

Out of the Ordinary®



Specialist Bank and  
Asset Manager

## **Investec Bank (Mauritius) Limited**

Unaudited financial reports for the nine months ended 31 December 2016

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 2016

The unaudited financial report for the nine months ended 31 December 2016 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 group's performance

Operating income before impairment decreased by 12% from US\$38.7 million for the comparative period to US\$34.2 million for the nine months ended 31 December 2016 mainly due to the following:

- Net interest income decreased by 11% from US\$37.5 million to US\$33.4 million due to lower average loans and advances to customers and a contraction in interest margin as a result of increased cash holdings due to growth in deposits from customers.

Loans and advances to customers decreased by 4.8% to US\$848 million and cash holdings increased to US\$813 million while external deposits increased by 8.9% to US\$1,173 million for the period ended 31 December 2016, negatively impacting net interest margin

- Investment loss stood at US\$2.9 million for the period under review as compared to a loss of US\$893K for the comparative period due to negative mark-to-market movements.

Impairment loss stood at US\$2.5 million resulting from a loss on a disposal of a syndicated loan. A loan loss recovery of US\$1.1 million was made during the comparative period.

Operating expenses increased from US\$8.5 million to US\$9.2 million due to higher personnel and IT costs incurred, driven largely by increased compliance and reporting requirements.

The share of loss in associates amounted to US\$48 k as compared to a loss of US\$863K for the comparative period.

Profit after tax decreased to US\$21.2 million for the nine months ended 31 December 2016 from US\$28.2 million for the comparative period due to the decrease in net interest income, negative mark-to-market movements and an increase in impairment and operating expenses as referred to above.

The group remains well capitalised with a capital adequacy ratio of 27.2% as at 31 December 2016, well in excess of regulatory requirements.



### **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 2016, the total on and off-balance sheet credit exposure to related parties amounted to US\$72.8 million (31 March 2016 – US\$85.6 million) representing 3.8% (31 March 2016 – 4.6%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$71.6 million (31 March 2016 – US\$85.5 million) representing 20.4% (31 March 2016 – 24.1%) of Tier 1 Capital. All 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**

Disbursements of loans and advances are expected to increase in the fourth quarter so as to almost eliminate the contraction in the loan book experienced during the year. Management are looking to implement various conservative strategies to utilise excess cash holdings and increase the net interest margin going forward. Potential reflationary policies in the United States are positive for the bank's interest margin.

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David M Lawrence  
**Chairman**  
**Board of directors**

Handwritten signature of Pierre de Chasteigner du Mée in blue ink.

Pierre de Chasteigner du Mée  
**Director**

Handwritten signature of Craig C McKenzie in blue ink.

Craig C McKenzie  
**Chief executive officer/Director**

Dated: 14 February 2017



## Consolidated balance sheets

As at US\$'000	Group		Bank		Group and Bank
	31 December 2016	31 March 2016	31 December 2016	31 March 2016	31 December 2015
<b>Assets</b>					
Cash and balances at central bank	14,515	9,947	14,515	9,947	7,116
Due from banks	798,274	682,160	798,274	682,160	722,328
Sovereign debt securities	21,755	-	21,755	-	-
Bank debt securities	106,659	112,357	106,659	112,357	109,317
Other debt securities	85,657	95,699	85,657	95,699	98,537
Derivative financial instruments	20,760	25,289	20,760	25,289	25,972
Investment portfolio	16,845	17,045	16,845	17,045	15,979
Loans and advances to customers	848,007	891,098	848,007	891,098	870,552
Interest in associated undertakings	4,019	3,720	4,019	3,720	3,650
Deferred taxation assets	116	116	116	116	310
Other assets	2,104	2,476	2,096	2,476	2,291
Equipment	332	337	332	337	356
Amount due from group companies	4,237	3,536	4,579	3,958	3,802
Investment in subsidiary	-	-	17	17	17
<b>Total assets</b>	<b>1,923,281</b>	<b>1,843,780</b>	<b>1,923,631</b>	<b>1,844,219</b>	<b>1,860,227</b>
<b>Liabilities</b>					
Deposits by banks	-	-	-	-	557
Derivative financial instruments	1,984	6,610	1,984	6,610	1,653
Repurchase agreements	101,251	108,260	101,251	108,260	106,630
Customer accounts (deposits)	1,173,533	1,077,907	1,173,533	1,077,907	1,069,940
Debt securities in issue	248,573	253,547	248,573	253,547	250,252
Amount due to group companies	7,078	9,684	7,078	9,684	12,758
Current taxation liabilities	344	334	344	334	847
Other liabilities	7,438	27,555	7,412	27,555	6,602
<b>Total liabilities</b>	<b>1,540,201</b>	<b>1,483,897</b>	<b>1,540,175</b>	<b>1,483,897</b>	<b>1,449,241</b>
<b>Equity</b>					
Ordinary share capital	56,478	56,478	56,478	56,478	56,478
Other reserves	61,781	59,987	61,781	59,987	59,413
Retained income	264,821	243,418	265,197	243,857	295,095
<b>Total equity</b>	<b>383,080</b>	<b>359,883</b>	<b>383,456</b>	<b>360,322</b>	<b>410,986</b>
<b>Total liabilities and equity</b>	<b>1,923,281</b>	<b>1,843,780</b>	<b>1,923,631</b>	<b>1,844,219</b>	<b>1,860,227</b>



### Consolidated income statements

For the period ended US\$'000	Group			Bank			Group and Bank	
	Quarter 31 December 2016	Nine months ended 31 December 2016	Year 31 March 2016	Quarter 31 December 2016	Nine months ended 31 December 2016	Year 31 March 2016	Quarter 31 December 2015	Nine months ended 31 December 2015
Interest income	14,213	43,758	60,696	14,193	43,693	60,699	14,838	45,839
Interest expense	(3,653)	(10,397)	(11,381)	(3,653)	(10,397)	(11,381)	(2,881)	(8,327)
<b>Net interest income</b>	<b>10,560</b>	<b>33,361</b>	<b>49,315</b>	<b>10,540</b>	<b>33,296</b>	<b>49,318</b>	<b>11,957</b>	<b>37,512</b>
Fee and commission income	2,365	6,163	7,770	2,006	5,799	7,770	1,026	5,476
Fee and commission expense	(345)	(1,151)	(1,677)	(345)	(1,151)	(1,677)	(458)	(1,379)
<b>Net fee and commission income</b>	<b>2,020</b>	<b>5,012</b>	<b>6,093</b>	<b>1,661</b>	<b>4,648</b>	<b>6,093</b>	<b>568</b>	<b>4,097</b>
Investment (loss)/ income	(291)	(2,906)	2,058	(291)	(2,906)	2,058	(6,768)	(893)
Net trading income/ (loss)	1,367	(1,242)	(5,619)	1,363	(1,250)	(5,619)	208	(2,002)
<b>Total operating income before impairment (reversals) / losses on loans and advances</b>	<b>13,656</b>	<b>34,225</b>	<b>51,847</b>	<b>13,273</b>	<b>33,788</b>	<b>51,850</b>	<b>5,963</b>	<b>38,713</b>
Impairment (losses) / reversals on loans and advances	37	(2,525)	1,003	37	(2,525)	1,003	1,534	1,159
<b>Operating income</b>	<b>13,693</b>	<b>31,700</b>	<b>52,850</b>	<b>13,310</b>	<b>31,263</b>	<b>52,853</b>	<b>7,497</b>	<b>39,872</b>
Operating costs	(3,499)	(9,231)	(11,522)	(3,151)	(8,857)	(11,086)	(2,862)	(8,514)
<b>Operating profit</b>	<b>10,194</b>	<b>22,469</b>	<b>41,328</b>	<b>10,159</b>	<b>22,406</b>	<b>41,767</b>	<b>4,636</b>	<b>31,358</b>
Share of result in associate	(383)	(48)	(784)	(383)	(48)	(784)	(168)	(863)
<b>Profit before taxation</b>	<b>9,811</b>	<b>22,421</b>	<b>40,544</b>	<b>9,776</b>	<b>22,358</b>	<b>40,983</b>	<b>4,468</b>	<b>30,495</b>
Taxation	(369)	(1,149)	(2,565)	(369)	(1,149)	(2,565)	(801)	(2,324)
<b>Profit after taxation</b>	<b>9,442</b>	<b>21,272</b>	<b>37,979</b>	<b>9,407</b>	<b>21,209</b>	<b>38,418</b>	<b>3,667</b>	<b>28,171</b>
<b>Analysed as follows:</b>								
Transfer to statutory reserve	-	-	1,104	-	-	1,104	-	-
Transfer to retained earnings	9,442	21,272	36,875	9,407	21,209	37,314	3,667	28,171
<b>Profit attributable to equity holder of the bank</b>	<b>9,442</b>	<b>21,272</b>	<b>37,979</b>	<b>9,407</b>	<b>21,209</b>	<b>38,418</b>	<b>3,667</b>	<b>28,171</b>

### Consolidated statements of other comprehensive income

For the period ended US\$'000	Group			Bank			Group and Bank	Group and Bank
	Quarter 31 December 2016	Nine months ended 31 December 2016	Year 31 March 2016	Quarter 31 December 2016	Nine months ended 31 December 2016	Year 31 March 2016	Quarter 31 December 2015	Nine months ended 31 December 2015
<b>Profit after taxation</b>	<b>9,442</b>	<b>21,272</b>	<b>37,979</b>	<b>9,407</b>	<b>21,209</b>	<b>38,418</b>	<b>3,667</b>	<b>28,171</b>
<b>Other comprehensive income:</b>								
<b>Items that may be reclassified to the income statement</b>								
- Fair value movements on available-for-sale assets taken directly to other comprehensive income	(114)	2,058	(2,230)	(114)	2,058	(2,230)	(1,000)	(1,329)
- Foreign currency adjustments on translating associated undertakings	302	348	(411)	302	348	(411)	(17)	(402)
<b>Total other comprehensive income / (loss)</b>	<b>187</b>	<b>2,406</b>	<b>(2,641)</b>	<b>187</b>	<b>2,406</b>	<b>(2,641)</b>	<b>(1,017)</b>	<b>(1,731)</b>
<b>Total comprehensive income attributable to equity holder of the bank</b>	<b>9,630</b>	<b>23,678</b>	<b>35,338</b>	<b>9,595</b>	<b>23,616</b>	<b>35,777</b>	<b>2,650</b>	<b>26,441</b>



## Consolidated statements of changes in equity

As at	Other reserves					Retained income	Total equity
	Ordinary share capital	Foreign currency reserve	Available-for-sale reserve	Regulatory general risk reserve	Statutory reserve		
<b>US\$'000</b>							
<b>Group</b>							
<b>At 1 April 2016</b>	56,478	(411)	(2,313)	6,233	56,478	243,418	359,883
<b>Movement in reserves 1 April 2016 - 31 December 2016</b>							
Profit after taxation	-	-	-	-	-	21,272	21,272
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,058	-	-	-	2,058
Foreign currency adjustments on translating associated undertakings	-	348	-	-	-	-	348
<b>Total comprehensive income</b>	-	348	2,058	-	-	21,272	23,678
Transfer to regulatory general risk reserve	-	-	-	(131)	-	131	-
Specific provision taken to regulatory general risk reserve	-	-	-	(481)	-	-	(481)
<b>At 31 December 2016</b>	<b>56,478</b>	<b>(63)</b>	<b>(255)</b>	<b>5,621</b>	<b>56,478</b>	<b>264,821</b>	<b>383,080</b>
<b>At 1 April 2015</b>	56,478	-	(83)	6,109	55,374	266,667	384,545
<b>Movement in reserves 1 April 2015 - 31 March 2016</b>							
Profit after taxation	-	-	-	-	-	37,979	37,979
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(2,230)	-	-	-	(2,230)
Foreign currency adjustments on translating associated undertakings	-	(411)	-	-	-	-	(411)
<b>Total comprehensive income</b>	-	(411)	(2,230)	-	-	37,979	35,338
Dividends paid to equity holder of the bank	-	-	-	-	-	(60,000)	(60,000)
Transfer to statutory reserve	-	-	-	-	1,104	(1,104)	-
Transfer to regulatory general risk reserve	-	-	-	124	-	(124)	-
<b>At 31 March 2016</b>	<b>56,478</b>	<b>(411)</b>	<b>(2,313)</b>	<b>6,233</b>	<b>56,478</b>	<b>243,418</b>	<b>359,883</b>
<b>Bank</b>							
<b>At 1 April 2016</b>	56,478	(411)	(2,313)	6,233	56,478	243,857	360,322
<b>Movement in reserves 1 April 2016 - 31 December 2016</b>							
Profit after taxation	-	-	-	-	-	21,209	21,209
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,058	-	-	-	2,058
Foreign currency adjustments on translating associated undertakings	-	348	-	-	-	-	348
<b>Total comprehensive income</b>	-	348	2,058	-	-	21,209	23,616
Transfer to regulatory general risk reserve	-	-	-	(131)	-	131	-
Specific provision taken to regulatory general risk reserve	-	-	-	(481)	-	-	(481)
<b>At 31 December 2016</b>	<b>56,478</b>	<b>(63)</b>	<b>(255)</b>	<b>5,621</b>	<b>56,478</b>	<b>265,197</b>	<b>383,456</b>
<b>At 1 April 2015</b>	56,478	-	(83)	6,109	55,374	266,667	384,545
<b>Movement in reserves 1 April 2016 - 31 March 2016</b>							
Profit after taxation	-	-	-	-	-	38,418	38,418
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(2,230)	-	-	-	(2,230)
Foreign currency adjustments on translating associated undertakings	-	(411)	-	-	-	-	(411)
<b>Total comprehensive (loss) / income</b>	-	(411)	(2,230)	-	-	38,418	35,777
Dividends paid to equity holder of the bank	-	-	-	-	-	(60,000)	(60,000)
Transfer to statutory reserve	-	-	-	-	1,104	(1,104)	-
Transfer to regulatory general risk reserve	-	-	-	124	-	(124)	-
<b>At 31 March 2016</b>	<b>56,478</b>	<b>(411)</b>	<b>(2,313)</b>	<b>6,233</b>	<b>56,478</b>	<b>243,857</b>	<b>360,322</b>
<b>Group and Bank</b>							
<b>At 1 April 2015</b>	56,478	-	(83)	6,109	55,374	266,667	384,545
<b>Movement in reserves 1 April 2015 - 31 December 2015</b>							
Profit after taxation	-	-	-	-	-	28,171	28,171
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	(402)	(1,329)	-	-	-	(1,731)
<b>Total comprehensive (loss) / income</b>	-	(402)	(1,329)	-	-	28,171	26,441
Transfer to regulatory general risk reserve	-	-	-	(257)	-	257	-
<b>Balance at 31 December 2015</b>	<b>56,478</b>	<b>(402)</b>	<b>(1,412)</b>	<b>5,852</b>	<b>55,374</b>	<b>295,095</b>	<b>410,986</b>



## Consolidated cash flow statements

For the period ended US\$'000	Group		Bank		Group and Bank
	Nine months ended 31 December 2016	Year 31 March 2016	Nine months ended 31 December 2016	Year 31 March 2016	Nine months ended 31 December 2015
Profit before taxation adjusted for non-cash items	25,804	47,770	25,742	48,209	33,405
Dividend received	-	91	-	91	-
Reverse repurchase agreements matured/ made with banks	-	-	-	-	13,984
Taxation paid	(1,138)	(3,618)	(1,138)	(3,618)	(3,057)
Increase/ (decrease) in operating assets	58,175	44,664	58,255	44,242	185,966
Increase / (decrease) in operating liabilities	68,274	277,524	68,248	277,524	247,280
<b>Net cash inflows from operating activities</b>	<b>151,114</b>	<b>366,431</b>	<b>151,107</b>	<b>366,448</b>	<b>477,577</b>
Cash flow on acquisition of investment securities	(21,703)	(22,555)	(21,703)	(22,555)	(22,144)
Cash flow on disposal of investment securities	-	9,959	-	9,959	7,603
Treasury bills purchased	-	-	-	-	(2,884)
Treasury bills matured	-	-	-	-	4,600
Cash flow on acquisition of equipment	(75)	(50)	(75)	(50)	(39)
Cash flow on disposal of equipment	-	2	-	2	-
Cash flow on disposal of subsidiary	-	360	-	360	-
Cash flow on acquisition of subsidiary	-	-	-	(17)	(17)
<b>Net cash outflows from investing activities</b>	<b>(21,779)</b>	<b>(12,284)</b>	<b>(21,778)</b>	<b>(12,301)</b>	<b>(12,881)</b>
Dividends paid to ordinary shareholders	-	(60,000)	-	(60,000)	-
<b>Net cash outflows from financing activities</b>	<b>-</b>	<b>(60,000)</b>	<b>-</b>	<b>(60,000)</b>	<b>0</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(11,262)</b>	<b>3,121</b>	<b>(11,262)</b>	<b>3,121</b>	<b>601</b>
<b>Net increase in cash and cash equivalents</b>	<b>118,074</b>	<b>297,268</b>	<b>118,067</b>	<b>297,268</b>	<b>465,298</b>
Cash and cash equivalents at beginning of the period/year	687,049	389,781	687,049	389,781	264,147
<b>Cash and cash equivalents at end of the period/year</b>	<b>805,123</b>	<b>687,049</b>	<b>805,116</b>	<b>687,049</b>	<b>729,444</b>
<b>Cash and cash equivalents is defined as including:</b>					
Cash in hand	6	5	6	5	4
Cash and balances at central bank (unrestricted balance)	6,836	4,884	6,836	4,884	7,112
Due from banks	798,274	682,160	798,274	682,160	722,328
<b>Cash and cash equivalents at end of the period/year</b>	<b>805,116</b>	<b>687,049</b>	<b>805,116</b>	<b>687,049</b>	<b>729,444</b>



## Notes to the unaudited financial accounts for the nine months ended 31 December 2016

### 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 period ended 31 December 2016 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 2016.

#### (c) Functional currency of the group and the bank

The group's and the bank's functional currency is USD.





Notes to the unaudited financial accounts for the nine months ended 31 December 2016

3. Related party transactions

As at US\$'000	Group		Bank		Group and Bank
	31 December 2016	31 March 2016	31 December 2016	31 March 2016	31 December 2015
Net fair value of derivatives held with group companies	5,220	3,230	5,220	3,230	24,319
Interest income	3,744	6,699	3,757	6,701	4,907
Interest expense	(4,921)	(6,669)	(4,921)	(6,671)	(5,079)
Loans and advances	47,289	55,965	47,289	55,965	56,807
Deposits	(9,200)	(8,605)	(9,200)	(8,605)	(5,100)
Net amount due to group companies	(2,841)	(6,148)	(2,499)	(5,726)	(8,956)
Amount due from holding bank	66,134	230,698	65,972	230,698	270,277
Debt securities in issue	248,573	253,547	248,573	253,547	250,252

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. As at 31 December 2016, loans and advances amounting to US\$ 164K was unsecured. For the nine months ended 31 December 2016, the bank has not made any impairment relating to amounts owed by related parties (31 March 2016: Nil and 31 December 2015: Nil).



### Credit and counterparty risk information

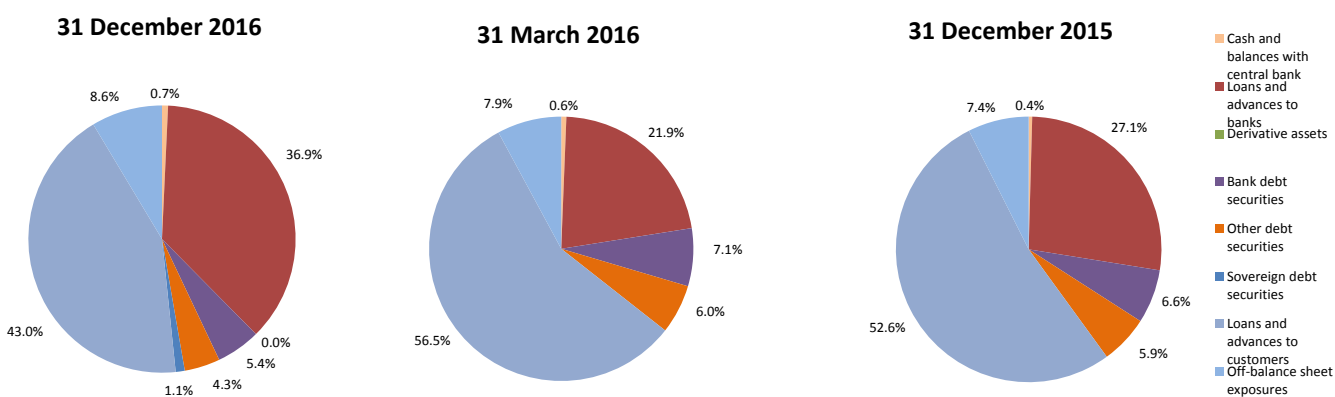
The table that follows provides an analysis of gross credit and counterparty exposures

#### Group and Bank

US\$'000	31 December 2016	31 March 2016	31 December 2015	31 December 2016 vs 31 March 2016 % change	Average*
<b>On-balance sheet exposures</b>	<b>1,816,096</b>	<b>1,463,230</b>	<b>1,544,104</b>	<b>17.6</b>	<b>1,639,663</b>
Balances at central bank	14,510	9,943	7,112	45.9	12,226
Loans and advances to banks	732,302	347,420	452,051	>100	539,861
Investment securities - bank debt securities	106,659	112,357	109,317	(5.1)	109,508
Investment securities - other debt securities	85,657	95,699	98,537	(10.5)	90,678
Investment securities - sovereign debt securities	21,755	-	-	-	10,877
Derivative financial instruments	-	23	-	>100	12
Loans and advances to customers	855,214	897,788	877,087	(4.7)	876,501
<b>Off-balance sheet exposures</b>	<b>170,775</b>	<b>125,195</b>	<b>123,816</b>	<b>37.9</b>	<b>147,985</b>
Guarantees^	5,553	17,138	10,319	(67.6)	11,345
Contingent liabilities, committed facilities and other	165,222	108,057	113,497	52.9	136,640
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>1,986,871</b>	<b>1,588,425</b>	<b>1,667,920</b>	<b>25.1</b>	<b>1,787,648</b>

\*Where the average is based on a straight line average for period 1 April 2016 to 31 December 2016.

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





## Asset quality and impairments

### Group and Bank

US\$'000	31 December 2016	31 March 2016	31 December 2015
<b>Gross core loans and advances to customers</b>	<b>855,214</b>	<b>897,788</b>	<b>877,087</b>
<b>Total impairments</b>	<b>(7,207)</b>	<b>(6,690)</b>	<b>(6,535)</b>
Specific impairments	(518)	-	-
Portfolio impairments	(6,689)	(6,690)	(6,535)
<b>Net core loans and advances to customers</b>	<b>848,007</b>	<b>891,098</b>	<b>870,552</b>
<b>Average gross core loans and advances to customers</b>	<b>876,501</b>	<b>915,177</b>	<b>904,826</b>
Current loans and advances to customers	729,653	863,626	827,399
Past due loans and advances to customers (1-60 days)	67,762	11,095	22,626
Special mention loans and advances to customers *	30,716	22,142	23,045
Default loans and advances to customers	27,083	925	4,017
<b>Gross core loans and advances to customers</b>	<b>855,214</b>	<b>897,788</b>	<b>877,087</b>
Current loans and advances to customers	729,653	884,970	845,342
Gross core loans and advances to customers that are past due but not impaired	98,478	12,818	31,745
Gross core loans and advances to customers that are impaired **	27,083	-	-
<b>Gross core loans and advances to customers</b>	<b>855,214</b>	<b>897,788</b>	<b>877,087</b>
<b>Total income statement (loss) / reversal for impairments on core loans and advances</b>	<b>(2,525)</b>	<b>1,003</b>	<b>1,159</b>
Gross default loans and advances to customers	27,083	925	4,017
Specific impairments	(518)	-	-
Portfolio impairments	(6,689)	(6,690)	(6,535)
<b>Defaults net of impairments</b>	<b>19,875</b>	<b>(5,765)</b>	<b>(2,518)</b>
Collateral and other credit enhancements	39,411	1,793	11,089
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>			
Total impairments as a % of gross core loans and advances to customers	0.84%	0.75%	0.75%
Total impairments as a % of gross default loans	26.61%	>100%	>100%
Gross defaults as a % of gross core loans and advances to customers	3.17%	0.10%	0.46%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.34%	(0.65%)	(0.29%)
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)	0.38%	(0.11%)	(0.17%)

\* US\$4.2 million not included in the above amount relating to a guarantee is also classified as special mention.

\*\* Impaired asset, under the Prudential Norms as per the Guideline on Credit Impairment Measurement and Income Recognition, means an asset where, in the case of a loan, instalments of principal and/or interest are due and remain unpaid for 90 days or more.



## Capital structure

As at US\$'000	Group		Bank		Group and Bank
	31 December 2016	31 March 2016	31 December 2016	31 March 2016	31 December 2015
<b>Common equity tier 1 capital: instruments and reserves</b>					
Ordinary shares (paid-up) capital	56,478	56,478	56,478	56,478	56,478
Retained earnings	238,311	243,418	238,248	243,857	262,918
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	56,160	53,755	56,160	53,755	53,560
<b>Common equity tier 1 capital before regulatory adjustments</b>	<b>350,949</b>	<b>353,651</b>	<b>350,887</b>	<b>354,090</b>	<b>372,957</b>
<b>Common equity tier 1 capital: regulatory adjustments</b>					
Deferred tax assets	116	116	116	116	(310)
<b>Total regulatory adjustments to common equity tier 1 capital</b>	<b>116</b>	<b>116</b>	<b>116</b>	<b>116</b>	<b>(310)</b>
<b>Common equity tier 1 capital (CET1)</b>	<b>350,833</b>	<b>353,535</b>	<b>350,770</b>	<b>353,974</b>	<b>372,647</b>
<b>Additional tier 1 capital before regulatory adjustments</b>	-	-	-	-	-
<b>Total regulatory adjustments to additional tier 1 capital</b>	-	-	-	-	-
<b>Additional tier 1 capital (AT1)</b>	-	-	-	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>350,833</b>	<b>353,535</b>	<b>350,770</b>	<b>353,974</b>	<b>372,647</b>
<b>Tier 2 capital: instruments and provisions</b>					
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)	12,310	12,923	12,310	12,923	12,387
<b>Tier 2 capital before regulatory adjustments</b>	<b>12,310</b>	<b>12,923</b>	<b>12,310</b>	<b>12,923</b>	<b>12,387</b>
<b>Total regulatory adjustments to Tier 2 capital</b>	-	-	-	-	-
<b>Tier 2 capital (T2)</b>	<b>12,310</b>	<b>12,923</b>	<b>12,310</b>	<b>12,923</b>	<b>12,387</b>
<b>Total capital (capital base) (TC = T1 + T2)</b>	<b>363,143</b>	<b>366,458</b>	<b>363,080</b>	<b>366,897</b>	<b>385,034</b>
<b>Risk-weighted assets</b>					
Risk-weighted on-balance sheet assets	1,141,919	1,141,392	1,142,270	1,141,873	1,127,703
Non-market related off-balance sheet risk-weighted assets	85,224	81,653	85,224	81,653	69,460
Market related off-balance sheet risk-weighted assets	6,709	9,224	6,709	9,224	6,586
Operational risk	95,580	95,580	95,580	95,580	90,767
Aggregate net open foreign exchange position	3,246	2,534	3,246	2,534	1,471
<b>Total risk-weighted assets</b>	<b>1,332,678</b>	<b>1,330,383</b>	<b>1,333,028</b>	<b>1,330,864</b>	<b>1,295,987</b>
<b>Capital adequacy ratio (%)</b>	<b>27.2%</b>	<b>27.5%</b>	<b>27.2%</b>	<b>27.6%</b>	<b>29.7%</b>
<b>Tier 1 ratio</b>	<b>26.3%</b>	<b>26.6%</b>	<b>26.3%</b>	<b>26.6%</b>	<b>28.8%</b>

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

As at 31 December 2016 US\$'000	Group		Bank	
	Balance sheet amount	Amounts included for regulatory purposes	Balance sheet amount	Amounts included for regulatory purposes
Paid in capital and qualifying capital instruments	56,478	56,478	56,478	56,478
Retained earnings	264,821	238,248	265,197	238,248
Other reserves	61,781	56,160	61,781	56,160
<b>Qualifying common equity tier 1 capital before regulatory adjustments</b>	<b>383,080</b>	<b>350,887</b>	<b>383,456</b>	<b>350,887</b>
Deferred tax assets	(116)	(116)	(116)	(116)
<b>Tier 1 capital</b>	<b>382,963</b>	<b>350,770</b>	<b>383,340</b>	<b>350,770</b>
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	12,310	12,310	12,310	12,310
<b>Total qualifying capital</b>	<b>395,274</b>	<b>363,080</b>	<b>395,650</b>	<b>363,080</b>



Risk-weighted assets

US\$'000	Group and Bank		Group		Bank		Group and Bank
	31 December 2016		31 December 2016	31 March 2016	31 December 2016	31 March 2016	31 December 2015
	Exposures amount	Risk-weights %	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Cash items	12	0%	-	-	-	-	-
Claims on sovereigns	44,518	100%	26,421	37,346	26,421	37,346	39,515
Claims on central banks and international institutions	14,510	0%-50%	4,823	3,748	4,823	3,748	2,923
Claims on banks	866,773	20%-50%	207,353	229,454	207,353	229,454	236,494
Claims on corporates	709,076	20%-150%	700,671	566,923	701,030	567,404	540,591
Claims included in the regulatory retail portfolio	164	75%	123	84	123	84	82
Claims secured by residential property	43,273	35%-125%	20,651	34,905	20,651	34,905	29,813
Claims secured by commercial real estate	132,526	100%-125%	135,462	244,441	135,462	244,441	251,166
Past due claims	18,519	100%-150%	23,076	920	23,076	920	4,818
Other assets	23,305	100%-250%	23,339	23,571	23,330	23,571	22,302
<b>Total on-balance sheet credit risk-weighted exposures</b>	<b>1,852,676</b>		<b>1,141,920</b>	<b>1,141,392</b>	<b>1,142,270</b>	<b>1,141,873</b>	<b>1,127,703</b>



### Risk-weighted assets

#### Group and Bank

US\$'000	31 December 2016				31 March 2016	31 December 2015
	Notional amount	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
<b>Non-market related off-balance sheet risk-weighted assets</b>						
Direct credit substitutes	5,111	100	5,111	4,855	8,201	1,579
Transaction-related contingent items	705	50	353	255	3,561	3,623
Total other commitments	203,190	20%-50%	86,747	80,114	69,891	64,258
<b>Total non-market-related off-balance sheet risk-weighted credit exposures</b>	<b>209,007</b>		<b>92,211</b>	<b>85,224</b>	<b>81,653</b>	<b>69,460</b>

#### Group and Bank

US\$'000	31 December 2016				31 March 2016	31 December 2015	
	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
<b>Market related off-balance sheet risk-weighted assets</b>							
Interest rate contracts	108,088	309	1,135	1,444	500	432	399
Foreign exchange and gold contracts	343	7,618	6,070	13,688	4,487	6,867	4,386
Other market-related contracts	-	-	13,557	13,557	1,722	1,925	1,801
<b>Total market-related off-balance sheet risk-weighted credit exposures</b>	<b>108,431</b>	<b>7,928</b>	<b>20,762</b>	<b>28,689</b>	<b>6,709</b>	<b>9,224</b>	<b>6,586</b>



## 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 2016 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	380	315	52	-	-	-	-	747
Investment/trading assets	-	0	2	1	54	164	28	249
Advances	13	16	73	25	166	421	132	846
Other assets	-	-	-	-	-	-	3	3
<b>Assets</b>	<b>393</b>	<b>331</b>	<b>126</b>	<b>26</b>	<b>220</b>	<b>585</b>	<b>163</b>	<b>1,845</b>
Deposits - non-banks	(876)	(52)	(34)	(131)	(59)	(22)	-	(1,174)
Securities sold under repurchase agreement	1	-	-	-	-	(102)	-	(101)
Other liabilities	(3)	-	-	(5)	-	-	-	(8)
<b>Liabilities</b>	<b>(878)</b>	<b>(52)</b>	<b>(34)</b>	<b>(136)</b>	<b>(59)</b>	<b>(124)</b>	<b>-</b>	<b>(1,283)</b>
Intercompany loans	14	50	-	-	(44)	(204)	-	(184)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(383)</b>	<b>(383)</b>
<b>Balance sheet</b>	<b>(471)</b>	<b>329</b>	<b>92</b>	<b>(110)</b>	<b>117</b>	<b>257</b>	<b>(220)</b>	<b>(5)</b>
Off-balance sheet	-	1	-	-	-	4	-	5
<b>Contractual liquidity gap</b>	<b>(471)</b>	<b>330</b>	<b>92</b>	<b>(110)</b>	<b>117</b>	<b>261</b>	<b>(220)</b>	<b>(0)</b>
Cumulative liquidity gap	(471)	(141)	(49)	(159)	(42)	219	(0)	

At 31 March 2016 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	236	70	51	-	-	-	-	357
Investment/trading assets	-	-	-	15	-	183	46	244
Advances	7	3	21	139	165	405	151	891
Other assets	-	-	-	-	-	-	3	3
<b>Assets</b>	<b>243</b>	<b>73</b>	<b>72</b>	<b>154</b>	<b>165</b>	<b>588</b>	<b>200</b>	<b>1,495</b>
Deposits - non-banks	(904)	(28)	(82)	(9)	(32)	(23)	-	(1,078)
Securities sold under repurchase agreement	(3)	-	-	-	-	(105)	-	(108)
Other liabilities	(23)	-	-	(5)	-	-	-	(28)
<b>Liabilities</b>	<b>(930)</b>	<b>(28)</b>	<b>(82)</b>	<b>(14)</b>	<b>(32)</b>	<b>(128)</b>	<b>-</b>	<b>(1,214)</b>
Intercompany loans	176	120	33	-	-	-	(253)	76
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(360)</b>	<b>(360)</b>
<b>Balance sheet</b>	<b>(511)</b>	<b>165</b>	<b>23</b>	<b>140</b>	<b>133</b>	<b>460</b>	<b>(413)</b>	<b>(3)</b>
Off-balance sheet	-	1	-	-	6	(2)	(2)	3
<b>Contractual liquidity gap</b>	<b>(511)</b>	<b>166</b>	<b>23</b>	<b>140</b>	<b>139</b>	<b>458</b>	<b>(415)</b>	<b>-</b>
Cumulative liquidity gap	(511)	(345)	(322)	(182)	(43)	415	-	

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
<b>Assets</b>	<b>343</b>	<b>79</b>	<b>130</b>	<b>40</b>	<b>190</b>	<b>584</b>	<b>209</b>	<b>1,575</b>
Deposits - non-banks	(875)	(64)	(34)	(38)	(29)	(30)	-	(1,070)
Securities sold under repurchase agreement	(3)	-	-	-	-	(104)	-	(107)
Other liabilities	(2)	-	-	(5)	-	-	-	(7)
<b>Liabilities</b>	<b>(880)</b>	<b>(65)</b>	<b>(34)</b>	<b>(43)</b>	<b>(29)</b>	<b>(134)</b>	<b>-</b>	<b>(1,185)</b>
Intercompany loans	19	243	-	-	-	-	(251)	11
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(411)</b>	<b>(411)</b>
<b>Balance sheet</b>	<b>(518)</b>	<b>257</b>	<b>96</b>	<b>(3)</b>	<b>161</b>	<b>450</b>	<b>(453)</b>	<b>(10)</b>
Off-balance sheet	-	4	-	4	2	-	-	10
<b>Contractual liquidity gap</b>	<b>(518)</b>	<b>261</b>	<b>96</b>	<b>1</b>	<b>163</b>	<b>450</b>	<b>(453)</b>	<b>-</b>
Cumulative liquidity gap	(518)	(257)	(161)	(160)	3	453	-	



### Behavioural liquidity

At 31 December 2016 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
<b>Behavioural liquidity gap</b>	<b>271</b>	<b>381</b>	<b>66</b>	<b>19</b>	<b>249</b>	<b>(160)</b>	<b>(826)</b>	<b>-</b>
Cumulative	271	652	718	737	986	826	-	-
<b>At 31 March 2016 US\$million</b>	<b>Demand</b>	<b>Up to one month</b>	<b>One to three months</b>	<b>Three to six months</b>	<b>Six months to one year</b>	<b>One to five years</b>	<b>&gt; five years</b>	<b>Total</b>
<b>Behavioural liquidity gap</b>	<b>264</b>	<b>254</b>	<b>114</b>	<b>27</b>	<b>246</b>	<b>64</b>	<b>(969)</b>	<b>-</b>
Cumulative	264	518	632	659	905	969	-	-
<b>At 31 December 2015 US\$million</b>	<b>Demand</b>	<b>Up to one month</b>	<b>One to three months</b>	<b>Three to six months</b>	<b>Six months to one year</b>	<b>One to five years</b>	<b>&gt; five years</b>	<b>Total</b>
<b>Behavioural liquidity gap</b>	<b>215</b>	<b>299</b>	<b>101</b>	<b>12</b>	<b>305</b>	<b>71</b>	<b>(1,003)</b>	<b>-</b>
Cumulative	215	514	615	627	932	1,003	-	-

### 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 2016 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	747	-	-	-	-	-	747
Investment/trading assets	8	-	52	146	-	43	249
Advances	771	8	2	65	(0)	-	846
Other assets	-	-	-	-	-	3	3
<b>Assets</b>	<b>1,526</b>	<b>8</b>	<b>54</b>	<b>211</b>	<b>(0)</b>	<b>46</b>	<b>1,845</b>
Deposits - non-banks	(962)	(131)	(59)	(22)	-	-	(1,174)
Repurchase agreements with banks	(101)	-	-	-	-	-	(101)
Other liabilities	-	-	-	-	-	(8)	(8)
<b>Liabilities</b>	<b>(1,063)</b>	<b>(131)</b>	<b>(59)</b>	<b>(22)</b>	<b>-</b>	<b>(8)</b>	<b>(1,283)</b>
Intercompany loans	(38)	-	(44)	(102)	-	-	(184)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(383)</b>	<b>(383)</b>
<b>Balance sheet</b>	<b>425</b>	<b>(123)</b>	<b>(49)</b>	<b>87</b>	<b>(0)</b>	<b>(345)</b>	<b>(5)</b>
Off balance sheet	115	(1)	(10)	(99)	-	-	5
<b>Repricing gap</b>	<b>540</b>	<b>(124)</b>	<b>(59)</b>	<b>(12)</b>	<b>(0)</b>	<b>(345)</b>	<b>0</b>
Cumulative repricing gap	540	416	357	345	345	0	-

At 31 March 2016 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	352	-	-	-	-	5	357
Investment/trading assets	8	-	-	172	19	45	244
Advances	774	24	13	79	1	-	891
Other assets	-	-	-	-	-	3	3
<b>Assets</b>	<b>1,134</b>	<b>24</b>	<b>13</b>	<b>251</b>	<b>20</b>	<b>53</b>	<b>1,495</b>
Deposits - non-banks	(1,013)	(10)	(32)	(23)	-	-	(1,078)
Securities sold under repurchase agreement	(108)	-	-	-	-	-	(108)
Other liabilities	-	-	-	-	-	(28)	(28)
<b>Liabilities</b>	<b>(1,121)</b>	<b>(10)</b>	<b>(32)</b>	<b>(23)</b>	<b>-</b>	<b>(28)</b>	<b>(1,214)</b>
Intercompany loans	227	-	-	(151)	-	-	76
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(360)</b>	<b>(360)</b>
<b>Balance sheet</b>	<b>240</b>	<b>14</b>	<b>(19)</b>	<b>77</b>	<b>20</b>	<b>(335)</b>	<b>(3)</b>
Off-balance sheet	127	(3)	(20)	(78)	(21)	(2)	3
<b>Repricing gap</b>	<b>367</b>	<b>11</b>	<b>(39)</b>	<b>(1)</b>	<b>(1)</b>	<b>(337)</b>	<b>-</b>
Cumulative repricing gap	367	378	339	338	337	-	-





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
<b>Assets</b>	<b>1,238</b>	<b>23</b>	<b>3</b>	<b>245</b>	<b>21</b>	<b>45</b>	<b>1,575</b>
Deposits - non-banks	(973)	(38)	(29)	(30)	-	-	(1,070)
Repurchase agreements with banks	(107)	-	-	-	-	-	(107)
Other liabilities	-	-	-	-	-	(7)	(7)
<b>Liabilities</b>	<b>(1,081)</b>	<b>(38)</b>	<b>(29)</b>	<b>(30)</b>	<b>-</b>	<b>(7)</b>	<b>(1,185)</b>
Intercompany loans	159	-	-	(148)	-	-	11
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(411)</b>	<b>(411)</b>
<b>Balance sheet</b>	<b>316</b>	<b>(15)</b>	<b>(26)</b>	<b>67</b>	<b>21</b>	<b>(373)</b>	<b>(10)</b>
Off balance sheet	135	(1)	(63)	(39)	(22)	-	10
<b>Repricing gap</b>	<b>451</b>	<b>(16)</b>	<b>(89)</b>	<b>28</b>	<b>(1)</b>	<b>(373)</b>	<b>-</b>
Cumulative repricing gap	451	435	346	374	373	-	-

### 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	
<b>31 December 2016</b>						
200bp down	(0.83)	0.87	(0.72)	(0.02)	(0.07)	<b>0.21</b>
200bp up	0.86	(0.78)	0.67	0.01	0.07	<b>(0.16)</b>
<b>31 March 2016</b>						
200bp down	(0.84)	1.48	2.48	0.65	0.03	<b>5.31</b>
200bp up	0.94	(1.36)	(2.35)	(0.60)	(0.04)	<b>(4.95)</b>
<b>31 December 2015</b>						
200bp down	(0.67)	3.61	1.79	0.34	(0.00)	<b>7.47</b>
200bp up	0.68	(3.26)	(1.68)	(0.32)	(0.00)	<b>(6.82)</b>

### Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency other than the functional 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
<b>31 December 2016</b>						
Long/(short) position	119	751	20	(132)	(2,396)	<b>3,246</b>
<b>31 March 2016</b>						
Long/(short) position	619	1,181	(258)	734	(234)	<b>2,534</b>
<b>31 December 2015</b>						
(Short)/long position	(51)	455	21	(210)	940	<b>1,471</b>