

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the six months ended 30 September 2017

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 2017

The unaudited financial report for the six months ended 30 September 2017 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

Profit after tax decreased by 4% from US\$11.8 million for the period ended 30 September 2016 to US\$11.3 million for the six months ended 30 September 2017. The main variances are highlighted below:

- Net interest income decreased by 12% from US\$22.8 million to US\$20.0 million as net interest margins contracted during the current period.
- Net fee and commission income increased by 4% from US\$3.2 million to US\$3.3 million due to credit-related fees.
- Net trading income stood at US\$1.3 million as at 30 September 2017 as compared to a loss of US\$2.6 million for the comparative period.
- Investment loss stood at US\$4.0 million as at 30 September 2017 as compared to a loss of US\$2.6 million during the comparative period mainly due to higher mark-to-market loss on a listed investment.
- Impairment losses on loans and advances decreased to US\$2.0 million as at 30 September 2017 from US\$2.6 million for comparative period.
- Operating costs increased from US\$5.9 million to US\$6.5 million as at 30 September 2017 mainly due to higher IT and risk related costs.

Loans and advances to customers increased by 5.3% to US\$962 million while external deposits decreased by 15% to US\$1,023 million during the period under review.

The group remains well capitalised with a capital adequacy ratio of 27.7% as at 30 September 2017, 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 30 September 2017, the total on and off-balance sheet credit exposure to related parties amounted to US\$77.1 million (31 March 2017 – US\$75.7 million) representing 4.2% (31 March 2017 – 3.7%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$76.5 million (31 March 2017 – US\$74.5 million) representing 20.4% (31 March 2017 – 19.7%) of Tier 1 Capital.

All related party transactions were within the regulatory limits as recommended in the abovementioned guideline.

Handwritten signature of David M Lawrence in blue ink.

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 November 2017



Balance sheets

As at US\$'000	Group			Bank		
	30 September 2017	31 March 2017	30 September 2016	30 September 2017	31 March 2017	30 September 2016
Assets						
Cash and balances at central bank	14,609	13,715	11,147	14,609	13,715	11,147
Due from banks	619,875	812,376	810,875	619,537	812,376	810,875
Sovereign debt securities	-	22,214	-	-	22,214	-
Bank debt securities	110,323	108,399	110,380	110,323	108,399	110,380
Other debt securities	88,967	100,202	92,666	88,967	100,202	92,666
Derivative financial instruments	17,382	21,804	23,413	17,382	21,804	23,413
Investment portfolio	9,524	14,473	18,112	9,524	14,473	18,112
Loans and advances to customers	962,257	913,995	923,785	962,257	913,995	923,785
Interest in associated undertaking	4,232	4,160	4,100	4,232	4,160	4,100
Deferred taxation assets	357	357	116	305	305	116
Other assets	7,363	4,521	2,744	7,360	4,520	2,744
Equipment	291	294	327	291	294	327
Amount due from group companies	3,725	3,698	3,835	4,433	4,040	4,177
Investment in subsidiary	-	-	-	467	467	17
Total assets	1,838,905	2,020,208	2,001,501	1,839,687	2,020,964	2,001,859
Liabilities						
Derivative financial instruments	5,722	4,542	5,103	5,722	4,542	5,103
Repurchase agreements	102,685	101,645	105,870	102,685	101,645	105,870
Customer accounts (deposits)	1,023,229	1,202,181	1,248,310	1,023,229	1,202,181	1,248,310
Debt securities in issue	255,334	249,879	252,457	255,334	249,879	252,457
Amount due to group companies	30,606	11,887	6,544	31,019	12,318	6,544
Current taxation liabilities	604	950	368	604	950	368
Other liabilities	20,996	61,109	8,928	20,958	60,999	8,876
Total liabilities	1,439,176	1,632,193	1,627,580	1,439,551	1,632,514	1,627,528
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	66,422	66,277	62,182	66,422	66,277	62,182
Retained income	276,829	265,260	255,261	277,236	265,695	255,671
Shareholder's equity	399,729	388,015	373,921	400,136	388,450	374,331
Total liabilities and equity	1,838,905	2,020,208	2,001,501	1,839,687	2,020,964	2,001,859



Income statements

For the period/ year ended US\$'000	Group					Bank				
	Quarter 30 September 2017	Six months ended 30 September 2017	Year 31 March 2017	Quarter 30 September 2016	Six months ended 30 September 2016	Quarter 30 September 2017	Six months ended 30 September 2017	Year 31 March 2017	Quarter 30 September 2016	Six months ended 30 September 2016
Interest income	14,883	29,768	57,732	14,598	29,546	14,893	29,783	57,753	14,549	29,500
Interest expense	(5,020)	(9,743)	(14,533)	(3,367)	(6,744)	(5,020)	(9,743)	(14,533)	(3,367)	(6,744)
Net interest income	9,863	20,025	43,199	11,232	22,802	9,872	20,040	43,220	11,182	22,756
Fee and commission income	1,888	4,171	8,191	1,782	3,970	1,754	3,709	7,609	1,884	3,793
Fee and commission expense	(643)	(882)	(1,781)	(403)	(806)	(643)	(882)	(1,781)	(403)	(806)
Net fee and commission income	1,245	3,289	6,410	1,379	3,164	1,110	2,827	5,828	1,480	2,987
Investment (loss)/ income	(1,417)	(3,969)	(5,151)	4,421	(2,615)	(1,417)	(3,969)	(5,151)	4,421	(2,615)
Net trading income/ (loss)	772	1,301	(654)	(877)	(2,609)	791	1,323	(651)	(877)	(2,614)
Total operating income before impairment reversals / (losses) on loans and advances	10,463	20,646	43,804.10	16,155	20,742	10,357	20,222	43,246	16,206	20,515
Impairment (losses) / reversals on loans and advances	(732)	(1,956)	(3,535)	(2,786)	(2,562)	(732)	(1,956)	(3,535)	(2,786)	(2,562)
Operating income	9,729	18,690	40,269	13,369	18,180	9,626	18,266	39,711	13,421	17,953
Operating costs	(3,309)	(6,489)	(12,897)	(2,867)	(5,904)	(3,200)	(6,093)	(12,291)	(2,973)	(5,706)
Operating profit	6,420	12,201	27,372	10,502	12,276	6,425	12,173	27,420	10,448	12,247
Share of (loss)/ profit in associate	(36)	(49)	448	-	335	(36)	(49)	448	-	335
Profit before taxation	6,384	12,152	27,820	10,502	12,611	6,388	12,124	27,868	10,448	12,582
Taxation	(450)	(830)	(1,883)	(310)	(780)	(450)	(830)	(1,935)	(310)	(780)
Profit after taxation	5,934	11,322	25,937	10,192	11,831	5,938	11,294	25,933	10,139	11,802
Analysed as follows:										
Transfer to regulatory general risk reserve	-	-	4,095	-	-	-	-	4,095	-	-
Transfer to retained earnings	5,934	11,322	21,842	10,192	11,831	5,938	11,294	21,838	10,139	11,802
Profit attributable to equity holder of the bank	5,934	11,322	25,937	10,192	11,831	5,938	11,294	25,933	10,139	11,802

Statements of other comprehensive income

For the period/ year ended US\$'000	Group					Bank				
	Quarter 30 September 2017	Six months ended 30 September 2017	Year 31 March 2017	Quarter 30 September 2016	Six months ended 30 September 2016	Quarter 30 September 2017	Six months ended 30 September 2017	Year 31 March 2017	Quarter 30 September 2016	Six months ended 30 September 2016
Profit after taxation	5,934	11,322	25,937	10,192	11,831	5,938	11,294	25,933	10,139	11,802
Other comprehensive income:										
Items that may be reclassified to the income statement										
-Fair value movements on available-for-sale assets taken directly to other comprehensive income	339	232	2,229	1,410	2,173	339	232	2,229	1,410	2,173
-Gain on realisation of available-for-sale assets recycled through the income statement	-	-	(26)	-	-	-	-	(26)	-	-
-Foreign currency adjustments on translating associated undertaking	25	121	(8)	-	46	25	121	(8)	-	46
-Other comprehensive income / (loss)	39	39	-	-	(12)	39	39	-	-	(12)
Total other comprehensive income	403	392	2,195	1,410	2,207	403	392	2,195	1,410	2,207
Total comprehensive income attributable to equity holder of the bank	6,337	11,715	28,132	11,602	14,050	6,341	11,686	28,128	11,548	14,021



Statements of changes in equity

As at	Other reserves						Total equity
	Ordinary share capital	Foreign currency reserve	Available-for-sale reserve	Regulatory general risk reserve	Statutory reserve	Retained income	
US\$'000							
Group							
At 1 April 2017	56,478	(419)	(110)	10,328	56,478	265,260	388,015
Movement in reserves 1 April 2017 - 30 September 2017							
Profit after taxation	-	-	-	-	-	11,322	11,322
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	232	-	-	-	232
Foreign currency adjustments on translating associated undertaking	-	121	-	-	-	-	121
Other comprehensive income	-	-	-	39	-	-	39
Total comprehensive income	-	121	232	39	-	11,322	11,714
Transfer from regulatory general risk reserve	-	-	-	(247)	-	247	-
At 30 September 2017	56,478	(298)	122	10,120	56,478	276,829	399,729
At 1 April 2016	56,478	(411)	(2,313)	6,233	56,478	243,418	359,883
Movement in reserves 1 April 2016 - 31 March 2017							
Profit after taxation	-	-	-	-	-	25,937	25,937
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,229	-	-	-	2,229
Gain on realisation of available-for-sale assets recycled through the income statement	-	-	(26)	-	-	-	(26)
Foreign currency adjustments on translating associated undertaking	-	(8)	-	-	-	-	(8)
Total comprehensive (loss)/ income	-	(8)	2,203	-	-	25,937	28,132
Transfer to regulatory general risk reserve	-	-	-	4,095	-	(4,095)	-
At 31 March 2017	56,478	(419)	(110)	10,328	56,478	265,260	388,015
At 1 April 2016	56,478	(411)	(2,313)	6,233	56,478	243,418	359,883
Movement in reserves 1 April 2016 - 30 September 2016							
Profit after taxation	-	-	-	-	-	11,831	11,831
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,173	-	-	-	2,173
Foreign currency adjustments on translating associated undertakings	-	46	-	-	-	-	46
Other comprehensive loss	-	-	-	(12)	-	-	(12)
Total comprehensive income/ (loss)	-	46	2,173	(12)	-	11,831	14,038
Transfer from regulatory general risk reserve	-	-	-	(12)	-	12	-
Balance at 30 September 2016	56,478	(365)	(140)	6,209	56,478	255,261	373,921
Bank							
At 1 April 2017	56,478	(419)	(110)	10,328	56,478	265,695	388,450
Movement in reserves 1 April 2017 - 30 September 2017							
Profit after taxation	-	-	-	-	-	11,294	11,294
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	232	-	-	-	232
Foreign currency adjustments on translating associated undertaking	-	121	-	-	-	-	121
Other comprehensive loss	-	-	-	39	-	-	39
Total comprehensive income	-	121	232	39	-	11,294	11,686
Transfer from regulatory general risk reserve	-	-	-	(247)	-	247	-
At 30 September 2017	56,478	(298)	122	10,120	56,478	277,236	400,136
At 1 April 2016	56,478	(411)	(2,313)	6,233	56,478	243,857	360,322
Movement in reserves 1 April 2016 - 31 March 2017							
Profit after taxation	-	-	-	-	-	25,933	25,933
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,229	-	-	-	2,229
Gain on realisation of available-for-sale assets recycled through the income statement	-	-	(26)	-	-	-	(26)
Foreign currency adjustments on translating associated undertaking	-	(8)	-	-	-	-	(8)
Total comprehensive (loss) / income	-	(8)	2,203	-	-	25,933	28,128
Transfer to regulatory general risk reserve	-	-	-	4,095	-	(4,095)	-
At 31 March 2017	56,478	(419)	(110)	10,328	56,478	265,695	388,450
At 1 April 2016	56,478	(411)	(2,313)	6,233	56,478	243,857	360,322
Movement in reserves 1 April 2016 - 30 September 2016							
Profit after taxation	-	-	-	-	-	11,802	11,802
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	2,173	-	-	-	2,173
Foreign currency adjustments on translating associated undertakings	-	46	-	-	-	-	46
Other comprehensive loss	-	-	-	(12)	-	-	(12)
Total comprehensive income/ (loss)	-	46	2,173	(12)	-	11,802	14,009
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from regulatory general risk reserve	-	-	-	(12)	-	12	-
Balance at 30 September 2016	56,478	(365)	(140)	6,209	56,478	255,671	374,331



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2017	Year 31 March 2017	Six months ended 30 September 2016	Six months ended 30 September 2017	Year 31 March 2017	Six months ended 30 September 2016
Profit before taxation adjusted for non-cash items	9,816	44,957	20,653	9,787	45,005	20,624
Taxation paid	(1,176)	(1,507)	(746)	(1,176)	(1,507)	(746)
(Decrease)/ increase in operating assets	(44,049)	(32,825)	(29,841)	(44,410)	(32,744)	(29,761)
(Increase) / decrease in operating liabilities	(199,163)	157,964	147,129.82	(199,112)	158,285	147,077.46
Net cash (outflows)/ inflows from operating activities	(234,572)	168,589	137,196	(234,911)	169,039	137,196
Purchase of investment securities	(45,000)	(37,468)	-	(45,000)	(37,468)	-
Proceeds from disposal of investment securities	75,879	4,299	-	75,879	4,299	-
Cash flow on acquisition of equipment	(47)	(79)	(58)	(47)	(79)	(58)
Cash flow on disposal of equipment	-	-	-	-	-	-
Cash flow on disposal of subsidiary	-	-	-	-	-	-
Cash flow on additional investment in subsidiary	-	-	-	-	(450)	-
Net cash inflows/ (outflows) from investing activities	30,832	(33,248)	(58)	30,832	(33,698)	(58)
Effects of exchange rates on cash and cash equivalents	14,028	(6,320)	(7,682)	14,028	(6,320)	(7,682)
Net (decrease)/ increase in cash and cash equivalents	(189,712)	129,021	129,456	(190,051)	129,021	129,456
Cash and cash equivalents at beginning of the period/year	816,070	687,049	687,049	816,070	687,049	687,049
Cash and cash equivalents at end of the period/year	626,358	816,070	816,505	626,019	816,070	816,505
Cash and cash equivalents is defined as including:						
Cash in hand	5	9	6	5	9	6
Cash and balances at central bank (unrestricted balance)	6,477	3,685	5,624	6,477	3,685	5,624
Due from banks	619,875	812,376	810,875	619,537	812,376	810,875
Cash and cash equivalents at end of the period/year	626,358	816,070	816,505	626,019	816,070	816,505



Notes to the unaudited financial accounts for the Period ended 30 September 2017

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 30 September 2017 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 2017.

(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 Period ended 30 September 2017

3. Related party transactions

As at US\$'000	Group			Bank		
	30 September 2017	31 March 2017	30 September 2016	30 September 2017	31 March 2017	30 September 2016
Net fair value of derivatives held with group companies	(3,326)	3,159	5,683	(3,326)	3,159	5,683
Interest income	2,367	4,834	3,466	2,381	4,856	3,470
Interest expense	(3,538)	(6,555)	(3,272)	(3,538)	(6,555)	(3,272)
Loans and advances	55,595	47,966	52,003	55,595	47,966	52,003
Deposits	(7,439)	(6,331)	(8,726)	(7,439)	(6,331)	(8,726)
Net amount due to group companies	(26,881)	(8,189)	(2,709)	(26,586)	(8,282)	(2,367)
Amount due from holding bank	18,237	15,765	244,146	18,237	15,765	244,146
Debt securities in issue	255,334	249,879	252,457	255,334	249,879	252,457

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 30 September 2017, loans and advances amounting to US\$ 137K were unsecured (31 March 2017: US\$ 160K and 30 September 2016: US\$ 110K). For the period ended 30 September 2017, the bank has not made any impairment relating to amounts owed by related parties (31 March 2017: Nil and 30 September 2016: Nil).



Credit and counterparty risk information

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

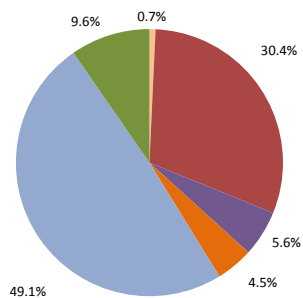
Group and Bank

US\$'000	30 September 2017	31 March 2017	30 September 2016	30 September 2017 vs 31 March 2017 % change	Average*
On-balance sheet exposures	1,787,728	1,962,922	1,711,472	4.5	1,875,325
Balances at central bank	14,604	13,706	11,142	6.6	14,155
Loans and advances to banks	601,638	796,611	566,729	(24.5)	699,125
Investment securities - bank debt securities	110,323	108,399	110,380	1.8	109,361
Investment securities - other debt securities	88,967	100,202	92,666	(11.2)	94,584
Investment securities - sovereign debt securities	-	22,214	-	-	11,107
Loans and advances to customers	972,196	921,790	930,555	5.5	946,993
Off-balance sheet exposures	190,744	161,840	172,049	10.9	176,292
Guarantees [^]	3,396	4,854	9,561	(30.0)	4,125
Committed facilities	187,348	156,986	162,488	19.3	172,167
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,978,472	2,124,762	1,883,522	(6.9)	2,051,617

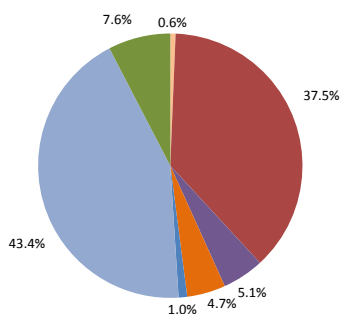
*Where the average is based on a straight line average for period 1 April 2017 to 30 September 2017.

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

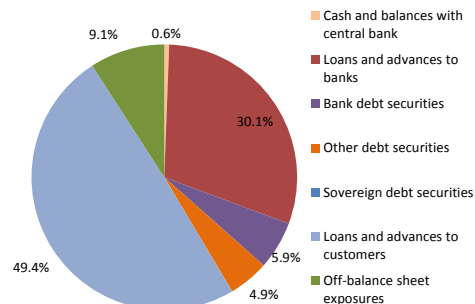
30 September 2017



31 March 2017



30 September 2016





Asset quality and impairments

Group and Bank

US\$'000	30 September 2017	31 March 2017	30 September 2016
Gross core loans and advances to customers	972,196	921,790	930,555
Total impairments	(9,939)	(7,795)	(6,770)
Specific impairments	(2,590)	(653)	-
Portfolio impairments	(7,349)	(7,142)	(6,770)
Net core loans and advances to customers	962,257	913,995	923,785
Average gross core loans and advances to customers	946,993	909,789	914,172
Current loans and advances to customers	904,597	863,381	863,850
Past due loans and advances to customers (1-60 days)	25,158	1,456	4,225
Special mention loans and advances to customers	20,918	28,008	36,835
Default loans and advances to customers	21,523	28,945	25,645
Gross core loans and advances to customers	972,196	921,790	930,555
Current loans and advances to customers	904,596	880,729	894,665
Gross core loans and advances to customers that are past due but not impaired	46,076	16,844	33,164
Gross core loans and advances to customers that are impaired *	21,523	24,217	2,726
Gross core loans and advances to customers	972,196	921,790	930,555
Total income statement (losses)/ reversals for impairments on core loans and advances	(1,956)	(3,535)	(2,786)
Gross default loans and advances to customers	21,523	28,945	25,645
Specific impairments	(2,590)	(653)	-
Portfolio impairments	(7,349)	(7,142)	(6,770)
Defaults net of impairments	11,585	21,150	18,875
Collateral and other credit enhancements	26,969	40,325	39,803
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	1.02%	0.85%	0.73%
Total impairments as a % of gross default loans	46.18%	26.93%	26.40%
Gross defaults as a % of gross core loans and advances to customers	2.21%	3.14%	2.76%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.20%	2.31%	2.04%
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)	0.41%	0.39%	0.61%

* 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		
	30 September 2017	31 March 2017	30 September 2016	30 September 2017	31 March 2017	30 September 2016
Common equity tier 1 capital: instruments and reserves						
Ordinary shares (paid-up) capital	56,478	56,478	56,478	56,478	56,478	56,478
Retained earnings	261,952	265,260	238,710	261,924	265,695	240,320
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	56,181	55,949	55,973	56,181	55,949	55,973
Common equity tier 1 capital before regulatory adjustments	374,612	377,687	351,161	374,583	378,122	352,772
Common equity tier 1 capital: regulatory adjustments						
Deferred tax assets	357	357	116	305	305	116
Total regulatory adjustments to common equity tier 1 capital	357	357	116	305	305	116
Common equity tier 1 capital (CET1)	374,254	377,330	351,045	374,278	377,817	352,656
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 calculated under the standardised approach)	16,458	16,934	12,979	16,462	16,953	12,979
Tier 2 capital before regulatory adjustments	16,458	16,934	12,979	16,462	16,953	12,979
Total capital (capital base) (TC = T1 + T2)	390,713	394,264	364,024	390,740	394,770	365,635
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,222,364	1,256,567	1,235,286	1,222,678	1,258,083	1,235,645
Non-market related off-balance sheet risk-weighted assets	89,022	91,219	74,660	89,022	91,219	74,660
Market related off-balance sheet risk-weighted assets	5,289	6,973	8,696	5,289	6,973	8,696
Operational risk	87,146	87,146	95,580	87,146	87,146	95,580
Aggregate net open foreign exchange position	6,442	3,251	4,691	6,442	3,251	4,691
Total risk-weighted assets	1,410,264	1,445,156	1,418,913	1,410,577	1,446,672	1,419,271
Capital adequacy ratio (%)	27.7%	27.3%	25.7%	27.7%	27.3%	25.8%
Tier 1 ratio	26.5%	26.1%	24.7%	26.5%	26.1%	24.8%

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

As at 30 September 2017

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	276,829	261,952	277,236	261,924
Other reserves	66,422	56,181	66,422	56,181
Qualifying common equity tier 1 capital before regulatory adjustments	399,729	374,612	400,136	374,583
Deferred tax assets	(357)	(357)	(305)	(305)
Tier 1 capital	399,372	374,254	399,831	374,278
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)		16,458		16,462
Total qualifying capital	399,372	390,713	399,831	390,740



Risk-weighted assets

US\$'000	Bank		Group				Bank	
	30 September 2017		30 September 2017	31 March 2017	30 September 2016	30 September 2017	31 March 2017	30 September 2016
	Exposures amount	Risk-weights %	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Risk-weighted on-balance sheet assets								
Cash items	5	0%	-	-	-	-	-	-
Claims on sovereigns	38,497	50%-100%	30,063	28,442	9,404	30,063	28,442	9,404
Claims on central banks and international institutions	14,604	0%-50%	5,432	5,494	3,086	5,432	5,494	3,086
Claims on banks	710,248	20%-50%	198,623	231,699	209,064	198,284	231,699	209,064
Claims on non-central government public sector entities (PSEs)	51,447	50%	25,723	27,198	776,272	25,723	27,198	776,631
Claims on corporates	713,085	20%-150%	712,376	723,856	82	713,085	725,372	82
Claims secured by residential property	48,169	35%-125%	35,061	25,253	30,274	35,061	25,253	30,274
Claims secured by commercial real estate	163,003	100%-125%	172,046	148,786	181,529	172,046	148,786	181,529
Past due claims	14,636	100%-150%	20,366	40,934	248	20,366	40,934	248
Other assets	21,915	100%-250%	22,672	24,905	25,327	22,617	24,905	25,327
Total on-balance sheet credit risk-weighted exposures	1,775,609		1,222,364	1,256,567	1,235,286	1,222,678	1,258,083	1,235,645



Risk-weighted assets

Group and Bank

US\$'000	30 September 2017				31 March 2017	30 September 2016
	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	2,282	100	2,282	2,282	4,267	6,483
Transaction-related contingent items	2,553	50	1,277	1,420	233	1,234
Total other commitments	234,484	20-50	90,853	85,320	86,719	66,943
Total non-market-related off-balance sheet risk-weighted credit exposures	239,320		94,412	89,022	91,219	74,660

Group and Bank

US\$'000	30 September 2017				31 March 2017	30 September 2016	
	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	96,653	596	655	1,251	626	815	336
Foreign exchange and gold contracts	408,537	4,783	1,741	6,524	2,953	4,847	6,786
Other market-related contracts	0	0	14,985	14,985	1,710	1,311	1,574
Total market-related off-balance sheet risk-weighted credit exposures	505,191	5,379	17,382	22,761	5,289	6,973	8,696



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 2017 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	250	50	-	-	-	-	616
Investment/trading assets	-	-	-	1	20	129	78	228
Advances	13	42	91	102	94	534	87	963
Other assets	-	-	-	-	-	-	8	8
Assets	329	292	141	103	114	663	173	1,815
Deposits - non-banks	(691)	(59)	(106)	(43)	(117)	(7)	-	(1,023)
Securities sold under repurchase agreement	4	-	-	-	(18)	(89)	-	(103)
Other liabilities	(16)	-	-	(6)	-	-	-	(22)
Liabilities	(703)	(59)	(106)	(49)	(135)	(96)	-	(1,148)
Intercompany loans	13	-	-	-	-	(211)	(66)	(264)
Shareholders' funds	-	-	-	-	-	-	(400)	(400)
Balance sheet	(361)	233	35	54	(21)	356	(293)	3
Off-balance sheet	-	(1)	1	-	-	(3)	-	(3)
Contractual liquidity gap	(361)	232	36	54	(21)	353	(293)	-
Cumulative liquidity gap	(361)	(129)	(93)	(39)	(60)	293	-	-

At 31 March 2017 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	620	190	-	-	-	-	-	810
Investment/trading assets	-	-	1	53	21	147	42	264
Advances	14	34	20	127	182	423	114	914
Other assets	-	-	-	-	-	-	5	5
Assets	634	224	21	180	203	570	161	1,993
Deposits - non-banks	(940)	(61)	(104)	(21)	(70)	(6)	-	(1,202)
Securities sold under repurchase agreement	-	-	-	-	(17)	(85)	-	(102)
Other liabilities	(57)	-	-	(5)	-	-	-	(62)
Liabilities	(997)	(61)	(104)	(26)	(87)	(91)	-	(1,366)
Intercompany loans	8	-	-	-	-	(205)	(45)	(242)
Shareholders' funds	-	-	-	-	-	-	(388)	(388)
Balance sheet	(355)	163	(83)	154	116	274	(272)	(3)
Off-balance sheet	1	(2)	-	-	-	3	1	3
Contractual liquidity gap	(354)	161	(83)	154	116	277	(271)	-
Cumulative liquidity gap	(354)	(193)	(276)	(122)	(6)	271	-	-

At 30 September 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	266	260	52	-	-	-	-	578
Investment/trading assets	-	0.30	1	2	53	153	29	238
Advances	12	8	60	71	112	469	192	924
Other assets	-	-	-	-	-	-	3	3
Assets	278	269	111	73	165	622	224	1,742
Deposits - non-banks	(965)	(72)	(53)	(72)	(64)	(23)	-	(1,249)
Securities sold under repurchase agreement	(2)	-	-	-	-	(104)	-	(106)
Other liabilities	(5)	-	-	(4)	-	-	-	(9)
Liabilities	(972)	(72)	(53)	(76)	(64)	(127)	-	(1,365)
Intercompany loans	61	115	65	-	-	(167)	(85)	(11)
Shareholders' funds	-	-	-	-	-	-	(374)	(374)
Balance sheet	(633)	312	123	(3)	101	328	(234)	(8)
Off-balance sheet	-	(1)	6	-	-	3	(1)	7
Contractual liquidity gap	(633)	311	129	(3)	101	331	(236)	-
Cumulative liquidity gap	(633)	(322)	(193)	(196)	(95)	236	-	-



Behavioural liquidity

At 30 September 2017 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	211	270	140	45	47	104	(817)	-
Cumulative	211	481	621	666	713	817	(0)	-

At 31 March 2017 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	514	138	(69)	111	278	(123)	(849)	-
Cumulative	514	652	683	694	972	849	-	-

At 30 September 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
Behavioural liquidity gap	211	383	172	19	234	(122)	(898)	-
Cumulative	211	594	766	785	1,019	898	-	-

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 2017 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	616	-	-	-	-	-	616
Investment/trading assets	4	46	19	111	14	34	228
Advances	856	17	2	88	-	-	963
Other assets	-	-	-	-	-	8	8
Assets	1,476	63	21	199	14	42	1,815
Deposits - non-banks	(856)	(43)	(117)	(7)	-	-	(1,023)
Repurchase agreements with banks	(103)	-	-	-	-	-	(103)
Other liabilities	-	-	-	-	-	(22)	(22)
Liabilities	(959)	(43)	(117)	(7)	-	(22)	(1,148)
Intercompany loans	(157)	-	(18)	(89)	-	-	(264)
Shareholders' funds	-	-	-	-	-	(400)	(400)
Balance sheet	360	20	(114)	103	14	(380)	3
Off balance sheet	72	7	(3)	(64)	(15)	-	(3)
Repricing gap	432	27	(117)	39	(1)	(380)	-
Cumulative repricing gap	432	459	342	381	380	-	-

At 31 March 2017 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	810	-	-	-	-	-	810
Investment/trading assets	8	52	20	129	16	39	264
Advances	796	18	16	84	-	-	914
Other assets	-	-	-	-	-	5	5
Assets	1,614	70	36	213	16	44	1,993
Deposits - non-banks	(1,106)	(21)	(69)	(6)	-	-	(1,202)
Securities sold under repurchase agreement	(102)	-	-	-	-	-	(102)
Other liabilities	-	-	-	-	-	(62)	(62)
Liabilities	(1,208)	(21)	(69)	(6)	-	(62)	(1,366)
Intercompany loans	(94)	(44)	(18)	(86)	-	-	(242)
Shareholders' funds	-	-	-	-	-	(388)	(388)
Balance sheet	312	5	(51)	121	16	(406)	(3)
Off-balance sheet	145	(9)	5	(122)	(16)	-	3
Repricing gap	457	(4)	(46)	(1)	-	(406)	-
Cumulative repricing gap	457	453	407	406	406	-	-



At 30 September 2016		> three months but < six months	> six months but < one year	> one year but < five years	> five years	Non rate	Total non- trading
US\$'million	Not > three months						
Cash and short-term funds - banks	578	-	-	-	-	-	578
Investment/trading assets	7	1	52	136	-	42	238
Advances	813	46	2	70	-	(7)	923
Other assets	-	-	-	-	-	3	3
Assets	1,398	47	54	206	-	38	1,742
Deposits - non-banks	(1,089)	(72)	(64)	(23)	-	-	(1,247)
Repurchase agreements with banks	(106)	-	-	-	-	-	(106)
Other liabilities	-	-	-	-	-	(9)	(9)
Liabilities	(1,195)	(72)	(64)	(23)	-	(9)	(1,362)
Intercompany loans	139	-	(44)	(106)	-	-	(11)
Shareholders' funds	-	-	-	-	-	(374)	(374)
Balance sheet	342	(25)	(54)	77	-	(345)	(5)
Off balance sheet	64	39	(10)	(84)	-	(2)	7
Repricing gap	406	14	(64)	(7)	-	(347)	-
Cumulative repricing gap	406	420	356	349	349	-	-

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 2017						
200bp down	0.77	3.01	(7.48)	0.22	(0.09)	(3.20)
200bp up	(0.68)	(2.81)	7.17	(0.20)	0.09	3.17
31 March 2017						
200bp down	(0.65)	1.45	(2.38)	0.27	0.08	(0.39)
200bp up	0.68	(1.35)	2.10	(0.26)	0.08	0.25
30 September 2016						
200bp down	(0.42)	1.60	1.07	-0.15	0.51	3.34
200bp up	0.48	(1.46)	(1.03)	0.14	0.63	(2.25)

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
30 September 2017						
Long/(short) position	1,308	(1,351)	(1)	(1,202)	(2,995)	6,442
31 March 2017						
Long/(short) position	667	1,960	(273)	624	(2,453)	3,251
30 September 2016						
Long/(short) position	201	1,114	360	(399)	(3,349)	4,691