

Investec Bank (Mauritius) Limited

Unaudited financial reports for the nine months ended 31 December 2015

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





Unaudited financial report for the nine months ended 31 December 2015

The unaudited financial report for the nine months ended 31 December 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 26% to US\$38.7 million, for the period ended 30 December 2015, from US\$52.3 million for the comparative period mainly due to the following:

- Net interest income decreased by US\$6.6 million as a result of a contraction in margin following a decrease in advances to customers and an increase in cash carry cost.
- Net fee and commission income decreased by US\$2.0 million as a result of a decrease in activity.
- Net trading loss increased by US\$1.5 million as a result of negative mark-to-market movements on derivatives.
- Net fair value adjustment amounted to a loss of US\$1.3 million as compared to a gain of US\$2.5 million for the comparative period.

Impairment reversal stood at US\$1.2 million and is mainly due to the recovery of a previously written-off bad debt.

Operating expenses increased by 2% to US\$8.5 million.

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

Profit after tax amounted to US\$28.2 million for the nine months ended 31 December 2015 as compared to US\$42.7 million for the comparative period mainly due to the decrease in total operating income referred to above.

Loans and advances to customers decreased by 6% to US\$870.6 million while external deposits increased by 37.7% to US\$1.070 million for the period ended 31 December 2015, negatively impacting margins.

The bank remains well capitalised with a capital adequacy ratio of 29.7% as at 31 December 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 the related party transactions. 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 31 December 2015, the total on and off-balance sheet credit exposure to related parties amounted to US\$99.3 million (31 March 2015 – US\$85.5 million) representing 5.3% (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\$98.5 million (31 March 2015 – US\$85.0 million) representing 26.3% (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 improve slightly in the fourth quarter in tandem with an increase in net advances to customers.

David M Lawrence
Chairman
Board of directors

Pierre de Chasteigner du Mée
Chairman
Corporate governance committee

Craig C McKenzie
Chief executive officer

Dated: 12 February 2016



Statement of financial position

US\$'000	31 December 2015	31 March 2015	31 December 2014
Assets			
Cash and balances with central bank	7,116	9,337	13,374
Due from banks	452,051	256,603	177,958
Reverse repurchase agreement	-	13,987	13,226
Derivative financial instruments	25,972	29,110	23,475
Investment securities	223,833	216,701	222,574
Amount due from holding bank	270,277	125,634	253,889
Amount due from group companies	3,802	3,693	12,090
Loans and advances to customers	870,552	925,913	892,039
Investment in associate	3,650	4,915	4,915
Investment in subsidiary	17	-	-
Equipment	356	409	438
Deferred tax assets	310	310	293
Other assets	2,291	3,284	4,686
Total assets	1,860,227	1,589,896	1,618,957
Liabilities			
Securities sold under repurchase agreement with banks	106,630	110,025	114,384
Derivative financial instruments	1,653	1,038	2,208
Amount due to holding bank	2,934	43,182	61,226
Amount due to group companies	9,823	9,459	6,888
Due to customers	1,069,940	777,206	777,057
Debt securities issued	250,252	249,512	255,972
Current tax liabilities	847	1,582	611
Other liabilities	6,602	13,347	7,871
Total liabilities	1,449,241	1,205,351	1,226,217
Equity			
Stated capital	56,478	56,478	56,478
Retained earnings	295,095	266,667	284,191
Other reserves	59,413	61,400	52,071
Total equity	410,986	384,545	392,740
Total liabilities and equity	1,860,227	1,589,896	1,618,957



Statement of profit or loss

US\$'000	Quarter ended		Nine months ended		Year ended
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 March 2015
Interest income	14,838	17,885	45,839	54,467	69,368
Interest expense	(2,881)	(3,129)	(8,327)	(10,318)	(12,940)
Net interest income	11,956	14,756	37,512	44,149	56,428
Fee and commission income	1,026	2,024	5,476	7,576	10,815
Fee and commission expense	(458)	(360)	(1,379)	(1,451)	(3,036)
Net fee and commission income	568	1,664	4,097	6,124	7,779
Net trading income/ loss	208	888	(2,002)	(490)	(2,056)
Net (loss)/ gain on financial instruments designated at fair value through profit or loss	(6,768)	(3,502)	(1,337)	2,494	3,439
Net other operating (loss)/ income	-	(1)	444	(2)	539
Total operating income	5,963	13,805	38,713	52,275	66,129
Impairment reversal/ (loss) on loans and advances	1,534	1,017	1,159	72	2,359
Net operating income	7,497	14,822	39,872	52,348	68,488
Personnel expenses	(1,510)	(1,363)	(4,190)	(4,167)	(5,810)
Depreciation of equipment	(30)	(28)	(91)	(96)	(125)
Other operating expenses	(1,321)	(1,345)	(4,233)	(4,057)	(5,466)
Total operating expenses	(2,862)	(2,737)	(8,514)	(8,319)	(11,401)
Operating profit	4,636	12,086	31,358	44,028	57,087
Share of loss in associate	(168)	-	(863)	-	-
Profit before tax	4,469	12,086	30,495	44,028	57,087
Income tax expense	(801)	(558)	(2,324)	(1,357)	(2,630)
Profit for the period/year	3,667	11,528	28,171	42,671	54,457
Analysed as follows:					
Transfer to statutory reserve	-	-	-	-	8,169
Transfer to retained earnings	3,667	11,528	28,171	42,671	46,288
Profit attributable to equity holder of the bank	3,667	11,528	28,171	42,671	54,457

Statement of other comprehensive income

US\$'000	Quarter ended		Nine months ended		Year ended
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 March 2015
Profit for the period/year	3,667	11,528	28,171	42,671	54,457
Other comprehensive loss to be reclassified to profit or loss in subsequent period					
- Fair value movements on available-for-sale assets	(1,000)	710	(1,329)	(337)	(482)
- Foreign currency translation movements on investment in associate	(17)	-	(402)	-	-
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period	(1,017)	710	(1,731)	(337)	(482)
Total comprehensive income for the period/year	2,651	12,238	26,441	42,335	53,974
Attributable to:					
Equity holder of the bank	2,651	12,238	26,441	42,335	53,974



Statement of changes in equity

	Stated capital	Available-for-sale reserve	Foreign currency translation reserve	General banking reserve	Statutory reserve	Retained earnings	Total
US\$'000							
At 1 April 2015	56,478	(83)	-	6,109	55,374	266,667	384,545
Movement in reserves 1 April 2015 - 31 December 2015							
Total comprehensive income							
Profit for the period	-	-	-	-	-	28,171	28,171
Other comprehensive loss	-	(1,329)	(402)	-	-	-	(1,731)
Total comprehensive income for the period	-	(1,329)	(402)	-	-	28,171	26,441
Appropriations from other reserves	-	-	-	(257)	-	257	-
Balance at 31 December 2015	56,478	(1,412)	(402)	5,852	55,374	295,095	410,986
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 - 31 December 2014							
Total comprehensive income							
Profit for the period	-	-	-	-	-	42,671	42,671
Other comprehensive loss	-	(337)	-	-	-	-	(337)
Total comprehensive income for the period	-	(337)	-	-	-	42,671	42,334
Appropriations to other reserves	-	-	-	117	-	(117)	-
Balance at 31 December 2014	56,478	62	-	4,804	47,205	284,191	392,740



Statement of cash flows

US\$'000	31 December 2015	31 March 2015	31 December 2014
Operating activities			
Profit before tax	30,495	57,087	31,942
Adjustments for:			
Change in operating assets	(89,720)	33,860	31,255
Change in operating liabilities	247,280	(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	2,910	(4,716)	(6,872)
Income tax paid	(3,057)	(2,170)	(1,534)
Net cash inflows / (outflows) from operating activities	201,891	(13,950)	(20,540)
Investing activities			
Purchase of investment securities	(22,144)	(1,867)	-
Investment in subsidiary	(17)	-	-
Proceeds from disposal of investment securities	7,603	27,969	8,527
Purchase of equipment	(39)	(203)	(114)
Net cash flows (invested in) / generated from investing activities	(14,597)	25,899	8,413
Financing activities			
Treasury bills purchased	(2,884)	-	(3,291)
Treasury bills matured	4,600	-	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	1,716.16	(19,836)	(68)
Net increase/ (decrease) in cash and cash equivalents	189,010	(7,887)	(12,193)
Net foreign exchange differences	601	(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	453,758	264,147	274,575



Notes to the unaudited financial accounts for the nine months ended 31 December 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 31 December 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 nine months ended 31 December 2015

3. Related party transactions

US\$'000	31 December 2015	31 March 2015	31 December 2014
Net fair value of derivatives held with group companies	24,319	10,833	3,647
Interest income	4,907	7,882	5,606
Interest expense	(5,079)	(7,881)	(6,205)
Loans and advances	56,807	52,206	53,822
Deposits	(5,100)	(3,721)	(4,484)
Net amount due from/ (to) group companies	261,321	76,686	(58,107)

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



Credit and counterparty risk information

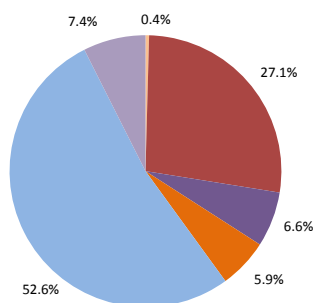
The table that follows provides an analysis of gross credit and counterparty exposures

	31 December 2015	31 March 2015	31 December 2014	31 December 2015 vs 31 March 2015 % change	Average*
US\$'000					
On-balance sheet exposures	1,544,104	1,408,685	1,309,180	17.9	1,476,396
Cash and balances with central bank	7,112	9,335	13,371	(23.8)	8,224
Loans and advances to banks	452,051	256,603	177,958	76.2	354,327
Reverse repurchase agreement	-	13,987	13,226	(100.0)	6,994
Investment securities - bank debt securities	109,317	111,576	115,221	(2.0)	110,447
Investment securities - other debt securities	98,537	82,897	88,121	18.9	90,717
Investment securities - sovereign debt securities	-	1,642	-	(100.0)	821
Derivative financial instruments	-	79	204	(100.0)	40
Loans and advances to customers	877,087	932,566	901,075	(5.9)	904,826
Other assets	-	-	4	-	-
Off-balance sheet exposures	123,816	130,762	215,051	(42.4)	127,289
Guarantees^	10,319	16,447	27,571	(37.3)	13,383
Contingent liabilities, committed facilities and other	113,497	114,315	187,481	(0.7)	113,906
Total gross credit and counterparty exposures pre collateral or other credit enhancements	1,667,919	1,539,447	1,524,231	8.3	1,603,685

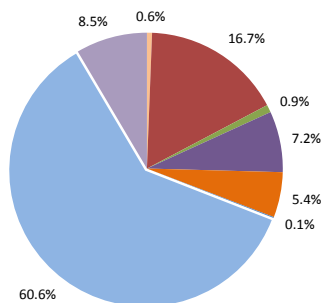
*Where the average is based on a straight line average for period 1 April 2015 to 31 December 2015.

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

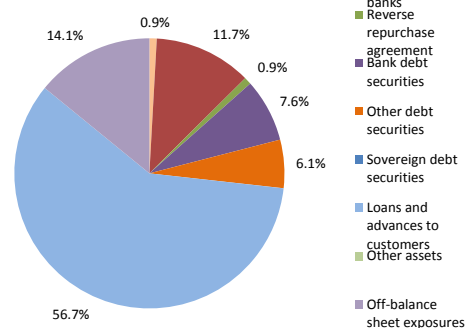
31 December 2015



31 March 2015



31 December 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	31 December 2015	31 March 2015	31 December 2014
Gross core loans and advances to customers	877,087	932,566	901,075
Total impairments	(6,535)	(6,653)	(9,036)
Specific impairments	-	-	(71)
Portfolio impairments	(6,535)	(6,653)	(8,965)
Net core loans and advances to customers	870,552	925,913	892,039
Average gross core loans and advances to customers	904,826	915,818	900,072
Current loans and advances to customers	827,399	928,327	865,129
Past due loans and advances to customers (1-60 days)	22,626	2,661	29,725
Special mention loans and advances to customers	23,045	1,142	23
Default loans and advances to customers	4,017	436	6,198
Gross core loans and advances to customers	877,087	932,566	901,075
Current loans and advances to customers	845,342	929,469	865,129
Gross core loans and advances to customers that are past due but not impaired	31,745	3,097	35,699
Gross core loans and advances to customers that are impaired	-	-	247
Gross core loans and advances to customers	877,087	932,566	901,075
Total income statement reversal for impairments on core loans and advances	1,159	2,359	72
Gross default loans and advances to customers	4,017	436	6,198
Specific impairments	-	-	(71)
Portfolio impairments	(6,535)	(6,653)	(8,965)
Defaults net of impairments	(2,518)	(6,217)	(2,838)
Collateral and other credit enhancements	11,089	1,136	35,358
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%	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	0.46%	0.05%	0.69%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.29%)	(0.67%)	(0.32%)
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	(0.17%)	(0.26%)	(0.01%)



Capital structure

US\$'000	31 December 2015	31 March 2015	31 December 2014
Common equity tier 1 capital: instruments and reserves			
Ordinary shares (paid-up) capital	56,478	56,478	56,478
Retained earnings	262,918	266,667	235,164
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	53,560	55,291	47,205
Common equity tier 1 capital before regulatory adjustments	372,957	378,436	338,847
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)	372,647	378,126	338,555
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)	372,647	378,126	338,555
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)	12,387	12,762	13,769
Tier 2 capital before regulatory adjustments	12,387	12,762	13,769
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital (T2)	12,387	12,762	13,769
Total capital (capital base) (TC = T1 + T2)	385,034	390,888	352,324
Risk-weighted assets			
Risk-weighted on-balance sheet assets	1,127,703	1,071,147	1,058,248
Non-market related off-balance sheet risk-weighted assets	69,460	84,328	90,529
Market related off-balance sheet risk-weighted assets	6,586	12,286	10,942
Operational risk	90,767	90,767	79,233
Aggregate net open foreign exchange position	1,471	1,049	14,264
Total risk-weighted assets	1,295,987	1,259,577	1,253,215
Capital adequacy ratio (%)	29.7%	31.0%	28.1%
Tier 1 ratio	28.8%	30.0%	27.0%

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	295,095	262,918
Other reserves	59,413	53,560
Qualifying common equity tier 1 capital before regulatory adjustments	410,986	372,957
Regulatory adjustments	-	(310)
Qualifying common equity tier 1 capital (CET1)	410,986	372,647
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	12,387
Total qualifying capital	410,986	385,034



Risk-weighted assets

US\$'000	31 December 2015		31 March 2015		31 December 2014
Risk-weighted on-balance sheet assets	Exposures amount	Risk-weights %	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Cash items	7	0%	-	-	-
Claims on sovereigns	59,193	50-100%	39,515	33,732	34,773
Claims on central banks and international institutions	7,112	0-50%	2,923	2,300	2,684
Claims on multilateral development banks (MDBs)	-	50%	-	10,359	7,471
Claims on banks	852,444	20-50%	236,494	173,967	188,346
Claims on corporates	551,583	20-100%	540,591	478,422	424,318
Claims included in the regulatory retail portfolio	109	75%	82	99	122
Claims secured by residential property	38,895	35-125%	29,813	24,160	29,260
Claims secured by commercial real estate	247,806	0%	251,166	315,497	310,325
Past due claims	2,657	100-150%	4,818	436	27,873
Other assets	22,302	100%	22,302	32,175	33,077
Total on-balance sheet credit risk-weighted exposures	1,782,107		1,127,703	1,071,147	1,058,248



Risk-weighted assets

US\$'000	31 December 2015				31 March 2015	31 December 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	1,654	100%	31	1,579	6,836	8,324
Transaction-related contingent items	4,324	50%	43	3,623	5,477	9,001
Total other commitments	64,164	20-50%	461	64,258	72,015	73,204
Total non-market-related off-balance sheet risk-weighted credit exposures	70,142		535	69,460	84,328	90,529

US\$'000	31 December 2015					31 March 2015	31 December 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	101,978	616	182	798	399	474	532
Foreign exchange and gold contracts	427,278	4,401	11,337	15,738	4,386	9,674	6,715
Other market-related contracts	-	-	14,454	14,454	1,801	2,138	3,694
Total market-related off-balance sheet risk-weighted credit exposures	529,256	5,017	25,972	30,990	6,586	12,286	10,942



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 31 December 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	316	50	93	-	-	-	-	459
Investment/trading assets	-	-	1	1	3	188	49	242
Advances	27	29	36	39	187	396	157	871
Other assets	-	-	-	-	-	-	3	3
Assets	343	79	130	40	190	584	209	1,575
Deposits - non-banks	(875)	(64)	(34)	(38)	(29)	(30)	-	(1,070)
Securities sold under repurchase agreement	(3)	-	-	-	-	(104)	-	(107)
Other liabilities	(2)	-	-	(5)	-	-	-	(7)
Liabilities	(880)	(65)	(34)	(43)	(29)	(134)	-	(1,185)
Intercompany loans	19	243	-	-	-	-	(251)	11
Shareholders' funds	-	-	-	-	-	-	(411)	(411)
Balance sheet	(518)	257	96	(3)	161	450	(453)	(10)
Off-balance sheet	-	4	-	4	2	-	-	10
Contractual liquidity gap	(518)	261	96	1	163	450	(453)	-
Cumulative liquidity gap	(518)	(257)	(161)	(160)	3	453	-	-

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 31 December 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	111	43	51	-	-	-	-	205
Investment/trading assets	-	-	1	1	2	193	48	245
Advances	11	5	60	144	127	418	127	892
Other assets	-	-	-	-	-	-	5	5
Assets	122	48	112	145	129	611	180	1,347
Deposits - non-banks	(639)	(48)	(10)	(46)	(15)	(19)	-	(777)
Securities sold under repurchase agreement	(7)	-	-	-	-	(107)	-	(114)
Other liabilities	(4)	-	-	(4)	-	-	-	(8)
Liabilities	(650)	(48)	(10)	(50)	(15)	(126)	-	(899)
Intercompany loans	259	(20)	-	-	(41)	(152)	(104)	(58)
Shareholders' funds	-	-	-	-	-	-	(393)	(393)
Balance sheet	(269)	(20)	102	95	73	333	(317)	(3)
Off-balance sheet	-	-	-	2	-	2	(1)	3
Contractual liquidity gap	(269)	(20)	102	97	73	335	(318)	-
Cumulative liquidity gap	(269)	(289)	(187)	(90)	(17)	318	-	-



Behavioural liquidity

At 31 December 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	215	299	101	12	305	71	(1,003)	-
Cumulative	215	514	615	627	932	1,003	-	#REF!

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 31 December 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	251	28	103	143	113	63	(701)	-
Cumulative	251	279	382	525	638	701	-	-

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 31 December 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	459	-	-	-	-	-	459
Investment/trading assets	9	-	1	169	21	42	242
Advances	770	23	2	76	-	-	871
Other assets	-	-	-	-	-	3	3
Assets	1,238	23	3	245	21	45	1,575
Deposits - non-banks	(973)	(38)	(29)	(30)	-	-	(1,070)
Repurchase agreements with banks	(107)	-	-	-	-	-	(107)
Other liabilities	-	-	-	-	-	(7)	(7)
Liabilities	(1,081)	(38)	(29)	(30)	-	(7)	(1,185)
Intercompany loans	159	-	-	(148)	-	-	11
Shareholders' funds	-	-	-	-	-	(411)	(411)
Balance sheet	316	(15)	(26)	67	21	(373)	(10)
Off balance sheet	135	(1)	(63)	(39)	(22)	-	10
Repricing gap	451	(16)	(89)	28	(1)	(373)	-
Cumulative repricing gap	451	435	346	374	373	-	-

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 31 December 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	205	-	-	-	-	-	205
Investment/trading assets	14	-	1	169	5	56	245
Advances	774	42	4	24	48	-	892
Other assets	-	-	-	-	-	5	5
Assets	993	42	5	193	53	61	1,347
Deposits - non-banks	(698)	(46)	(15)	(18)	-	-	(777)
Repurchase agreements with banks	(114)	-	-	-	-	-	(114)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(812)	(46)	(15)	(18)	-	(8)	(899)
Intercompany loans	94	-	-	(152)	-	-	(58)
Shareholders' funds	-	-	-	-	-	(393)	(393)
Balance sheet	275	(4)	(10)	23	53	(340)	(3)
Off balance sheet	129	(10)	(3)	(101)	(12)	-	3
Repricing gap	404	(14)	(13)	(78)	41	(340)	-
Cumulative repricing gap	404	390	377	299	340	-	-

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	
31 December 2015						
200bp down	(0.67)	3.61	1.79	0.34	(0.00)	7.47
200bp up	0.68	(3.26)	(1.68)	(0.32)	(0.00)	(6.82)
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)
31 December 2014						
200bp down	(0.49)	2.31	0.60	0.20	(0.06)	4.35
200bp up	0.53	(1.99)	(0.64)	(0.18)	0.06	(3.86)

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.

	EUR	GBP	MUR	Other currencies	Aggregate net open foreign exchange position
Open position (USD'000)					
31 December 2015					
Long/(short) position	(51)	455	(210)	961	1,471
31 March 2015					
Long/(short) position	60	(449)	(135)	989	1,049
31 December 2014					
Long/(short) position	(73)	1,032	(303)	13,150	14,264