

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the quarter ended 30 June 2017

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





Unaudited financial report for the quarter ended 30 June 2017

The unaudited financial report for the quarter ended 30 June 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 increased to US\$5.4 million for the quarter ended 30 June 2017 as compared to US\$1.6 million for the quarter ended 30 June 2016. This was primarily due to an increase in fee and commission income and lower mark-to-market losses reported during the quarter under review.

Operating income before impairment increased from US\$4.4 million for the quarter ended 30 June 2016 to US\$10.2 million for the quarter ended 30 June 2017 mainly due to the following:

- Net fee and commission income increased by 27% from US\$1.6 million to US\$ 2.0 million mainly due to higher exit fees earned during the quarter under review.
- Investment loss stood at US\$2.6 million for the quarter under review as compared to a loss of US\$7.0 million for the quarter ended 30 June 2016.
- Net interest income decreased by 12% from US\$11.6 million to US\$10.2 million primarily due to the suspended interests on non performing deals amounting to US\$ 0.9 million for the quarter under review.

Loans and advances to customers increased by 4.3% to US\$885.9 million while external deposits decreased by 7.1% to US\$993.2 million as compared to the quarter ended 30 June 2016.

Impairment loss stood at US\$1.2 million mainly due to the anticipated losses on certain deals. A loan loss recovery of US\$1.1 million was made during the quarter ended 30 June 2016.

Operating expenses increased from US\$2.9 million to US\$3.2 million due to higher personnel and IT costs.

The share of loss in associates amounted to US\$13 k as compared to a gain of US\$335K for the comparative quarter.

The group remains well capitalised with a capital adequacy ratio of 28.1% as at 30 June 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 June 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 4.3% (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\$76.3 million (31 March 2017 – US\$74.5 million) representing 20.3% (31 March 2017 – 19.7%) 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.

A handwritten signature in black ink, appearing to read 'D. Lawrence'.

David M Lawrence
Chairman
Board of directors

A handwritten signature in black ink, appearing to read 'P. de Chasteigner du Mée'.

Pierre de Chasteigner du Mée
Director

A handwritten signature in black ink, appearing to read 'C. McKenzie'.

Craig C McKenzie
Chief executive officer/Director

Dated: 14 August 2017



Balance sheets

As at US\$'000	Group			Bank		
	30 June 2017	31 March 2017	30 June 2016	30 June 2017	31 March 2017	30 June 2016
Assets						
Cash and balances at central bank	15,137	13,715	11,514	15,137	13,715	11,514
Due from banks	617,452	812,376	688,991	617,452	812,376	688,991
Sovereign debt securities	21,731	22,214	-	21,731	22,214	-
Bank debt securities	110,014	108,399	110,415	110,014	108,399	110,415
Other debt securities	95,608	100,202	94,309	95,608	100,202	94,309
Derivative financial instruments	19,770	21,804	36,223	19,770	21,804	36,223
Investment portfolio	11,191	14,473	12,833	11,191	14,473	12,833
Loans and advances to customers	885,949	913,995	849,141	885,949	913,995	849,141
Interest in associated undertaking	4,242	4,160	4,100	4,242	4,160	4,100
Deferred taxation assets	357	357	116	305	305	116
Other assets	7,257	4,521	4,090	7,255	4,520	3,985
Equipment	304	294	333	304	294	333
Amount due from group companies	3,934	3,698	3,539	4,305	4,040	4,091
Investment in subsidiary	-	-	-	467	467	17
Total assets	1,792,946	2,020,208	1,815,604	1,793,730	2,020,964	1,816,068
Liabilities						
Derivative financial instruments	4,572	4,542	4,823	4,572	4,542	4,823
Repurchase agreements	102,667	101,645	106,415	102,667	101,645	106,415
Customer accounts (deposits)	993,155	1,202,181	1,068,800	993,155	1,202,181	1,068,800
Debt securities in issue	253,681	249,879	251,968	253,681	249,879	251,968
Amount due to group companies	11,707	11,887	9,586	12,118	12,318	9,586
Current taxation liabilities	1,330	950	784	1,330	950	784
Other liabilities	32,440	61,109	10,898	32,413	60,999	10,898
Total liabilities	1,399,552	1,632,193	1,453,274	1,399,936	1,632,514	1,453,274
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	65,461	66,277	60,670	65,461	66,277	60,670
Retained income	271,455	265,260	245,182	271,855	265,695	245,646
Shareholder's equity	393,394	388,015	362,330	393,794	388,450	362,794
Total liabilities and equity	1,792,946	2,020,208	1,815,604	1,793,730	2,020,964	1,816,068



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016
Interest income	14,884	57,732	14,947	14,890	57,753	14,951
Interest expense	(4,722)	(14,533)	(3,377)	(4,722)	(14,533)	(3,377)
Net interest income	10,162	43,199	11,570	10,168	43,220	11,574
Fee and commission income	2,283	8,191	2,016	1,955	7,609	1,910
Fee and commission expense	(239)	(1,781)	(403)	(239)	(1,781)	(403)
Net fee and commission income	2,044	6,410	1,613	1,716	5,828	1,507
Investment (loss)/ income	(2,552)	(5,151)	(7,036)	(2,552)	(5,151)	(7,036)
Net trading income/ (loss)	530	(654)	(1,732)	532	(651)	(1,737)
Total operating income before impairment reversals / (losses) on loans and advances	10,184	43,803	4,415	9,864	43,246	4,308
Impairment (losses) / reversals on loans and advances	(1,223)	(3,535)	224	(1,223)	(3,535)	224
Operating income	8,961	40,268	4,639	8,641	39,711	4,532
Operating costs	(3,180)	(12,897)	(2,865)	(2,893)	(12,291)	(2,733)
Operating profit	5,781	27,371	1,774	5,748	27,420	1,799
Share of (loss)/ profit in associate	(13)	448	335	(13)	448	335
Profit before taxation	5,768	27,819	2,109	5,735	27,868	2,134
Taxation	(380)	(1,883)	(470)	(380)	(1,935)	(470)
Profit after taxation	5,388	25,936	1,639	5,355	25,933	1,664
Analysed as follows:						
Transfer to regulatory general risk reserve	-	4,095	-	-	4,095	-
Transfer to retained earnings	5,388	21,842	1,639	5,355	21,838	1,664
Profit attributable to equity holder of the bank	5,388	25,937	1,639	5,355	25,933	1,664

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016
Profit after taxation	5,388	25,937	1,639	5,355	25,933	1,664
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	(107)	2,229	763	(107)	2,229	763
-Gain on realisation of available-for-sale assets recycled through the income statement	-	(26)	-	-	(26)	-
-Foreign currency adjustments on translating associated undertaking	97	(8)	45	97	(8)	45
Total other comprehensive (loss)/ income	(10)	2,195	808	(10)	2,195	808
Total comprehensive income attributable to equity holder of the bank	5,378	28,132	2,447	5,345	28,128	2,471



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 June 2017							
Profit after taxation	-	-	-	-	-	5,388	5,388
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(107)	-	-	-	(107)
Foreign currency adjustments on translating associated undertaking	-	97	-	-	-	-	97
Total comprehensive income/ (loss)	-	97	(107)	-	-	5,388	5,378
Transfer to regulatory general risk reserve	-	-	-	(805)	-	805	-
At 30 June 2017	56,478	(322)	(217)	9,523	56,478	271,455	393,394
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 income/ (loss)	-	(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 June 2016							
Profit after taxation	-	-	-	-	-	1,639	1,639
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	763	-	-	-	763
Foreign currency adjustments on translating associated undertaking	-	45	-	-	-	-	45
Total comprehensive income	-	45	763	-	-	1,639	2,447
Transfer to regulatory general risk reserve	-	-	-	(125)	-	125	-
Balance at 30 June 2016	56,478	(366)	(1,550)	6,108	56,478	245,182	362,330
Bank							
At 1 April 2017	56,478	(419)	(110)	10,328	56,478	265,695	388,450
Movement in reserves 1 April 2017 - 30 June 2017							
Profit after taxation	-	-	-	-	-	5,355	5,355
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(107)	-	-	-	(107)
Foreign currency adjustments on translating associated undertaking	-	97	-	-	-	-	97
Total comprehensive income/ (loss)	-	97	(107)	-	-	5,355	5,345
Transfer to regulatory general risk reserve	-	-	-	(805)	-	805	-
At 30 June 2017	56,478	(322)	(217)	9,523	56,478	271,855	393,794
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 June 2016							
Profit after taxation	-	-	-	-	-	1,664	1,664
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	763	-	-	-	763
Foreign currency adjustments on translating associated undertaking	-	45	-	-	-	-	45
Total comprehensive income	-	45	763	-	-	1,664	2,471
Transfer to regulatory general risk reserve	-	-	-	(125)	-	125	-
Balance at 30 June 2016	56,478	(366)	(1,550)	6,108	56,478	245,645	362,794



Cash flow statements

For the period/ year ended US\$'000	Group		Bank			
	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016	Quarter 30 June 2017	Year 31 March 2017	Quarter 30 June 2016
Profit before taxation adjusted for non-cash items	6,409	44,957	15,843	6,376	45,005	15,867
Taxation paid	-	(1,507)	25,504	-	(1,507)	25,479
Increase/ (decrease) in operating assets	27,494	(32,825)	(27,669)	27,466	(32,744)	(27,669)
(Increase) / decrease in operating liabilities	(237,843)	157,964	-	(237,762)	158,285	-
Net cash (outflows)/ inflows from operating activities	(203,940)	168,589	13,677	(203,940)	169,039	13,677
Purchase of investment securities	-	(37,468)	-	-	(37,468)	-
Proceeds from disposal of investment securities	2,931	4,299	-	2,931	4,299	-
Cash flow on acquisition of equipment	-	(79)	(24)	-	(79)	(24)
Cash flow on additional investment in subsidiary	-	-	-	-	(450)	-
Net cash inflows/ (outflows) from investing activities	2,931	(33,248)	(24)	2,931	(33,698)	(24)
Effects of exchange rates on cash and cash equivalents	8,161	(6,320)	(7,645)	8,161	(6,320)	(7,645)
Net (decrease)/ increase in cash and cash equivalents	(192,848)	129,021	6,008	(192,848)	129,021	6,008
Cash and cash equivalents at beginning of the period/year	816,070	687,049	690,314	816,070	687,049	690,314
Cash and cash equivalents at end of the period/year	623,222	816,070	696,322	623,222	816,070	696,322
Cash and cash equivalents is defined as including:						
Cash in hand	9	9	4	9	9	4
Cash and balances at central bank (unrestricted balance)	5,761	3,685	7,327	5,761	3,685	7,327
Due from banks	617,452	812,376	688,991	617,452	812,376	688,991
Cash and cash equivalents at end of the period/year	623,222	816,070	696,322	623,222	816,070	696,322



Notes to the unaudited financial accounts for the quarter ended 30 June 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 quarter ended 30 June 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 quarter ended 30 June 2017

3. Related party transactions

As at US\$'000	Group			Bank		
	30 June 2017	31 March 2017	30 June 2016	30 June 2017	31 March 2017	30 June 2016
Net fair value of derivatives held with group companies	(19)	3,159	18,758	(19)	3,159	18,758
Interest income	1,467	4,834	1,349	1,473	4,856	1,353
Interest expense	(1,711)	(6,555)	(1,626)	(1,711)	(6,555)	(1,626)
Loans and advances	53,098	47,966	52,394	53,098	47,966	52,394
Deposits	(7,798)	(6,331)	(8,447)	(7,798)	(6,331)	(8,447)
Net amount due to group companies	(7,773)	(8,189)	(6,047)	(7,813)	(8,282)	(5,495)
Amount due from holding bank	92,126	15,765	278,695	92,126	15,765	278,695
Debt securities in issue	253,681	249,879	251,967	253,681	249,879	251,967

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 June 2017, loans and advances amounting to US\$ 154K were unsecured (31 March 2017: US\$ 160K and 30 June 2016: US\$ 53K). For the quarter ended 30 June 2017, the bank has not made any impairment relating to amounts owed by related parties (31 March 2017: Nil and 30 June 2016: Nil).



Credit and counterparty risk information

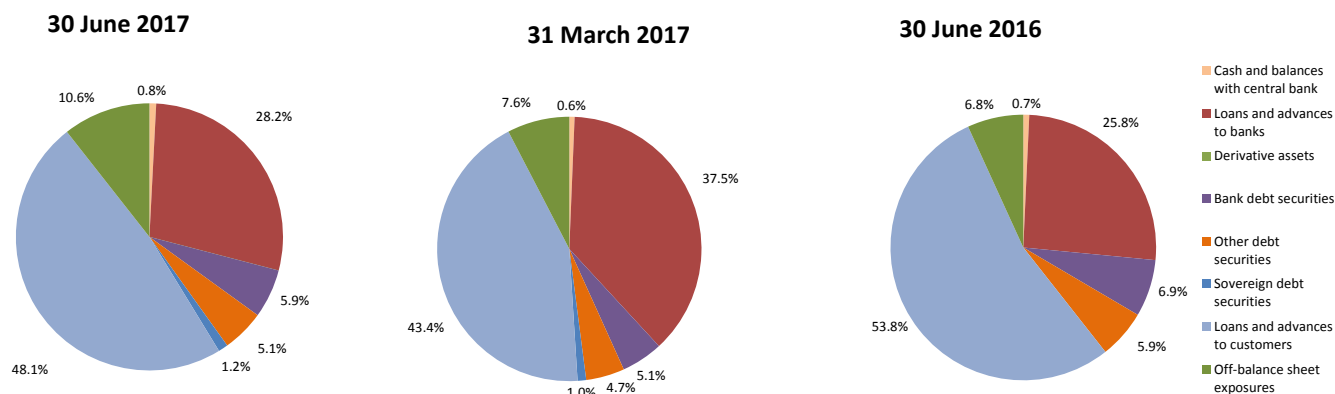
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	30 June 2017	31 March 2017	30 June 2016	30 June 2017 vs 31 March 2017 % change	Average*
On-balance sheet exposures	1,663,048	1,962,922	1,482,139	12.2	1,812,986
Balances at central bank	15,128	13,706	11,510	10.4	14,417
Loans and advances to banks	525,326	796,611	410,296	>100	660,969
Investment securities - bank debt securities	110,014	108,399	110,415	1.5	109,207
Investment securities - other debt securities	95,608	100,202	94,309	(4.6)	97,905
Investment securities - sovereign debt securities	21,731	22,214	-	-	21,973
Derivative financial instruments	6	-	-	>100	3
Loans and advances to customers	895,234	921,790	855,609	(2.9)	908,512
Off-balance sheet exposures	197,132	161,840	108,442	81.8	179,485
Guarantees [^]	6,895	4,854	10,962	42.0	5,874
Committed facilities	190,237	156,986	97,480	21.2	173,611
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,860,180	2,124,762	1,590,581	(12.5)	1,992,471

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

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





Asset quality and impairments

Group and Bank

US\$'000	30 June 2017	31 March 2017	30 June 2016
Gross core loans and advances to customers	895,234	921,790	855,609
Total impairments	(9,285)	(7,795)	(6,468)
Specific impairments	(2,401)	(653)	-
Portfolio impairments	(6,885)	(7,142)	(6,468)
Net core loans and advances to customers	885,949	913,995	849,141
Average gross core loans and advances to customers	908,512	909,789	876,698
Current loans and advances to customers	817,265	863,381	776,545
Past due loans and advances to customers (1-60 days)	39,809	1,456	8,489
Special mention loans and advances to customers	21,677	28,008	69,588
Default loans and advances to customers	16,483	28,945	987
Gross core loans and advances to customers	895,234	921,790	855,609
Current loans and advances to customers	817,265	880,729	776,545
Gross core loans and advances to customers that are past due but not impaired	61,486	16,844	79,064
Gross core loans and advances to customers that are impaired *	16,483	24,217	-
Gross core loans and advances to customers	895,234	921,790	855,609
Total income statement (losses)/ reversals for impairments on core loans and advances	(1,223)	(3,535)	224
Gross default loans and advances to customers	16,483	28,945	987
Specific impairments	(2,401)	(653)	-
Portfolio impairments	(6,885)	(7,142)	(6,468)
Defaults net of impairments	7,197	21,150	(5,480)
Collateral and other credit enhancements	13,169	40,325	3,138
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	1.04%	0.85%	0.76%
Total impairments as a % of gross default loans	56.33%	26.93%	>100%
Gross defaults as a % of gross core loans and advances to customers	1.84%	3.14%	0.12%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.81%	2.31%	(0.65%)
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)	0.18%	0.39%	(0.03%)

* 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 June 2017	31 March 2017	30 June 2016	30 June 2017	31 March 2017	30 June 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	264,047	265,260	242,214	264,014	265,695	242,238
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	55,938	55,949	54,562	55,938	55,949	54,562
Common equity tier 1 capital before regulatory adjustments	376,464	377,687	353,254	376,431	378,122	353,279
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)	376,107	377,330	353,138	376,126	377,817	353,163
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)	16,271	16,934	12,575	16,281	16,953	12,575
Tier 2 capital before regulatory adjustments	16,271	16,934	12,575	16,281	16,953	12,575
Total capital (capital base) (TC = T1 + T2)	392,378	394,264	365,713	392,407	394,770	365,738
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,182,118	1,256,567	1,114,322	1,182,904	1,258,083	1,114,786
Non-market related off-balance sheet risk-weighted assets	109,965	91,219	70,988	109,965	91,219	70,988
Market related off-balance sheet risk-weighted assets	9,597	6,973	11,111	9,597	6,973	11,111
Operational risk	87,146	87,146	95,580	87,146	87,146	95,580
Aggregate net open foreign exchange position	5,987	3,251	4,257	5,987	3,251	4,257
Total risk-weighted assets	1,394,813	1,445,156	1,296,258	1,395,598	1,446,672	1,296,722
Capital adequacy ratio (%)	28.1%	27.3%	28.2%	28.1%	27.3%	28.2%
Tier 1 ratio	27.0%	26.1%	27.2%	27.0%	26.1%	27.2%

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

As at 30 June 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	271,455	264,047	271,855	264,014
Other reserves	65,461	55,938	65,461	55,938
Qualifying common equity tier 1 capital before regulatory adjustments	393,394	376,464	393,794	376,431
Deferred tax assets	(357)	(357)	(305)	(305)
Tier 1 capital	393,037	376,107	393,489	376,126
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)		16,271		16,281
Total qualifying capital	393,037	392,378	393,489	392,407



Risk-weighted assets

US\$'000	Group and Bank		Group				Bank	
	30 June 2017		30 June 2017	31 March 2017	30 June 2016	30 June 2017	31 March 2017	30 June 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	14	0%	-	-	-	-	-	-
Claims on sovereigns	61,359	0%-50%	52,753	28,442	37,198	52,753	28,442	37,198
Claims on central banks and international institutions	15,128	0%-50%	5,741	5,494	3,370	5,741	5,494	3,370
Claims on banks	682,770	20%-100%	181,587	231,699	188,855	181,587	231,699	188,855
Claims on non-central government public sector entities (PSEs)	53,623	0%-50%	26,812	27,198	-	26,812	27,198	-
Claims on corporates	670,538	20%-100%	670,752	723,856	636,503	671,537	725,372	637,072
Claims secured by residential property	48,642	35%-125%	35,135	25,253	34,458	35,135	25,253	34,458
Claims secured by commercial real estate	156,771	100%-125%	165,715	148,786	192,201	165,715	148,786	192,201
Past due claims	13,250	100%-150%	19,610	40,934	337	19,610	40,934	337
Other assets	23,312	100%-250%	24,013	24,905	21,400	24,013	24,905	21,295
Total on-balance sheet credit risk-weighted exposures	1,725,406		1,182,119	1,256,567	1,114,321	1,182,904	1,258,083	1,114,786



Risk-weighted assets

Group and Bank

US\$'000	30 June 2017				31 March 2017	30 June 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	4,714	100%	4,714	4,271	4,267	6,424
Transaction-related contingent items	2,681	50%	1,340	1,247	233	1,652
Total other commitments	297,347	20%-50%	104,284	104,446	86,719	62,913
Total non-market-related off-balance sheet risk-weighted credit exposures	304,742		110,338	109,965	91,219	70,988

Group and Bank

US\$'000	30 June 2017				31 March 2017	30 June 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	124,800	703	1,187	1,890	1,890	815	354
Foreign exchange and gold contracts	344,765	5,852	3,373	9,225	5,812	4,847	9,183
Other market-related contracts	-	-	-	-	1,895	1,311	1,575
Total market-related off-balance sheet risk-weighted credit exposures	469,565	6,555	4,560	11,115	9,597	6,973	11,111



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 June 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	260	230	50	-	-	-	-	540
Investment/trading assets	-	50	2	1	21	148	36	258
Advances	12	44	50	107	104	446	123	886
Other assets	-	-	-	-	-	-	8	8
Assets	272	324	101	108	125	594	167	1,692
Deposits - non-banks	(667)	(52)	(17)	(133)	(114)	(10)	-	(993)
Securities sold under repurchase agreement	2	-	-	-	(18)	(87)	-	(103)
Other liabilities	(24)	-	-	(9)	-	-	-	(33)
Liabilities	(689)	(52)	(17)	(142)	(132)	(97)	-	(1,129)
Intercompany loans	85	-	-	-	-	(209)	(45)	(169)
Shareholders' funds	-	-	-	-	-	-	(394)	(394)
Balance sheet	(332)	272	84	(34)	(7)	288	(272)	-
Off-balance sheet	-	(2)	-	-	-	1	1	-
Contractual liquidity gap	(332)	270	84	(34)	(7)	289	(271)	-
Cumulative liquidity gap	(332)	(62)	22	(12)	(19)	270	-	-

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 June 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	256	115	51	-	-	-	-	422
Investment/trading assets	-	-	14	1	3	191	25	234
Advances	12	7	69	54	117	403	187	849
Other assets	-	-	-	-	-	-	4	4
Assets	268	122	134	55	120	594	216	1,509
Deposits - non-banks	(890)	(41)	(16)	(25)	(76)	(21)	-	(1,069)
Securities sold under repurchase agreement	(3)	-	-	-	-	(103)	-	(106)
Other liabilities	(7)	-	-	(5)	-	-	-	(12)
Liabilities	(900)	(41)	(16)	(30)	(76)	(124)	-	(1,187)
Intercompany loans	118	100	55	-	-	-	(252)	21
Shareholders' funds	-	-	-	-	-	-	(363)	(363)
Balance sheet	(514)	181	174	25	44	470	(400)	(20)
Off-balance sheet	-	15	-	6	-	2	(2)	20
Contractual liquidity gap	(514)	196	174	31	44	472	(402)	-
Cumulative liquidity gap	(514)	(318)	(144)	(114)	(69)	402	-	-



Behavioural liquidity

At 30 June 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	229	301	76	45	49	82	(782)	-
Cumulative	229	530	606	651	700	782	-	-

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 June 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	247	237	119	15	241	88	(947)	-
Cumulative	247	484	603	618	859	947	-	-

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 June 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	540	-	-	-	-	-	540
Investment/trading assets	56	-	20	128	16	38	258
Advances	752	46	2	87	-	-	887
Other assets	-	-	-	-	-	8	8
Assets	1,348	46	22	215	16	46	1,693
Deposits - non-banks	(742)	(133)	(113)	(5)	-	-	(993)
Repurchase agreements with banks	(103)	-	-	-	-	-	(103)
Other liabilities	-	-	-	-	-	(34)	(34)
Liabilities	(845)	(133)	(113)	(5)	-	(34)	(1,130)
Intercompany loans	(62)	-	(18)	(89)	-	-	(169)
Shareholders' funds	-	-	-	-	-	(394)	(394)
Balance sheet	441	(87)	(109)	121	16	(382)	(0)
Off balance sheet	134	(3)	6	(121)	(16)	-	-
Repricing gap	575	(90)	(103)	-	-	(382)	(0)
Cumulative repricing gap	575	485	382	382	382	(0)	-

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 June 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	422	-	-	-	-	-	422
Investment/trading assets	8	-	1	188	-	37	234
Advances	760	2	16	71	-	-	849
Other assets	-	-	-	-	-	4	4
Assets	1,190	2	17	259	-	41	1,509
Deposits - non-banks	(945)	(25)	(76)	(22)	-	-	(1,069)
Repurchase agreements with banks	(106)	-	-	-	-	-	(106)
Other liabilities	-	-	-	-	-	(12)	(12)
Liabilities	(1,051)	(25)	(76)	(22)	-	(12)	(1,187)
Intercompany loans	171	-	-	(150)	-	-	21
Shareholders' funds	-	-	-	-	-	(363)	(363)
Balance sheet	310	(23)	(59)	87	-	(334)	(20)
Off balance sheet	136	(57)	36	(92)	-	(3)	20
Repricing gap	446	(80)	(23)	(5)	-	(337)	-
Cumulative repricing gap	446	365	343	337	337	-	-

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)					AUD	All (USD)
	ZAR	GBP	USD	EUR	EUR		
30 June 2017							
200bp down	0.95	1.20	(2.98)	0.16	(0.06)		(1.22)
200bp up	(0.80)	(1.12)	2.70	(0.15)	0.06		1.06
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 June 2016							
200bp down	(1.18)	1.56	0.65	0.19	0.08		2.92
200bp up	1.25	(1.42)	(0.61)	(0.19)	(0.08)		(2.68)

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 June 2017						
Long/(short) position	3,859	1,461	-	(704)	(2,961)	5,987
31 March 2017						
Long/(short) position	667	1,960	(273)	624	(2,453)	3,251
30 June 2016						
(Short)/long position	41	980	23	132	(3,327)	4,257