period	-	(329)	(385)	-	-	24,503	23,789
Appropriations from other reserves	-	-	-	(80)	-	80	-
Balance at 30 September 2015	56,478	(412)	(385)	6,029	55,374	291,250	408,334
At 1 April 2014	56,478	399	-	4,687	47,205	241,637	350,406
Movement in reserves 1 April 2014 - 31 March 2015							
Total comprehensive income							
Profit for the year	-	-	-	-	-	54,457	54,457
Other comprehensive loss	-	(482)	-	-	-	-	(482)
Total comprehensive income for the year	-	(482)	-	-	-	54,457	53,975
Appropriations to other reserves	-	-	-	1,422	8,169	(9,591)	-
Ordinary dividend paid	-	-	-	-	-	(19,836)	(19,836)
Balance at 31 March 2015	56,478	(83)	-	6,109	55,374	266,667	384,545
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 to other reserves	-	-	-	(57)	-	57	-
Balance at 30 September 2014	56,478	(648)	-	4,630	47,205	272,838	380,503



Statement of cash flows

US\$'000	30 September 2015	31 March 2015	30 September 2014
Operating activities			
Profit before tax	26,026	57,087	31,942
Adjustments for:			
Change in operating assets	(144,327)	33,860	31,255
Change in operating liabilities	133,654	(84,027)	(32,044)
Reverse repurchase agreements matured/ made with banks	13,984	(13,984)	(43,286)
Non-cash item included in profit before tax	2,090	(4,716)	(6,872)
Income tax paid	(2,497)	(2,170)	(1,534)
Net cash inflows / (outflows) from operating activities	28,930	(13,950)	(20,540)
Investing activities			
Purchase of investment securities	(25,028)	(1,867)	-
Purchase of a new subsidiary	(17)	-	-
Proceeds from disposal of investment securities	9,960	27,969	8,527
Purchase of equipment	(27)	(203)	(114)
Net cash flows (invested in) / generated from investing activities	(15,112)	25,899	8,413
Financing activities			
Treasury bills purchased	-	-	(3,291)
Treasury bills matured	-	-	3,223
Dividend paid	-	(19,836)	-
Redemption of preference shares	-	(256,841)	-
Issue of preference shares	-	256,841	-
Net cash flows inflows / (outflows) from financing activities	-	(19,836)	(68)
Net increase/ (decrease) in cash and cash equivalents	13,818	(7,887)	(12,193)
Net foreign exchange differences	2,279	(23,294)	(8,560)
Cash and cash equivalents at beginning of the period/year	264,147	295,328	295,328
Cash and cash equivalents at end of the period/year	280,244	264,147	274,575



Notes to the unaudited financial accounts for the six months ended 30 September 2015

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 2015 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 2015.

(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 2015

3. Related party transactions

US\$'000	30 September 2015	31 March 2015	30 September 2014
Net fair value of derivatives held with group companies	15,789	10,833	2,817
Interest income	3,848	7,882	4,368
Interest expense	(224)	(7,881)	(297)
Loans and advances	55,240	52,206	80,226
Deposits	(5,020)	(3,721)	(3,644)
Net amount due to group companies	245,091	76,686	(87,170)

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 2015 were secured. For the period ended 30 September 2015, the bank has not made any impairment relating to amounts owed by related parties (31 March 2015: Nil and 30 September 2014: Nil).



Credit and counterparty risk information

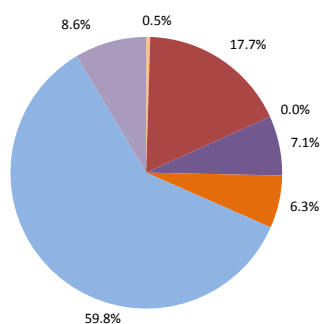
The table that follows provides an analysis of gross credit and counterparty exposures

	30 September 2015	31 March 2015	30 September 2014	30 September 2015 vs 31 March 2015 % change	Average ^a
US\$'000					
On-balance sheet exposures	1,430,506	1,408,685	1,368,934	4.5	1,419,597
Cash and balances with central bank	7,448	9,335	13,696	(20.2)	8,392
Loans and advances to banks	277,581	256,603	265,879	8.2	267,092
Reverse repurchase agreement	-	13,987	43,286	(100.0)	6,994
Investment securities - bank debt securities	111,125	111,576	117,827	(0.4)	111,351
Investment securities - other debt securities	97,936	82,897	88,807	18.1	90,417
Investment securities - sovereign debt securities	-	1,642	-	(100.0)	821
Derivative financial instruments	1	79	340	(99.3)	40
Loans and advances to customers	936,415	932,566	839,095	0.4	934,490
Other assets	-	-	4	-	-
Off-balance sheet exposures	134,021	130,762	110,195	21.6	132,392
Guarantees ^a	14,960	16,447	23,687	(9.0)	15,704
Contingent liabilities, committed facilities and other	119,061	114,315	86,508	4.2	116,688
Total gross credit and counterparty exposures pre collateral or other credit enhancements	1,564,526	1,539,447	1,479,129	1.6	1,551,989

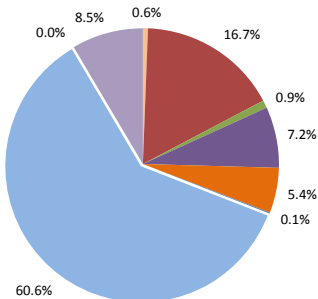
^aWhere the average is based on a straight line average for period 1 April 2015 to 30 September 2015.

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

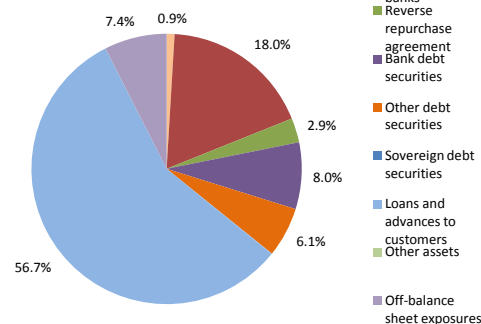
30 September 2015



31 March 2015



30 September 2014



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 2015	31 March 2015	30 September 2014
Gross core loans and advances to customers	936,415	932,566	839,095
Total impairments	(7,028)	(6,653)	(8,034)
Specific impairments	-	-	(72)
Portfolio impairments	(7,028)	(6,653)	(7,962)
Net core loans and advances to customers	929,387	925,913	831,061
Average gross core loans and advances to customers	934,490	915,818	869,082
Current loans and advances to customers	894,833	928,327	827,907
Past due loans and advances to customers (1-60 days)	13,902	2,661	9,728
Special mention loans and advances to customers	26,819	1,142	-
Default loans and advances to customers	861	436	1,460
Gross core loans and advances to customers	936,415	932,566	839,095
Current loans and advances to customers	920,318	929,469	827,907
Gross core loans and advances to customers that are past due but not impaired	16,097	3,097	11,116
Gross core loans and advances to customers that are impaired	-	-	72
Gross core loans and advances to customers	936,415	932,566	839,095
Total income statement (charge)/reversal for impairments on core loans and advances	(375)	2,359	(945)
Gross default loans and advances to customers	861	436	1,460
Specific impairments	-	-	(72)
Portfolio impairments	(7,028)	(6,653)	(7,962)
Defaults net of impairments	(6,166)	(6,217)	(6,573)
Collateral and other credit enhancements	1,833	1,136	2,235
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.75%	0.71%	0.96%
Total impairments as a % of gross default loans	>100%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	0.09%	0.05%	0.17%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.66%)	(0.67%)	(0.79%)
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.08%	(0.26%)	0.22%



Capital structure

US\$'000	30 September 2015	31 March 2015	30 September 2014
Common equity tier 1 capital: instruments and reserves			
Ordinary shares (paid-up) capital	56,478	56,478	56,478
Retained earnings	263,730	266,667	237,077
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	54,577	55,291	47,205
Common equity tier 1 capital before regulatory adjustments	374,786	378,436	340,760
Common equity tier 1 capital: regulatory adjustments			
Deferred tax assets	(310)	(310)	(293)
Total regulatory adjustments to common equity tier 1 capital	(310)	(310)	(293)
Common equity tier 1 capital (CET1)	374,476	378,126	340,467
Additional tier 1 capital before regulatory adjustments	-	-	-
Total regulatory adjustments to additional tier 1 capital	-	-	-
Additional tier 1 capital (AT1)	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	374,476	378,126	340,467
Tier 2 capital: instruments and provisions			
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets)	13,056	12,762	12,591
Tier 2 capital before regulatory adjustments	13,056	12,762	12,591
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital (T2)	13,056	12,762	12,591
Total capital (capital base) (TC = T1 + T2)	387,532	390,888	353,058
Risk-weighted assets			
Risk-weighted on-balance sheet assets	1,145,218	1,071,147	1,018,178
Non-market related off-balance sheet risk-weighted assets	87,249	84,328	70,184
Market related off-balance sheet risk-weighted assets	7,212	12,286	13,483
Operational risk	90,767	90,767	79,233
Aggregate net open foreign exchange position	5,395	1,049	9,911
Total risk-weighted assets	1,335,839	1,259,577	1,190,989
Capital adequacy ratio (%)	29.0%	31.0%	29.6%
Tier 1 ratio	28.0%	30.0%	28.6%

The table below reconciles the amounts as per the balance sheet to the regulatory capital elements.

US\$'000	Balance sheet amount	Amounts included for regulatory purposes
Paid in capital and qualifying capital instruments	56,478	56,478
Retained earnings	291,250	263,730
Other reserves	60,606	54,577
Qualifying common equity tier 1 capital before regulatory adjustments	408,334	374,786
Regulatory adjustments	-	(310)
Qualifying common equity tier 1 capital (CET1)	408,334	374,476
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	13,056
Total qualifying capital	408,334	387,532



Risk-weighted assets

US\$'000	30 September 2015			31 March 2015	30 September 2014
Risk-weighted on-balance sheet assets	Exposures amount	Risk-weights %	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Cash items	5	0%	-	-	-
Claims on sovereigns	59,073	50%-100%	39,301	33,732	44,005
Claims on central banks and international institutions	7,448	0%-50%	2,381	2,300	3,395
Claims on multilateral development banks (MDBs)	-	50%	-	10,359	7,463
Claims on banks	678,361	20%-50%	187,231	173,967	194,236
Claims on corporates	577,801	20%-100%	566,395	478,422	367,477
Claims included in the regulatory retail portfolio	117	75%	88	99	86
Claims secured by residential property	41,255	35%-125%	33,944	24,160	27,574
Claims secured by commercial real estate	281,271	100%-125%	284,959	315,497	334,800
Past due claims	180	100%-150%	564	436	1,844
Other assets	30,355	100%	30,355	32,175	37,299
Total on-balance sheet credit risk-weighted exposures	1,675,866		1,145,218	1,071,147	1,018,178



Risk-weighted assets

US\$'000	30 September 2015				31 March 2015	30 September 2014
	Notional amount	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	5,966	100	9,266	5,966	6,836	3,497
Transaction-related contingent items	5,345	50	5,345	4,594	5,477	11,249
Total other commitments	77,462	-	77,462	76,690	72,015	55,438
Total non-market-related off-balance sheet risk-weighted credit exposures	88,773		92,073	87,249	84,328	70,184

US\$'000	30 September 2015					31 March 2015	30 September 2014
	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	86,877	629	150	779	389	474	993
Foreign exchange and gold contracts	449,972	6,980	5,306	12,286	4,855	9,674	5,617
Other market-related contracts	-	-	15,789	15,789	1,967	2,138	6,873
Total market-related off-balance sheet risk-weighted credit exposures	536,849	7,609	21,245	28,854	7,212	12,286	13,483



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 2015 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	136	50	99	-	-	-	-	285
Investment/trading assets	-	-	-	2	3	190	56	251
Advances	18	32	43	70	143	486	137	929
Other assets	-	-	-	-	-	-	4	4
Assets	154	82	142	72	146	676	197	1,469
Deposits - non-banks	(746)	(81)	(4)	(19)	(54)	(30)	-	(934)
Securities sold under repurchase agreement	(5)	-	-	-	-	(104)	-	(109)
Other liabilities	(11)	-	-	(4)	-	-	-	(15)
Liabilities	(762)	(81)	(4)	(23)	(54)	(134)	-	(1,058)
Intercompany loans	101	146	(2)	-	-	(1)	(251)	(7)
Shareholders' funds	-	-	-	-	-	-	(408)	(408)
Balance sheet	(507)	147	136	49	92	541	(462)	(4)
Off-balance sheet	-	1	-	-	3	-	-	4
Contractual liquidity gap	(507)	148	136	49	95	541	(462)	-
Cumulative liquidity gap	(507)	(359)	(223)	(174)	(79)	462	-	-

At 31 March 2015 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	170	32	78	-	-	-	-	280
Investment/trading assets	-	-	2	2	2	189	44	239
Advances	6	85	87	59	100	486	102	925
Other assets	-	-	-	-	-	-	4	4
Assets	176	117	167	61	102	675	150	1,448
Deposits - non-banks	(630)	(48)	(38)	(23)	(5)	(33)	-	(777)
Securities sold under repurchase agreement	-	-	-	-	-	(110)	-	(110)
Other liabilities	(10)	-	(3)	-	(1)	-	-	(14)
Liabilities	(640)	(48)	(41)	(23)	(6)	(143)	-	(901)
Intercompany loans	6	112	(1)	(36)	(6)	-	(248)	(173)
Shareholders' funds	-	-	-	-	-	-	(385)	(385)
Balance sheet	(458)	181	125	2	90	532	(483)	(11)
Off-balance sheet	-	6	-	-	-	5	-	11
Contractual liquidity gap	(458)	187	125	2	90	537	(483)	-
Cumulative liquidity gap	(458)	(271)	(146)	(144)	(54)	483	-	-

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 - 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	-	-



Behavioural liquidity

At 30 September 2015 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	112	212	162	79	183	189	(937)	-
Cumulative	112	324	486	565	748	937	-	-

At 31 March 2015 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	75	235	163	25	100	472	(1,070)	-
Cumulative	75	310	473	498	598	1,070	-	-

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	-	-

Repricing - all currencies

Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, 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 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 2015 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	9	1	1	170	20	50	251
Advances	758	92	2	77	-	-	929
Other assets	-	-	-	-	-	4	4
Assets	1,052	93	3	247	20	54	1,469
Deposits - non-banks	(830)	(19)	(55)	(30)	-	-	(934)
Repurchase agreements with banks	(109)	-	-	-	-	-	(109)
Other liabilities	-	-	-	-	-	(15)	(15)
Liabilities	(939)	(19)	(55)	(30)	-	(15)	(1,058)
Intercompany loans	142	-	-	(149)	-	-	(7)
Shareholders' funds	-	-	-	-	-	(408)	(408)
Balance sheet	255	74	(52)	68	20	(369)	(4)
Off balance sheet	115	(3)	13	(101)	(20)	-	4
Repricing gap	370	71	(39)	(33)	-	(369)	-
Cumulative repricing gap	370	441	402	369	369	-	-

At 31 March 2015 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	280	-	-	-	-	-	280
Investment/trading assets	13	1	1	165	3	56	239
Advances	786	15	23	55	46	-	925
Other assets	-	-	-	-	-	4	4
Assets	1,079	16	24	220	49	60	1,448
Deposits - non-banks	(716)	(23)	(5)	(33)	-	-	(777)
Securities sold under repurchase agreement	(110)	-	-	-	-	-	(110)
Other liabilities	-	-	-	-	-	(14)	(14)
Liabilities	(826)	(23)	(5)	(33)	-	(14)	(901)
Intercompany loans	(25)	(1)	-	(147)	-	-	(173)
Shareholders' funds	-	-	-	-	-	(385)	(385)
Balance sheet	228	(8)	19	40	49	(339)	(11)
Off-balance sheet	144	(3)	1	(120)	(11)	-	11
Repricing gap	372	(11)	20	(80)	38	(339)	-
Cumulative repricing gap	372	361	381	301	339	-	-



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 - 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	-	-

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. The numbers represent the change in our net asset value should such a hypothetical scenario arise. The sensitivity effect does not have a significant direct impact on our equity.

As at 'million	Sensitivity to the following interest rates (expressed in original currencies)					All (USD)
	ZAR	GBP	USD	EUR	AUD	
30 September 2015						
200bp down	(0.40)	3.14	3.11	0.37	0.00	8.25
200bp up	0.42	(2.78)	(2.87)	(0.35)	(0.01)	(7.45)
31 March 2015						
200bp down	0.24	3.26	1.48	0.41	(0.02)	6.76
200bp up	(0.13)	(2.83)	(1.46)	(0.38)	0.01	(6.07)
30 September 2014						
200bp down	(0.64)	4.51	2.28	0.10	0.11	9.77
200bp up	0.69	(3.93)	(2.03)	(0.08)	(0.11)	(8.54)

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	MUR	Other currencies	Aggregate net open foreign exchange position
30 September 2015					
Long/(short) position	3,058	1,062	(104)	1,237	5,395
31 March 2015					
Long/(short) position	60	(449)	(135)	989	1,049
30 September 2014					
Long/(short) position	392	715	46	7,981	9,911