

Out of the Ordinary®



Specialist Bank and  
Asset Manager

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

Unaudited financial reports for the nine months ended 31 December 2017

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 2017

The unaudited financial report for the nine months ended 31 December 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 remained stable at US\$21.3 million for the nine months ended 31 December 2017 compared to the same period in 2016. The main movements are highlighted below:

- Net interest income decreased by 9% from US\$33.4 million to US\$30.4 million as net interest margins contracted during the current period.
- Net fee and commission income decreased by 13% from US\$5.0 million to US\$4.4 million.
- Net trading income stood at US\$1.5 million as at 31 December 2017 as compared to a loss of US\$1.2 million for the comparative period.
- Investment loss stood at US\$1.8 million as at 31 December 2017 as compared to a loss of US\$2.9 million during the comparative period.
- Impairment losses on loans and advances decreased to US\$1.9 million as at 31 December 2017 from US\$2.5 million due to the loss realised on the disposal of a loan in the comparative period.
- Operating costs increased from US\$9.2 million to US\$10.0 million as at 31 December 2017 mainly due to higher IT and risk monitoring related costs. Furthermore, the US Dollar depreciated significantly versus the Mauritian Rupee, South African Rand and the Pound Sterling during the current period.

Loans and advances to customers slightly increased from US\$914 million to US\$917 million while external deposits decreased by 13% from US\$ 1,202 million to US\$1,042 million during the period under review.

The group remains well capitalised with a capital adequacy ratio of 27.6% as at 31 December 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 31 December 2017, the total on and off-balance sheet credit exposure to related parties amounted to US\$56.3 million (31 March 2017 – US\$75.7 million) representing 2.9% (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\$56.2 million (31 March 2017 – US\$74.5 million) representing 15.1% (31 March 2017 – 19.7%) of Tier 1 Capital.

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

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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 2018



## Balance sheets

As at US\$'000	Group			Bank		
	31 December 2017	31 March 2017	31 December 2016	31 December 2017	31 March 2017	31 December 2016
<b>Assets</b>						
Cash and balances at central bank	24,062	13,715	14,515	24,062	13,715	14,515
Due from banks	692,516	812,376	798,274	691,725	812,376	798,274
Reverse repurchase agreement	55,039	-	-	55,039	-	-
Sovereign debt securities	-	22,214	21,755	-	22,214	21,755
Bank debt securities	110,051	108,399	106,659	110,051	108,399	106,659
Other debt securities	72,349	100,202	85,657	72,349	100,202	85,657
Derivative financial instruments	15,898	21,804	20,760	15,898	21,804	20,760
Investment portfolio	11,627	14,473	16,845	11,627	14,473	16,845
Loans and advances to customers	917,394	913,995	848,007	917,394	913,995	848,007
Interest in associated undertaking	4,478	4,160	4,019	4,478	4,160	4,019
Deferred taxation assets	357	357	116	305	305	116
Other assets	4,740	4,521	2,104	4,738	4,520	2,096
Equipment	422	294	332	422	294	332
Amount due from group companies	3,743	3,698	4,237	4,735	4,040	4,579
Investment in subsidiary	-	-	-	467	467	17
<b>Total assets</b>	<b>1,912,677</b>	<b>2,020,208</b>	<b>1,923,281</b>	<b>1,913,290</b>	<b>2,020,964</b>	<b>1,923,631</b>
<b>Liabilities</b>						
Derivative financial instruments	7,755	4,542	1,984	7,755	4,542	1,984
Repurchase agreements	100,893	101,645	101,251	100,893	101,645	101,251
Customer accounts (deposits)	1,041,751	1,202,181	1,173,533	1,041,751	1,202,181	1,173,533
Debt securities in issue	255,926	249,879	248,573	255,926	249,879	248,573
Amount due to group companies	34,086	11,887	7,078	34,615	12,318	7,078
Current taxation liabilities	684	950	344	684	950	344
Other liabilities	62,124	61,109	7,438	62,005	60,999	7,412
<b>Total liabilities</b>	<b>1,503,219</b>	<b>1,632,193</b>	<b>1,540,201</b>	<b>1,503,629</b>	<b>1,632,514</b>	<b>1,540,175</b>
<b>Equity</b>						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	66,019	66,277	61,781	66,019	66,277	61,781
Retained income	286,960	265,260	264,821	287,164	265,695	265,197
<b>Shareholder's equity</b>	<b>409,457</b>	<b>388,015</b>	<b>383,080</b>	<b>409,661</b>	<b>388,450</b>	<b>383,456</b>
<b>Total liabilities and equity</b>	<b>1,912,677</b>	<b>2,020,208</b>	<b>1,923,281</b>	<b>1,913,290</b>	<b>2,020,964</b>	<b>1,923,631</b>



### Income statements

For the period/ year ended	Group					Bank				
	Quarter	Nine months ended	Year	Quarter	Nine months ended	Quarter	Nine months ended	Year	Quarter	Nine months ended
US\$'000	31 December 2017	31 December 2017	31 March 2017	31 December 2016	31 December 2016	31 December 2017	31 December 2017	31 March 2017	31 December 2016	31 December 2016
Interest income	15,634	45,402	57,732	14,213	43,758	15,638	45,422	57,753	14,193	43,693
Interest expense	(5,272)	(15,015)	(14,533)	(3,653)	(10,397)	(5,272)	(15,015)	(14,533)	(3,653)	(10,397)
<b>Net interest income</b>	<b>10,362</b>	<b>30,387</b>	<b>43,199</b>	<b>10,560</b>	<b>33,361</b>	<b>10,367</b>	<b>30,407</b>	<b>43,220</b>	<b>10,540</b>	<b>33,296</b>
Fee and commission income	1,296	5,467	8,191	2,365	6,163	1,298	5,007	7,609	2,006	5,799
Fee and commission expense	(226)	(1,108)	(1,781)	(345)	(1,151)	(226)	(1,108)	(1,781)	(345)	(1,151)
<b>Net fee and commission income</b>	<b>1,070</b>	<b>4,360</b>	<b>6,410</b>	<b>2,020</b>	<b>5,012</b>	<b>1,072</b>	<b>3,899</b>	<b>5,828</b>	<b>1,661</b>	<b>4,648</b>
Investment income/ (loss)	2,157	(1,812)	(5,151)	(291)	(2,906)	2,157	(1,812)	(5,151)	(291)	(2,906)
Net trading income/ (loss)	163	1,464	(654)	1,367	(1,242)	110	1,434	(651)	1,363	(1,250)
<b>Total operating income before impairment reversals / (losses) on loans and advances</b>	<b>13,751</b>	<b>34,399</b>	<b>43,804.10</b>	<b>13,656</b>	<b>34,225</b>	<b>13,706</b>	<b>33,928</b>	<b>43,246</b>	<b>13,273</b>	<b>33,788</b>
Impairment reversals/ (losses) on loans and advances	22	(1,934)	(3,535)	37	(2,525)	22	(1,934)	(3,535)	37	(2,525)
<b>Operating income</b>	<b>13,774</b>	<b>32,465</b>	<b>40,269</b>	<b>13,693</b>	<b>31,700</b>	<b>13,728</b>	<b>31,994</b>	<b>39,711</b>	<b>13,310</b>	<b>31,263</b>
Operating costs	(3,525)	(10,015)	(12,897)	(3,499)	(9,231)	(3,682)	(9,775)	(12,291)	(3,151)	(8,857)
<b>Operating profit</b>	<b>10,249</b>	<b>22,450</b>	<b>27,372</b>	<b>10,194</b>	<b>22,469</b>	<b>10,045</b>	<b>22,219</b>	<b>27,420</b>	<b>10,159</b>	<b>22,406</b>
Share of (loss)/ profit in associate	163	114	448	(383)	(48)	163	114	448	(383)	(48)
<b>Profit before taxation</b>	<b>10,412</b>	<b>22,564</b>	<b>27,820</b>	<b>9,811</b>	<b>22,421</b>	<b>10,209</b>	<b>22,333</b>	<b>27,868</b>	<b>9,776</b>	<b>22,358</b>
Taxation	(450)	(1,280)	(1,883)	(369)	(1,149)	(450)	(1,280)	(1,935)	(369)	(1,149)
<b>Profit after taxation</b>	<b>9,962</b>	<b>21,284</b>	<b>25,937</b>	<b>9,442</b>	<b>21,272</b>	<b>9,759</b>	<b>21,053</b>	<b>25,933</b>	<b>9,407</b>	<b>21,209</b>
<b>Analysed as follows:</b>										
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory general risk reserve	-	-	4,095	-	-	-	-	4,095	-	-
Transfer to retained earnings	9,962	21,284	21,842	9,442	21,272	9,759	21,053	21,838	9,407	21,209
<b>Profit attributable to equity holder of the bank</b>	<b>9,962</b>	<b>21,284</b>	<b>25,937</b>	<b>9,442</b>	<b>21,272</b>	<b>9,759</b>	<b>21,053</b>	<b>25,933</b>	<b>9,407</b>	<b>21,209</b>

### Statements of other comprehensive income

For the period/ year ended	Group					Bank				
	Quarter	Nine months ended	Year	Quarter	Nine months ended	Quarter	Nine months ended	Year	Quarter	Nine months ended
US\$'000	31 December 2017	31 December 2017	31 March 2017	31 December 2016	31 December 2016	31 December 2017	31 December 2017	31 March 2017	31 December 2016	31 December 2016
<b>Profit after taxation</b>	<b>9,962</b>	<b>21,284</b>	<b>25,937</b>	<b>9,442</b>	<b>21,272</b>	<b>9,759</b>	<b>21,053</b>	<b>25,933</b>	<b>9,407</b>	<b>21,209</b>
<b>Other comprehensive income:</b>										
Items that may be reclassified to the income statement										
-Fair value movements on available-for-sale assets taken directly to other comprehensive income	(412)	(180)	2,229	(114)	2,058	(412)	(180)	2,229	(114)	2,058
-Loss on realisation of available-for-sale assets recycled through the income statement	103	103	(26)	-	-	103	103	(26)	-	-
-Foreign currency adjustments on translating associated undertaking	83	204	(8)	302	348	83	204	(8)	302	348
-Other comprehensive income / (loss)	(8)	31	-	-	-	(8)	31	-	-	-
<b>Total other comprehensive income</b>	<b>(234)</b>	<b>158</b>	<b>2,195</b>	<b>187</b>	<b>2,406</b>	<b>(234)</b>	<b>158</b>	<b>2,195</b>	<b>187</b>	<b>2,406</b>
<b>Total comprehensive income attributable to equity holder of the bank</b>	<b>9,728</b>	<b>21,443</b>	<b>28,132</b>	<b>9,630</b>	<b>23,678</b>	<b>9,525</b>	<b>21,211</b>	<b>28,128</b>	<b>9,595</b>	<b>23,616</b>



## 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	
<b>US\$'000</b>							
<b>Group</b>							
<b>At 1 April 2017</b>	56,478	(419)	(110)	10,328	56,478	265,260	388,015
<b>Movement in reserves 1 April 2017 - 31 December 2017</b>							
Profit after taxation	-	-	-	-	-	21,284	21,284
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(180)	-	-	-	(180)
Loss on realisation of available-for-sale assets recycled through the income statement	-	-	103	-	-	-	103
Foreign currency adjustments on translating associated undertaking	-	204	-	-	-	-	204
Other comprehensive income	-	-	-	31	-	-	31
<b>Total comprehensive income</b>	-	204	(77)	31	-	21,284	21,442
Transfer from regulatory general risk reserve	-	-	-	(416)	-	416	-
<b>At 31 December 2017</b>	<b>56,478</b>	<b>(215)</b>	<b>(187)</b>	<b>9,943</b>	<b>56,478</b>	<b>286,960</b>	<b>409,457</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 March 2017</b>							
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
Loss on realisation of available-for-sale assets recycled through the income statement	-	-	(26)	-	-	-	(26)
Foreign currency adjustments on translating associated undertaking	-	(8)	-	-	-	-	(8)
<b>Total comprehensive (loss)/ income</b>	-	(8)	2,203	-	-	25,937	28,132
Transfer to regulatory general risk reserve	-	-	-	4,095	-	(4,095)	-
<b>At 31 March 2017</b>	<b>56,478</b>	<b>(419)</b>	<b>(110)</b>	<b>10,328</b>	<b>56,478</b>	<b>265,260</b>	<b>388,015</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
Other comprehensive loss	-	-	-	-	-	-	-
<b>Total comprehensive income/ (loss)</b>	-	348	2,058	-	-	21,272	23,678
Transfer from regulatory general risk reserve	-	-	-	-	-	-	-
<b>Balance 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>Bank</b>							
<b>At 1 April 2017</b>	56,478	(419)	(110)	10,328	56,478	265,695	388,450
<b>Movement in reserves 1 April 2017 - 31 December 2017</b>							
Profit after taxation	-	-	-	-	-	21,053	21,053
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(180)	-	-	-	(180)
Loss on realisation of available-for-sale assets recycled through the income statement	-	-	103	-	-	-	103
Foreign currency adjustments on translating associated undertaking	-	204	-	-	-	-	204
Other comprehensive loss	-	-	-	31	-	-	31
<b>Total comprehensive income</b>	-	204	(77)	31	-	21,053	21,211
Transfer from regulatory general risk reserve	-	-	-	(416)	-	416	-
<b>At 31 December 2017</b>	<b>56,478</b>	<b>(215)</b>	<b>(187)</b>	<b>9,943</b>	<b>56,478</b>	<b>287,164</b>	<b>409,661</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 March 2017</b>							
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)
<b>Total comprehensive (loss) / income</b>	-	(8)	2,203	-	-	25,933	28,128
Transfer to regulatory general risk reserve	-	-	-	4,095	-	(4,095)	-
<b>At 31 March 2017</b>	<b>56,478</b>	<b>(419)</b>	<b>(110)</b>	<b>10,328</b>	<b>56,478</b>	<b>265,695</b>	<b>388,450</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
Other comprehensive loss	-	-	-	-	-	-	-
<b>Total comprehensive income/ (loss)</b>	-	348	2,058	-	-	21,209	23,616
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from regulatory general risk reserve	-	-	-	(131)	-	131	-
<b>Balance 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>



## Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Nine months ended 31 December 2017	Year 31 March 2017	Nine months ended 31 December 2016	Nine months ended 31 December 2017	Year 31 March 2017	Nine months ended 31 December 2016
Profit before taxation adjusted for non-cash items	14,992	44,957	25,804	14,761	45,005	25,742
Taxation paid	(1,546)	(1,507)	(1,138)	(1,546)	(1,507)	(1,138)
Increase/ (decrease) in operating assets	1,493	(32,825)	58,175	843	(32,744)	58,255
(Increase) / decrease in operating liabilities	(134,003)	157,964	68,273.94	(133,914)	158,285	68,247.76
<b>Net cash (outflows)/ inflows from operating activities</b>	<b>(119,064)</b>	<b>168,589</b>	<b>151,114</b>	<b>(119,856)</b>	<b>169,039</b>	<b>151,107</b>
Purchase of investment securities	(45,000)	(37,468)	(21,703)	(45,000)	(37,468)	(21,703)
Proceeds from disposal of investment securities	93,348	4,299	-	93,348	4,299	-
Cash flow on acquisition of equipment	(207)	(79)	(75)	(207)	(79)	(75)
Cash flow on disposal of equipment	-	-	-	-	-	-
Cash flow on additional investment in subsidiary	-	-	-	-	(450)	-
<b>Net cash inflows/ (outflows) from investing activities</b>	<b>48,141</b>	<b>(33,248)</b>	<b>(21,779)</b>	<b>48,141</b>	<b>(33,698)</b>	<b>(21,778)</b>
Dividends paid to ordinary shareholders	-	-	-	-	-	-
Reverse repurchase agreements made with banks	(55,000)	-	-	(55,000)	-	-
<b>Net cash outflows from financing activities</b>	<b>(55,000)</b>	<b>-</b>	<b>-</b>	<b>(55,000)</b>	<b>-</b>	<b>-</b>
Effects of exchange rates on cash and cash equivalents	16,027	(6,320)	(11,262)	16,027	(6,320)	(11,262)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(109,896)</b>	<b>129,021</b>	<b>118,074</b>	<b>(110,688)</b>	<b>129,021</b>	<b>118,067</b>
Cash and cash equivalents at beginning of the period/year	816,070	687,049	687,049	816,070	687,049	687,049
<b>Cash and cash equivalents at end of the period/year</b>	<b>706,174</b>	<b>816,070</b>	<b>805,123</b>	<b>705,382</b>	<b>816,070</b>	<b>805,116</b>
<b>Cash and cash equivalents is defined as including:</b>						
Cash in hand	5	9	6	5	9	6
Cash and balances at central bank (unrestricted balance)	13,755	3,685	6,836	13,755	3,685	6,836
Due from banks	692,516	812,376	798,274	691,725	812,376	798,274
<b>Cash and cash equivalents at end of the period/year</b>	<b>706,276</b>	<b>816,070</b>	<b>805,116</b>	<b>705,485</b>	<b>816,070</b>	<b>805,116</b>



## Notes to the unaudited financial accounts for the nine months ended 31 December 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 31 December 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 nine months ended 31 December 2017

3. Related party transactions

As at US\$'000	Group			Bank		
	31 December 2017	31 March 2017	31 December 2016	31 December 2017	31 March 2017	31 December 2016
Net fair value of derivatives held with group companies	(6,916)	3,159	5,220	(6,916)	3,159	5,220
Interest income	4,043	4,834	3,744	4,064	4,856	3,757
Interest expense	(5,829)	(6,555)	(4,921)	(5,829)	(6,555)	(4,921)
Loans and advances	8,096	47,966	47,289	8,096	47,966	47,289
Deposits	(7,889)	(6,331)	(9,200)	(7,889)	(6,331)	(9,200)
Net amount due to group companies	(30,343)	(8,189)	(2,841)	(29,880)	(8,282)	(2,499)
Amount due from holding bank	76,878	15,765	66,134	76,878	15,765	65,972
Debt securities in issue	255,926	249,879	248,573	255,926	249,879	248,573

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 2017, loans and advances amounting to US\$ 187 K were unsecured (31 March 2017: US\$ 160K and 31 December 2016: US\$ 164K). For the period ended 31 December 2017, the bank has not made any impairment relating to amounts owed by related parties (31 March 2017: Nil and 31 December 2016: Nil).



**Credit and counterparty risk information**

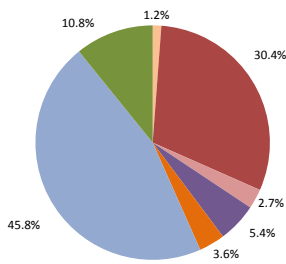
The table that follows provides an analysis of gross credit and counterparty exposures

**Group and Bank**

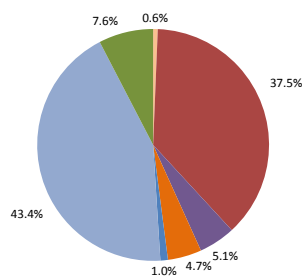
US\$'000	31 December 2017	31 March 2017	31 December 2016	31 December 2017 vs 31 March 2017 % change	Average <sup>a</sup>
<b>On-balance sheet exposures</b>	<b>1,804,627</b>	<b>1,962,922</b>	<b>1,816,096</b>	<b>(0.6)</b>	<b>1,883,775</b>
Balances at central bank	24,058	13,706	14,510	75.5	18,882
Due from banks	615,638	796,611	732,302	(22.7)	706,125
Reverse repurchase agreements	55,039	-	-	100.0	27,520
Investment securities - bank debt securities	110,051	108,399	106,659	1.5	109,225
Investment securities - other debt securities	72,349	100,202	85,657	(27.8)	86,275
Investment securities - sovereign debt securities	-	22,214	21,755	(100.0)	11,107
Loans and advances to customers	927,492	921,790	855,214	0.6	924,641
<b>Off-balance sheet exposures</b>	<b>218,841</b>	<b>161,840</b>	<b>170,775</b>	<b>28.1</b>	<b>190,340</b>
Guarantees <sup>a</sup>	6,505	4,854	5,553	34.0	5,680
Committed facilities	212,335	156,986	165,222	35.3	184,660
<b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b>	<b>2,023,468</b>	<b>2,124,762</b>	<b>1,986,871</b>	<b>(4.8)</b>	<b>2,074,115</b>

<sup>a</sup>Where the average is based on a straight line average for period 1 April 2017 to 31 December 2017.  
<sup>^</sup>Excludes guarantees provided to clients which are backed/secured by cash deposits with the bank.

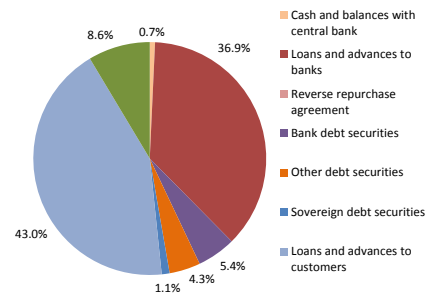
**31 December 2017**



**31 March 2017**



**31 December 2016**





## Asset quality and impairments

### Group and Bank

US\$'000	31 December 2017	31 March 2017	31 December 2016
<b>Gross core loans and advances to customers</b>	<b>927,492</b>	<b>921,790</b>	<b>855,214</b>
<b>Total impairments</b>	<b>(10,098)</b>	<b>(7,795)</b>	<b>(7,207)</b>
Specific impairments	(3,064)	(653)	(518)
Portfolio impairments	(7,034)	(7,142)	(6,689)
<b>Net core loans and advances to customers</b>	<b>917,394</b>	<b>913,995</b>	<b>848,007</b>
<b>Average gross core loans and advances to customers</b>	<b>924,641</b>	<b>909,789</b>	<b>876,501</b>
Current loans and advances to customers	881,336	863,381	729,653
Past due and default core loans and advances to customers	46,156	58,409	125,561
Past due loans and advances to customers	3,305	1,456	67,762
Special mention loans and advances to customers	21,055	28,008	30,716
Default loans and advances to customers	21,796	28,945	27,083
<b>Gross core loans and advances to customers</b>	<b>927,492</b>	<b>921,790</b>	<b>855,214</b>
Current loans and advances to customers	881,336	880,729	729,653
Gross core loans and advances to customers that are past due but not impaired	29,635	16,844	98,478
Gross core loans and advances to customers that are impaired *	16,522	24,217	27,083
<b>Gross core loans and advances to customers</b>	<b>927,492</b>	<b>921,790</b>	<b>855,214</b>
<b>Total income statement (losses)/ reversals for impairments on core loans and advances</b>	<b>(1,934)</b>	<b>(3,535)</b>	<b>(2,525)</b>
Gross default loans and advances to customers	16,522	28,945	27,083
Specific impairments	(3,064)	(653)	(518)
Portfolio impairments	(7,034)	(7,142)	(6,689)
<b>Defaults net of impairments</b>	<b>6,423</b>	<b>21,150</b>	<b>19,875</b>
Collateral and other credit enhancements	9,407	40,325	39,411
<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	1.09%	0.85%	0.84%
Total impairments as a % of gross default loans	61.12%	26.93%	26.61%
Gross defaults as a % of gross core loans and advances to customers	1.78%	3.14%	3.17%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.70%	2.31%	2.34%
Net defaults as a % of gross core loans and advances to customers	0.00%	-	-
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.28%	0.39%	0.38%

\* 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	
	31 December 2017	31 March 2017	31 December 2016	31 December 2017	31 March 2017	31 December 2016
<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	56,478
Retained earnings	259,755	265,260	238,311	259,524	265,695	238,248
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	56,478	55,949	56,160	56,478	55,949	56,160
<b>Common equity tier 1 capital before regulatory adjustments</b>	<b>372,712</b>	<b>377,687</b>	<b>350,949</b>	<b>372,481</b>	<b>378,122</b>	<b>350,887</b>
<b>Common equity tier 1 capital: regulatory adjustments</b>						
Deferred tax assets	357	357	116	305	305	116
<b>Total regulatory adjustments to common equity tier 1 capital</b>	<b>357</b>	<b>357</b>	<b>116</b>	<b>305</b>	<b>305</b>	<b>116</b>
<b>Common equity tier 1 capital (CET1)</b>	<b>372,355</b>	<b>377,330</b>	<b>350,833</b>	<b>372,176</b>	<b>377,817</b>	<b>350,770</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)	16,399	16,934	12,310	16,401	16,953	12,310
<b>Tier 2 capital before regulatory adjustments</b>	<b>16,399</b>	<b>16,934</b>	<b>12,310</b>	<b>16,401</b>	<b>16,953</b>	<b>12,310</b>
<b>Total capital (capital base) (TC = T1 + T2)</b>	<b>388,754</b>	<b>394,264</b>	<b>363,143</b>	<b>388,577</b>	<b>394,770</b>	<b>363,080</b>
<b>Risk-weighted assets</b>						
Risk-weighted on-balance sheet assets	1,197,627	1,256,567	1,141,919	1,197,826	1,258,083	1,142,270
Non-market related off-balance sheet risk-weighted assets	110,510	91,219	85,224	110,510	91,219	85,224
Market related off-balance sheet risk-weighted assets	3,773	6,973	6,709	3,773	6,973	6,709
Operational risk	87,146	87,146	95,580	87,146	87,146	95,580
Aggregate net open foreign exchange position	7,192	3,251	3,246	7,192	3,251	3,246
<b>Total risk-weighted assets</b>	<b>1,406,249</b>	<b>1,445,156</b>	<b>1,332,678</b>	<b>1,406,447</b>	<b>1,446,672</b>	<b>1,333,028</b>
<b>Capital adequacy ratio (%)</b>	<b>27.6%</b>	<b>27.2%</b>	<b>27.2%</b>	<b>27.6%</b>	<b>27.2%</b>	<b>27.2%</b>
<b>Tier 1 ratio</b>	<b>26.5%</b>	<b>26.0%</b>	<b>26.3%</b>	<b>26.5%</b>	<b>26.0%</b>	<b>26.3%</b>

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	286,960	259,755	287,164	259,524
Other reserves	66,019	56,478	66,019	56,478
<b>Qualifying common equity tier 1 capital before regulatory adjustments</b>	<b>409,457</b>	<b>372,712</b>	<b>409,661</b>	<b>372,481</b>
Deferred tax assets	(357)	(357)	(305)	(305)
<b>Tier 1 capital</b>	<b>409,100</b>	<b>372,355</b>	<b>409,356</b>	<b>372,176</b>
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)		16,399		16,401
<b>Total qualifying capital</b>	<b>409,100</b>	<b>388,754</b>	<b>409,356</b>	<b>388,577</b>



Risk-weighted assets

US\$'000	Bank		Group			Bank			
	31 December 2017		31 December 2017	31 March 2017	31 December 2016	31 December 2017	31 March 2017	31 December 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 assets
Cash items	5	0%	-	-	-	-	-	-	-
Claims on sovereigns	37,950	50%-100%	29,725	28,442	26,421	29,725	28,442	26,421	26,421
Claims on central banks and international institutions	24,058	0%-50%	10,287	5,494	4,823	10,287	5,494	4,823	4,823
Claims on banks	839,124	20%-50%	245,481	231,699	207,353	244,690	231,699	207,353	207,353
Claims on non-central government public sector entities (PSEs)	54,820	50%	27,410	27,198	-	27,410	27,198	-	-
Claims on corporates	658,901	20%-150%	657,909	723,856	700,671	658,901	725,372	701,030	701,030
Claims included in the regulatory retail portfolio	-	0%	-	-	123	-	-	123	123
Claims secured by residential property	60,188	35%-125%	47,175	25,253	20,651	47,175	25,253	20,651	20,651
Claims secured by commercial real estate	127,156	100%-125%	136,936	148,786	135,462	136,936	148,786	135,462	135,462
Past due claims	14,978	100%-150%	20,080	40,934	23,076	20,080	40,934	23,076	23,076
Other assets	21,921	100%-250%	22,626	24,905	23,339	22,623	24,905	23,330	23,330
<b>Total on-balance sheet credit risk-weighted exposures</b>	<b>1,839,101</b>		<b>1,197,627</b>	<b>1,256,567</b>	<b>1,141,919</b>	<b>1,197,826</b>	<b>1,258,083</b>	<b>1,142,270</b>	<b>1,142,270</b>



### Risk-weighted assets

#### Group and Bank

US\$'000	31 December 2017				31 March 2017	31 December 2016
	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	4,291	100	4,509	4,291	4,267	4,855
Transaction-related contingent items	2,245	50	1,122	1,242	233	255
Total other commitments	259,439	20-50	105,278	104,977	86,719	80,114
<b>Total non-market-related off-balance sheet risk-weighted credit exposures</b>	<b>265,975</b>		<b>110,910</b>	<b>110,510</b>	<b>91,219</b>	<b>85,224</b>

#### Group and Bank

US\$'000	31 December 2017				31 March 2017	31 December 2016	
	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	81,636	521	840	1,361	680	815	500
Foreign exchange and gold contracts	407,801	7,618	-	4,776	1,217	4,847	4,487
Other market-related contracts	-	-	15,058	15,058	1,876	1,311	1,722
<b>Total market-related off-balance sheet risk-weighted credit exposures</b>	<b>489,436</b>	<b>8,139</b>	<b>15,898</b>	<b>21,194</b>	<b>3,773</b>	<b>6,973</b>	<b>6,709</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 2017 US\$'million	Demand	Up to one month	One to three months	Three to Nine months	Nine months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	341	247	106	-	-	-	-	694
Investment/trading assets	-	-	-	19	-	115	80	214
Advances	5	6	103	61	137	509	96	917
Other assets	-	-	-	-	-	-	5	5
<b>Assets</b>	<b>346</b>	<b>253</b>	<b>209</b>	<b>80</b>	<b>137</b>	<b>624</b>	<b>181</b>	<b>1,830</b>
Deposits - non-banks	(740)	(91)	(40)	(90)	(73)	(7)	-	(1,041)
Securities sold under repurchase agreement	6	-	-	(18)	-	(89)	-	(101)
Other liabilities	(57)	-	-	(6)	-	-	-	(63)
<b>Liabilities</b>	<b>(791)</b>	<b>(91)</b>	<b>(40)</b>	<b>(114)</b>	<b>(73)</b>	<b>(96)</b>	<b>-</b>	<b>(1,205)</b>
Intercompany loans	11	60	1	-	-	(212)	(69)	(209)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(410)</b>	<b>(410)</b>
<b>Balance sheet</b>	<b>(434)</b>	<b>222</b>	<b>170</b>	<b>(34)</b>	<b>64</b>	<b>317</b>	<b>(298)</b>	<b>7</b>
Off-balance sheet	-	(5)	-	-	-	(4)	2	(7)
<b>Contractual liquidity gap</b>	<b>(434)</b>	<b>217</b>	<b>170</b>	<b>(34)</b>	<b>64</b>	<b>313</b>	<b>(296)</b>	<b>-</b>
Cumulative liquidity gap	(434)	(217)	(47)	(81)	(17)	296	-	-

At 31 March 2017 US\$'million	Demand	Up to one month	One to three months	Three to Nine months	Nine 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
<b>Assets</b>	<b>634</b>	<b>224</b>	<b>21</b>	<b>180</b>	<b>203</b>	<b>570</b>	<b>161</b>	<b>1,993</b>
Deposits - non-banks	(940)	(61)	(104)	(21)	(70)	(6)	-	(1,202)
Securities sold under repurchase agreement	-	-	-	-	(17)	(85)	-	(102)
Other liabilities	(57)	-	-	(5)	-	-	-	(62)
<b>Liabilities</b>	<b>(997)</b>	<b>(61)</b>	<b>(104)</b>	<b>(26)</b>	<b>(87)</b>	<b>(91)</b>	<b>-</b>	<b>(1,366)</b>
Intercompany loans	8	-	-	-	-	(205)	(45)	(242)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(388)</b>	<b>(388)</b>
<b>Balance sheet</b>	<b>(355)</b>	<b>163</b>	<b>(83)</b>	<b>154</b>	<b>116</b>	<b>274</b>	<b>(272)</b>	<b>(3)</b>
Off-balance sheet	1	(2)	-	-	-	3	1	3
<b>Contractual liquidity gap</b>	<b>(354)</b>	<b>161</b>	<b>(83)</b>	<b>154</b>	<b>116</b>	<b>277</b>	<b>(271)</b>	<b>-</b>
Cumulative liquidity gap	(354)	(193)	(276)	(122)	(6)	271	-	-

At 31 December 2016 US\$'million	Demand	Up to one month	One to three months	Three to Nine months	Nine months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	380	315	52	-	-	-	-	747
Investment/trading assets	-	0.40	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)	-



### Behavioural liquidity

At 31 December 2017 US\$ million	Demand	Up to one month	One to three months	Three to Nine months	Nine months to one year	One to five years	> five years	Total
<b>Behavioural liquidity gap</b>	<b>237</b>	<b>302</b>	<b>143</b>	<b>8</b>	<b>132</b>	<b>43</b>	<b>(865)</b>	-
Cumulative	237	539	682	690	822	865	(0)	-

At 31 March 2017 US\$ million	Demand	Up to one month	One to three months	Three to Nine months	Nine months to one year	One to five years	> five years	Total
<b>Behavioural liquidity gap</b>	<b>514</b>	<b>138</b>	<b>(69)</b>	<b>111</b>	<b>278</b>	<b>(123)</b>	<b>(849)</b>	-
Cumulative	514	652	683	694	972	849	-	-

At 31 December 2016 US\$ million	Demand	Up to one month	One to three months	Three to Nine months	Nine 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>	-
Cumulative	271	652	718	737	986	826	-	-

### 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 2017 US\$ million	Not > three months	> three months but < Nine months	> Nine months but < one year	> one year but < five years	> five years	Non rate	Total non-trading
Cash and short-term funds - banks	694	-	-	-	-	-	694
Investment/trading assets	49	19	-	98	14	34	214
Advances	826	47	2	41	-	-	916
Other assets	-	-	-	-	-	6	6
<b>Assets</b>	<b>1,569</b>	<b>66</b>	<b>2</b>	<b>139</b>	<b>14</b>	<b>40</b>	<b>1,830</b>
Deposits - non-banks	(893)	(90)	(51)	(7)	-	-	(1,041)
Repurchase agreements with banks	(101)	-	-	-	-	-	(101)
Other liabilities	-	-	-	-	-	(63)	(63)
<b>Liabilities</b>	<b>(994)</b>	<b>(90)</b>	<b>(51)</b>	<b>(7)</b>	<b>-</b>	<b>(63)</b>	<b>(1,205)</b>
Intercompany loans	(102)	(18)	-	(89)	-	-	(209)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(410)</b>	<b>(410)</b>
<b>Balance sheet</b>	<b>473</b>	<b>(42)</b>	<b>(49)</b>	<b>43</b>	<b>14</b>	<b>(433)</b>	<b>6</b>
Off balance sheet	59	(1)	(3)	(47)	(16)	1	(7)
<b>Repricing gap</b>	<b>532</b>	<b>(43)</b>	<b>(52)</b>	<b>(4)</b>	<b>(2)</b>	<b>(432)</b>	<b>-</b>
Cumulative repricing gap	532	489	437	433	431	-	-

At 31 March 2017 US\$ million	Not > three months	> three months but < Nine months	> Nine 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
<b>Assets</b>	<b>1,614</b>	<b>70</b>	<b>36</b>	<b>213</b>	<b>16</b>	<b>44</b>	<b>1,993</b>
Deposits - non-banks	(1,106)	(21)	(69)	(6)	-	-	(1,202)
Securities sold under repurchase agreement	(102)	-	-	-	-	-	(102)
Other liabilities	-	-	-	-	-	(62)	(62)
<b>Liabilities</b>	<b>(1,208)</b>	<b>(21)</b>	<b>(69)</b>	<b>(6)</b>	<b>-</b>	<b>(62)</b>	<b>(1,366)</b>
Intercompany loans	(94)	(44)	(18)	(86)	-	-	(242)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(388)</b>	<b>(388)</b>
<b>Balance sheet</b>	<b>312</b>	<b>5</b>	<b>(51)</b>	<b>121</b>	<b>16</b>	<b>(406)</b>	<b>(3)</b>
Off-balance sheet	145	(9)	5	(122)	(16)	-	3
<b>Repricing gap</b>	<b>457</b>	<b>(4)</b>	<b>(46)</b>	<b>(1)</b>	<b>-</b>	<b>(406)</b>	<b>-</b>
Cumulative repricing gap	457	453	407	406	406	-	-





At 31 December 2016 US\$'million	Sensitivity to the following interest rates (expressed in original currencies)					Non rate	Total non-trading
	Not > three months	> three months but < Nine months	> Nine months but < one year	> one year but < five years	> five years		
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	

### 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 2017</b>						
200bp down	(0.66)	0.51	(5.01)	0.23	(0.04)	<b>(4.12)</b>
200bp up	0.74	(0.50)	4.95	(0.22)	0.04	<b>4.10</b>
<b>31 March 2017</b>						
200bp down	(0.65)	1.45	(2.38)	0.27	0.08	<b>(0.39)</b>
200bp up	0.68	(1.35)	2.10	(0.26)	0.08	<b>0.25</b>
<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>

### 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)	Sensitivity to the following interest rates (expressed in original currencies)					Aggregate net open foreign exchange position
	EUR	GBP	JPY	MUR	Other currencies	
<b>31 December 2017</b>						
Long/(short) position	3,292	3,030	(1)	(1,063)	(4,518)	<b>7,192</b>
<b>31 March 2017</b>						
Long/(short) position	667	1,960	(273)	624	(2,453)	<b>3,251</b>
<b>31 December 2016</b>						
Long/(short) position	119	751	20	(132)	(2,396)	<b>3,246</b>