

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the six months ended 30 September 2018

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 2018

The unaudited financial report for the six months ended 30 September 2018 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

- Net interest income increased by 9.4% from US\$20.0 million for the six months ended 30 September 2017 to US\$21.9 million for the six months ended 30 September 2018 as result of improved margins.
- Net fee and commission income increased significantly from US\$3.3 million to US\$6.8 million due to non-recurring fees recognised during the current period.
- Investment loss stood at US\$4.6 million for the period under review as compared to a loss of US\$4.0 million for the period ended 30 September 2017 due to the negative performance of investments.
- Impairments of US\$0.7 million were provided for during the period against a provision of US\$2.0 million for the comparative period.
- Operating expenses increased slightly by 1.2% to US\$6.6 million during the six months under review.

Profit after tax stood at US\$16.4 million for the six months ended 30 September 2018 as compared to US\$11.3 million for the six months ended 30 September 2017. This was primarily due to the non-recurring fees recognised during the current period.

Loans and advances to customers decreased by 12% to US\$848 million while external deposits decreased by 26% to US\$755 million as compared to the comparative period. This resulted in the loan to deposit ratio to increase from 0.95 in the comparative period to 1.2.

A dividend of US\$87.1 million was distributed during the period, which resulted in the capital adequacy ratio to decrease to 26.9%. The group however remains well capitalised with a capital adequacy ratio 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 2018, the total on and off-balance sheet credit exposure to related parties amounted to US\$64.6 million (31 March 2018 – US\$55.2 million) representing 4.4% (31 March 2018 – 3.2%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$63.4 million (31 March 2018 – US\$55.1 million) representing 19.9% (31 March 2018 – 13.4%) of Tier 1 Capital.

All related party transactions were within the regulatory limits as recommended in the above mentioned 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.

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 2018



Balance sheets

As at US\$'000	Group			Bank		
	30 September 2018	31 March 2018	30 September 2017	30 September 2018	31 March 2018	30 September 2017
Assets						
Cash and balances at central bank	15,123	16,695	-	15,123	16,695	14,609
Due from banks	348,139	459,119	14,609	348,139	459,119	619,537
Reverse repurchase agreements	65,353	75,186	619,875	65,353	75,186	-
Sovereign debt securities	873	-	-	873	-	-
Bank debt securities	124,990	137,604	110,323	124,990	137,604	110,323
Other debt securities	28,738	30,172	88,967	28,738	30,172	88,967
Derivative financial instruments	19,724	17,437	17,382	19,724	17,437	17,382
Investment portfolio	7,319	12,993	9,524	7,319	12,993	9,524
Loans and advances to customers	848,054	952,637	962,257	848,054	952,637	962,257
Interest in associated undertaking	4,598	4,598	4,232	4,598	4,598	4,232
Deferred taxation assets	438	438	357	437	437	305
Other assets	12,169	7,203	7,363	12,161	7,137	7,360
Equipment	354	395	291	353	394	291
Amount due from group companies	1,525	3,366	3,725	1,532	3,365	4,433
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,477,396	1,717,843	1,838,905	1,477,859	1,718,241	1,839,687
Liabilities						
Derivative financial instruments	1,937	3,508	5,722	1,937	3,508	5,722
Repurchase agreements	78,788	101,924	102,685	78,788	101,924	102,685
Customer accounts (deposits)	754,597	893,397	1,023,229	755,066	893,717	1,023,229
Debt securities in issue	254,580	258,563	255,334	254,580	258,563	255,334
Amount due to group companies	28,832	32,030	30,606	28,830	32,024	31,019
Current taxation liabilities	477	1,020	604	453	1,020	604
Other liabilities	6,938	7,425	20,996	6,893	7,322	20,958
Total liabilities	1,126,150	1,297,867	1,439,176	1,126,547	1,298,078	1,439,551
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	70,896	65,152	66,422	70,896	65,152	66,422
Retained income	223,872	298,346	276,829	223,938	298,533	277,236
Shareholder's equity	351,246	419,976	399,729	351,312	420,163	400,136
Total liabilities and equity	1,477,396	1,717,843	1,838,905	1,477,859	1,718,241	1,839,687



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2018	Year 31 March 2018	Six months ended 30 September 2017	Six months ended 30 September 2018	Year 31 March 2018	Quarter 30 September 2017
Interest income	35,614	69,538	29,768	35,617	69,571	14,893
Interest expense	(13,704)	(26,469)	(9,743)	(13,707)	(26,483)	(5,020)
Net interest income	21,911	43,069	20,025	21,909	43,088	9,872
Fee and commission income	8,155	10,372	4,171	7,853	9,256	1,754
Fee and commission expense	(1,387)	(1,434)	(882)	(1,373)	(1,434)	(643)
Net fee and commission income	6,768	8,938	3,288	6,480	7,822	1,110
Investment loss	(4,602)	(1,678)	(3,969)	(4,602)	(1,678)	(1,417)
Net trading income / (loss)	286	369	1,301	289	321	791
Other operating income	109	-	-	109	-	-
Total operating income before impairment	24,472	50,698	20,646	24,185	49,553	10,357
Impairment charge on loans and advances	(753)	(3,214)	(1,956)	(753)	(3,214)	(732)
Operating income	23,719	47,484	18,690	23,432	46,339	9,626
Operating costs	(6,566)	(14,018)	(6,489)	(6,441)	(13,172)	(3,200)
Operating profit	17,153	33,466	12,201	16,991	33,167	6,425
Share of profit / (loss) in associate	140	138	(49)	140	138	(36)
Profit before taxation	17,293	33,604	12,152	17,131	33,305	6,388
Taxation	(871)	(1,904)	(830)	(830)	(1,853)	(450)
Profit after taxation	16,422	31,700	11,322	16,301	31,452	5,938
Analysed as follows:						
Transfer (from) / to regulatory general risk reserve	(5,351)	(1,386)	247	(5,351)	(1,386)	(559)
Transfer to retained earnings	21,773	33,086	11,076	21,652	32,838	6,497
Profit attributable to equity holder of the bank	16,422	31,700	11,322	16,301	31,452	5,938

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2018	Year 31 March 2018	Quarter 30 September 2017	Six months ended 30 September 2018	Year 31 March 2018	Quarter 30 September 2017
Profit after taxation	16,422	31,700	11,322	16,301	31,452	5,938
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on available-for-sale assets taken directly to other comprehensive income	192	(75)	232	192	(75)	339
-Foreign currency adjustments on translating associated undertaking	(141)	300	121	(141)	300	25
Other comprehensive (loss) / income	(18)	36	39	(18)	36	39
Total other comprehensive (loss) / income	33	261	392	33	261	403
Total comprehensive income attributable to equity holder of the bank	16,455	31,961	11,715	16,334	31,713	6,341



Statements of changes in equity

As at	Other reserves					Retained income	Total equity
	Ordinary share capital	Foreign currency reserve	Available-for-sale reserve / Fair value through OCI reserve	Regulatory general risk reserve	Statutory reserve		
US\$'000							
Group							
At 1 April 2018	56,478	(119)	(185)	8,978	56,478	298,346	419,976
Movement in reserves 1 April 2018 - 30 September 2018							
Profit after taxation	-	-	-	-	-	16,422	16,422
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	192	-	-	-	192
Foreign currency adjustments on translating associated undertaking	-	(141)	-	-	-	-	(141)
Other comprehensive income	-	-	-	(18)	-	-	(18)
Total comprehensive income / (loss)	-	(141)	192	(18)	-	16,422	16,455
Transfer to regulatory general risk reserve	-	-	-	5,351	-	(5,351)	-
IFRS 9 transitional adjustment	-	-	360	-	-	1,555	1,915
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
At 30 September 2018	56,478	(259)	366	14,311	56,478	223,872	351,246
At 1 April 2017	56,478	(419)	(110)	10,328	56,478	265,260	388,015
Movement in reserves 1 April 2017 - 31 March 2018							
Profit after taxation	-	-	-	-	-	31,700	31,700
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(75)	-	-	-	(75)
Foreign currency adjustments on translating associated undertakings	-	300	-	-	-	-	300
Other comprehensive income	-	-	-	36	-	-	36
Total comprehensive income / (loss)	-	300	(75)	36	-	31,700	31,961
Transfer to regulatory general risk reserve	-	-	-	(1,386)	-	1,386	-
At 31 March 2018	56,478	(119)	(185)	8,978	56,478	298,346	419,976
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 to regulatory general risk reserve	-	-	-	(247)	-	247	-
Balance at 30 September 2017	56,478	(298)	122	10,120	56,478	276,829	399,729
Bank							
At 1 April 2018	56,478	(119)	(185)	8,978	56,478	298,533	420,164
Movement in reserves 1 April 2018 - 30 September 2018							
Profit after taxation	-	-	-	-	-	16,301	16,301
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	192	-	-	-	192
Foreign currency adjustments on translating associated undertakings	-	(141)	-	-	-	-	(141)
Other comprehensive income	-	-	-	(18)	-	-	(18)
Total comprehensive income / (loss)	-	(141)	192	(18)	-	16,301	16,334
Transfer to regulatory general risk reserve	-	-	-	5,351	-	(5,351)	-
IFRS 9 transitional adjustment	-	-	360	-	-	1,555	1,915
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
At 30 September 2018	56,478	(259)	366	14,311	56,478	223,938	351,312
At 1 April 2017	56,478	(419)	(110)	10,328	56,478	265,695	388,450
Movement in reserves 1 April 2017 - 31 March 2018							
Profit after taxation	-	-	-	-	-	31,452	31,452
Fair value movements on available-for-sale assets taken directly to other comprehensive income	-	-	(75)	-	-	-	(75)
Foreign currency adjustments on translating associated undertaking	-	300	-	-	-	-	300
Other comprehensive income	-	-	-	36	-	-	36
Total comprehensive (loss) / income	-	300	(75)	36	-	31,452	31,713
Transfer to regulatory general risk reserve	-	-	-	(1,386)	-	1,386	-
At 31 March 2018	56,478	(119)	(185)	8,978	56,478	298,533	420,163
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 income	-	-	-	39	-	-	39
Total comprehensive income	-	121	232	39	-	11,294	11,686
Transfer to regulatory general risk reserve	-	-	-	(247)	-	247	-
Balance at 30 September 2017	56,478	(298)	122	10,120	56,478	277,236	400,136



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2018	Year 31 March 2018	Six months ended 30 September 2017	Six months ended 30 September 2018	Year 31 March 2018	Six months ended 30 September 2017
Profit before tax	17,293	33,604	6,384	17,131	33,305	6,388
Adjustment for non cash items	4,635	3,462	(2,338)	4,635	3,463	(2,338)
Profit before taxation adjusted for non-cash items	21,928	37,066	6,409	21,766	36,768	6,376
Taxation paid	(1,414)	(1,915)	-	(1,397)	(1,915)	-
Increase/ (decrease) in operating assets	101,817	(35,523)	27,494	101,752	(35,116)	27,466
Increase in operating liabilities	(144,057)	(343,365)	(237,843)	(143,846)	(343,475)	(237,782)
Net cash outflow from operating activities	(21,726)	(343,737)	(203,940)	(21,725)	(343,738)	(203,940)
Purchase of investment securities	(10,612)	(45,000)	-	(10,612)	(45,000)	-
Proceeds from disposal of investment securities	20,109	93,348	2,931	20,109	93,348	2,931
Acquisition of equipment	(13)	(213)	-	(13)	(212)	-
Net cash inflow from investing activities	9,484	48,135	2,931	9,484	48,136	2,931
Cash flow from financing activities						
Reverse repurchase agreement matured	10,000	(75,087)	-	10,000	(75,087)	-
Securities sold under repurchase agreement with banks matured	(18,400)	-	-	(18,400)	-	-
Dividend paid	(87,100)	-	-	(87,100)	-	-
Net cash outflow from financing activities	(95,500)	(75,087)	-	(95,500)	(75,087)	-
Effects of exchange rates on cash and cash equivalents	(2,496)	21,864	8,161	(2,496)	21,864	8,161
Net decrease in cash and cash equivalents	(110,238)	(348,825)	(192,848)	(110,237)	(348,825)	(192,848)
Cash and cash equivalents at beginning of the period/year	467,245	816,070	816,070	467,245	816,070	816,070
Cash and cash equivalents at end of the period/year	357,007	467,245	623,222	357,008	467,245	623,222
Cash and cash equivalents is defined as including:						
Cash in hand	4	4	9	4	4	9
Cash and balances at central bank (unrestricted balance)	8,865	8,122	5,761	8,865	8,122	5,761
Due from banks	348,139	459,119	617,452	348,139	459,119	617,452
Cash and cash equivalents at end of the period/year	357,008	467,245	623,222	357,008	467,245	623,222



Notes to the unaudited financial accounts for the six months ended 30 September 2018

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 September 2018 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 2018.

(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 six months ended 30 September 2018

3. Related party transactions

As at US\$'000	Group			Bank		
	30 September 2018	31 March 2018	30 September 2017	30 September 2018	31 March 2018	30 September 2017
Interest income	1,076	4,443	2,367	1,074	4,476	2,381
Interest expense	(5,181)	(8,257)	(3,538)	(5,181)	(8,271)	(3,538)
Net fair value of derivatives held with group companies	5,178	13,928	(3,326)	5,178	13,928	(3,326)
Reverse repurchase agreements	25,285	25,089	-	25,285	25,089	-
Loans and advances	7,115	5,079	53,098	7,115	5,079	55,595
Deposits	(10,622)	(10,418)	(7,798)	(10,622)	(10,418)	(7,439)
Amount due from holding bank	15,296	15,762	18,237	15,296	15,762	18,237
Amount due from other group companies	-	-	-	7	3,365	4,433
Amount due to other group companies	(28,832)	(32,030)	(30,606)	(28,830)	(32,024)	(31,019)
Debt securities in issue	(254,580)	(258,563)	(255,334)	(254,580)	(258,563)	(255,334)

Terms and conditions of transactions with related parties

The above mentioned 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 2018, loans and advances amounting to US\$ 202K were unsecured (31 March 2018: US\$ 247K and 30 September 2017: US\$ 136K). For the six months ended 30 September 2018, the bank has not made any impairment relating to amounts owed by related parties (31 March 2018: Nil and 30 September 2017: Nil).



Credit and counterparty risk information

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

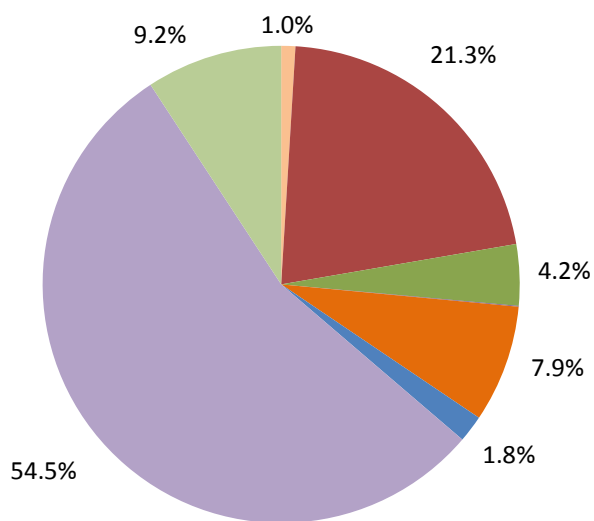
Group and Bank

US\$'000	30 September 2018	31 March 2018	30 September 2017	30 September 2018 vs 31 March 2018 % change	Average*
On-balance sheet exposures	1,429,451	1,642,608	1,787,728	(20.0)	1,536,029
Balances at central bank	15,101	16,691	14,604	(9.5)	15,896
Loans and advances to banks	335,903	443,357	601,638	(24.2)	389,630
Reverse repurchase agreements	65,358	50,097	-	30.5	57,728
Investment securities - sovereign debt securities	873	-	-	< 100	436
Investment securities - bank debt securities	125,112	137,604	110,323	(9.1)	131,358
Investment securities - other debt securities	28,846	30,172	88,967	(4.4)	29,509
Loans and advances to customers	858,258	964,687	972,196	(11.0)	911,472
Off-balance sheet exposures	145,296	185,542	190,744	(23.8)	165,418
Guarantees^	10,566	7,417	3,396	42.5	8,991
Committed facilities	134,729	178,125	187,348	(24.4)	156,427
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,574,747	1,828,150	1,978,472	(13.9)	1,701,447

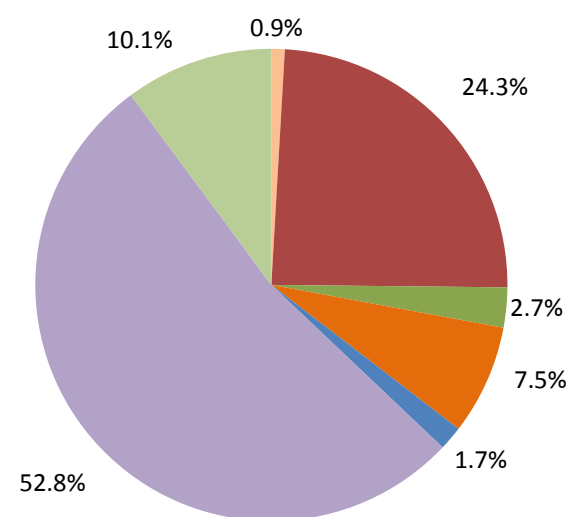
*Where the average is based on a straight line average for period 1 April 2018 to 30 September 2018.

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

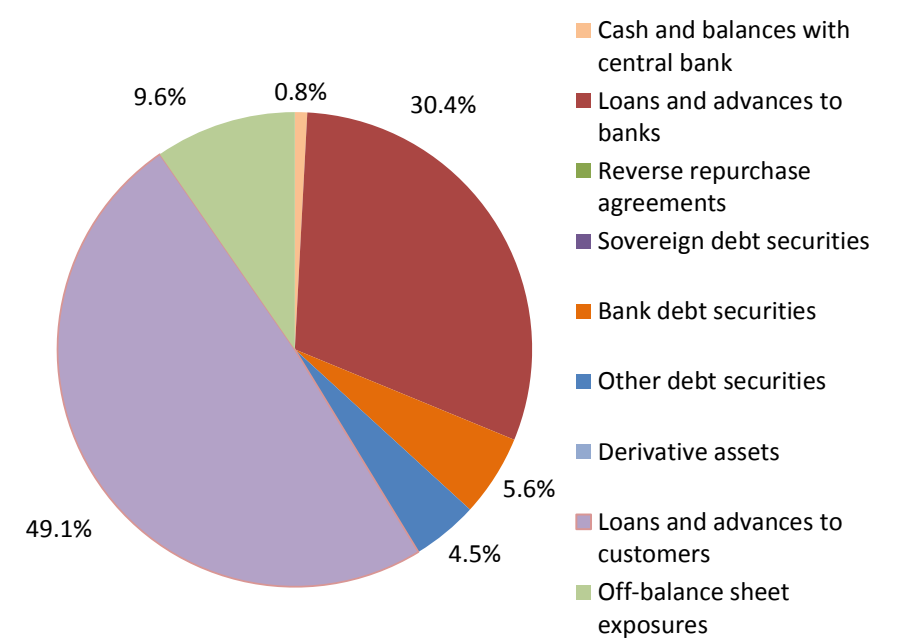
30 September 2018



31 March 2018



30 September 2017





Asset quality and impairments

Group and Bank

US\$'000	30 September 2018	31 March 2018	30 September 2017
Gross core loans and advances to customers	858,258	964,687	972,196
Total impairments	(10,204)	(12,050)	(9,939)
Specific impairments	(6,234)	(4,876)	(2,590)
Portfolio impairments	(3,970)	(7,174)	(7,349)
Net core loans and advances to customers	848,054	952,637	962,257
Average gross core loans and advances to customers	911,472	968,442	946,993
Current loans and advances to customers	822,990	905,709	904,597
Past due loans and advances to customers (1-60 days)	5,945	30,863	25,158
Special mention loans and advances to customers	15,732	14,563	20,918
Default loans and advances to customers	13,592	13,552	21,523
Gross core loans and advances to customers	858,258	964,687	972,196
Current loans and advances to customers	822,990	905,917	904,597
Gross core loans and advances to customers that are past due but not impaired	21,676	46,134	46,076
Gross core loans and advances to customers that are impaired	13,592	12,636	21,523
Gross core loans and advances to customers	858,258	964,687	972,196
Total income statement losses for impairments on core loans and advances	(753)	(3,214)	(1,956)
Gross default loans and advances to customers	13,592	13,552	21,523
Specific impairments	(6,234)	(4,876)	(2,590)
Portfolio impairments	(3,970)	(7,174)	(7,349)
Defaults net of impairments	3,388	1,502	11,585
Collateral and other credit enhancements	15,763	10,535	26,969
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	1.19%	1.25%	1.02%
Total impairments as a % of gross default loans	75.08%	88.92%	46.18%
Gross defaults as a % of gross core loans and advances to customers	1.58%	1.40%	2.21%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.40%	0.16%	1.20%
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)	0.17%	0.33%	0.41%



Capital structure

As at	Group			Bank		
	30 September 2018	31 March 2018	30 September 2017	30 September 2018	31 March 2018	30 September 2017
US\$'000						
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	206,659	298,346	261,952	206,846	298,533	261,924
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	56,219	56,174	56,181	56,219	56,174	56,181
Common equity tier 1 capital before regulatory adjustments	319,357	410,998	374,612	319,544	411,185	374,583
Common equity tier 1 capital: regulatory adjustments						
Deferred tax assets	438	438	357	437	437	305
Total regulatory adjustments to common equity tier 1 capital	438	438	357	437	437	305
Common equity tier 1 capital (CET1)	318,918	410,560	374,254	319,107	410,748	374,278
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)	14,388	16,153	16,458	14,388	16,153	16,462
Tier 2 capital before regulatory adjustments	14,388	16,153	16,458	14,388	16,153	16,462
Total capital (capital base) (TC = T1 + T2)	333,307	426,713	390,713	333,495	426,901	390,740
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,040,841	1,204,838	1,222,364	1,042,016	1,206,017	1,222,678
Non-market related off-balance sheet risk-weighted assets	103,794	83,925	89,022	103,794	83,925	89,022
Market related off-balance sheet risk-weighted assets	5,264	4,748	5,289	5,264	4,748	5,289
Operational risk	79,118	79,118	87,146	79,118	79,118	87,146
Aggregate net open foreign exchange position	10,460	5,977	6,442	10,460	5,977	6,442
Total risk-weighted assets	1,239,477	1,378,606	1,410,264	1,240,652	1,379,785	1,410,577
Capital adequacy ratio (%)	26.9%	31.0%	27.7%	26.9%	30.9%	27.7%
Tier 1 ratio	25.7%	29.8%	26.5%	25.7%	29.8%	26.5%

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

As at 30 September 2018	Group		Bank	
	Balance sheet amount	Amounts included for regulatory purposes	Balance sheet amount	Amounts included for regulatory purposes
US\$'000				
Paid in capital and qualifying capital instruments	56,478	56,478	56,478	56,478
Retained earnings	223,872	206,659	223,938	206,846
Other reserves	70,896	56,219	70,896	56,219
Qualifying common equity tier 1 capital before regulatory adjustments	351,246	319,357	351,312	319,544
Deferred tax assets	-	(438)	-	(437)
Tier 1 capital	351,246	318,918	351,312	319,107
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	14,388	-	14,388
Total qualifying capital	351,246	333,307	351,312	333,495



Risk-weighted assets

US\$'000	Group and Bank	Group				Bank			
	30 September 2018	30 September 2018		31 March 2018	30 September 2017	30 September 2018		31 March 2018	30 September 2017
	Risk-weights %	Exposures amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Exposures amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Risk-weighted on-balance sheet assets									
Cash items	0%	4	-	-	-	4	-	-	-
Claims on sovereigns	0%-100%	23,390	30,113	28,753	30,063	23,390	30,113	28,753	30,063
Claims on central banks and international institutions	0%-50%	15,118	5,084	18,011	5,432	15,118	5,084	18,011	5,432
Claims on banks	20%-50%	521,106	152,356	139,098	198,623	521,106	152,356	139,098	198,284
Claims on non-central government public sector entities (PSEs)	50%	-	-	-	25,723	-	-	-	25,723
Claims on corporates	20%-150%	679,167	638,247	789,797	712,376	679,173	638,254	790,976	713,085
Claims secured by residential property	35%-125%	48,062	39,331	30,350	35,061	48,062	39,331	30,350	35,061
Claims secured by commercial real estate	100%-125%	142,352	143,882	165,419	172,046	142,352	143,882	165,419	172,046
Past due claims	50%-150%	7,561	7,173	7,989	20,366	7,561	7,173	7,989	20,366
Other assets	100%-250%	24,653	24,653	25,421	22,672	25,121	25,822	25,421	22,617
Total on-balance sheet credit risk-weighted exposures			1,040,841	1,204,838	1,222,364		1,042,016	1,206,017	1,222,678



Risk-weighted assets

Group and Bank

US\$'000	30 September 2018				31 March 2018	30 September 2017
	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	3,177	100%	3,177	3,177	4,839	2,282
Transaction-related contingent items	6,439	50%	3,220	3,220	1,235	1,420
Trade-related contingencies	-	20%	-	-	89	-
Total other commitments	267,979	0%-50%	94,921	97,398	77,762	85,320
Total on-balance sheet credit risk-weighted exposures			101,318	103,794	83,925	89,022

Group and Bank

US\$'000	30 September 2018				31 March 2018	30 September 2017
	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets
Market related off-balance sheet risk-weighted assets						
Interest rate contracts	57,834	296	443	739	733	626
Foreign exchange and gold contracts	468,066	5,378	4,735	10,113	2,430	2,953
Other market-related contracts	-	-	14,546	-	2,101	1,710
Total market-related off-balance sheet risk-weighted credit exposures	525,899	5,674	19,724	10,852	5,264	5,289



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 2018 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	240	125	-	-	-	-	-	365
Investment/trading assets	12	2	1	11	77	41	38	182
Reverse repurchase agreements	-	40	25	-	-	-	-	65
Advances	(1)	19	62	170	109	434	55	848
Other assets	-	-	-	13	-	-	-	13
Assets	250	187	89	194	186	474	93	1,473
Deposits - non-banks	(512)	(84)	(44)	(34)	(81)	-	-	(754)
Securities sold under repurchase agreement	8	-	-	-	(75)	(12)	-	(79)
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(504)	(84)	(44)	(41)	(157)	(12)	-	(841)
Intercompany loans	(8)	(1)	(1)	-	(76)	(198)	1	(283)
Shareholders' funds	-	-	-	-	-	-	(351)	(351)
Balance sheet	(261)	102	44	153	(47)	264	(258)	(2)
Off-balance sheet	(0)	5	-	(0)	0	(2)	-	3
Contractual liquidity gap	(261)	107	44	153	(47)	262	(258)	-
Cumulative liquidity gap	(261)	(154)	(110)	42	(4)	258	-	-

At 31 March 2018 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	261	220	54	-	-	-	-	535
Investment/trading assets	-	-	-	-	-	142	59	201
Advances	35	53	80	115	215	359	96	953
Other assets	-	-	-	-	-	-	8	8
Assets	296	273	134	115	215	501	163	1,697
Deposits - non-banks	(664)	(32)	(79)	(49)	(64)	(6)	-	(894)
Securities sold under repurchase agreement	(12)	-	-	-	-	(90)	-	(102)
Other liabilities	(2)	-	-	(6)	-	-	-	(8)
Liabilities	(678)	(32)	(79)	(55)	(64)	(96)	-	(1,004)
Intercompany loans	13	-	-	-	-	(214)	(70)	(271)
Shareholders' funds	-	-	-	-	-	-	(420)	(420)
Balance sheet	(369)	241	55	60	151	191	(327)	2
Off-balance sheet	-	1	-	-	-	(3)	-	(2)
Contractual liquidity gap	(369)	242	55	60	151	188	(327)	-
Cumulative liquidity gap	(369)	(127)	(72)	(12)	139	327	-	-

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	-	-



Unaudited financial reports for the quarter ended 30 September 2018

At 30 September 2018 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	165	132	(37)	(0)	(17)	(181)	(62)	-
Cumulative	165	297	260	260	243	62	(0)	-
At 31 March 2018 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	158	143	86	39	210	9	(645)	-
Cumulative	158	301	387	426	636	645	-	-
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	-	-

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 2018 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	430	-	-	-	-	-	430
Investment/trading assets	73	1	77	16	-	15	182
Advances	787	22	2	36	-	-	848
Other assets	-	13	-	-	-	-	13
Assets	1,290	36	79	52	-	15	1,473
Deposits - non-banks	(640)	(34)	(81)	-	-	-	(754)
Repurchase agreements with banks	(79)	-	-	-	-	-	(79)
Other liabilities	-	(7)	-	-	-	-	(7)
Liabilities	(719)	(41)	(81)	(0)	-	-	(841)
Intercompany loans	(196)	-	(76)	(12)	-	-	(283)
Shareholders' funds	-	-	-	-	-	(351)	(351)
Balance sheet	375	(5)	(77)	41	-	(336)	(2)
Off-balance sheet	56	(9)	(3)	(40)	-	-	3
Repricing gap	431	(14)	(81)	-	-	(336)	-
Cumulative repricing gap	431	417	336	337	336	-	-

At 31 March 2018 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	535	-	-	-	-	-	535
Investment/trading assets	67	-	-	98	-	36	201
Advances	891	20	2	40	-	-	953
Other assets	-	-	-	-	-	8	8
Assets	1,493	20	2	138	-	44	1,697
Deposits - non-banks	(797)	(27)	(64)	(6)	-	-	(894)
Securities sold under repurchase agreement	(102)	-	-	-	-	-	(102)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(899)	(27)	(64)	(6)	-	(8)	(1,004)
Intercompany loans	(180)	-	-	(91)	-	-	(271)
Shareholders' funds	-	-	-	-	-	(420)	(420)
Balance sheet	414	(7)	(62)	41	-	(384)	2
Off-balance sheet	48	(2)	(3)	(45)	-	-	(2)
Repricing gap	462	(9)	(65)	(4)	-	(384)	-
Cumulative repricing gap	462	453	388	384	384	-	-



At 30 September 2017 US\$'million	Not > three months	Sensitivity to the following interest rates (expressed in original currencies)				Non rate	Total non-trading
		> three months but < six months	> six months but < one year	> one year but < five years	> five years		
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	-	-

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 2018							
200bp down	(0.06)	0.57	0.45	(0.06)	0.00		0.91
200bp up	0.06	(0.57)	(0.45)	0.06	(0.00)		(0.91)
31 March 2018							
200bp down	0.24	0.30	(4.58)	0.10	(0.07)		(4.07)
200bp up	(0.12)	(0.29)	4.53	(0.10)	0.07		4.04
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

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)	Aggregate net open foreign exchange position					
	EUR	GBP	JPY	MUR	Other currencies	
30 September 2018						
Long/(short) position	5,327	4,080	(3)	(482)	(1,092)	10,460
31 March 2018						
Long/(short) position	1,579	1,979	(1,179)	1,265	(4,798)	(5,977)
30 September 2017						
Long/(short) position	1,308	(1,351)	(1)	(1,202)	(2,995)	6,442