

Out of the Ordinary®



Specialist Bank and  
Asset Manager

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

Unaudited financial reports for the quarter ended 30 June 2018

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 2018

The unaudited financial report for the quarter ended 30 June 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 3.7% from US\$10.6 million for the quarter ended 30 June 2017 to US\$11.0 million for the quarter ended 30 June 2018 as a result of improved margins.
- Net fee and commission income decreased by 26.1% from US\$2.0 million to US\$1.5 million for the current quarter due to lower deal related and forex dealing fees.
- Investment loss stood at US\$3.6 million for the quarter under review as compared to a loss of US\$2.6 million for the quarter ended 30 June 2017 due to negative mark-to-market.
- Impairments of US\$0.7 million were provided for during the quarter against provisions of US\$1.2 million for the comparative quarter.
- Operating expenses increased slightly by 1.9% to US\$3.2 million for the current quarter.

Profit after tax stood at US\$4.5 million for the quarter ended 30 June 2018 as compared to US\$5.4 million for the quarter ended 30 June 2017. This was primarily due to the higher mark-to-market losses on investments reported during the quarter under review.

Loans and advances to customers increased by 4.8% to US\$929.0 million while external deposits decreased by 24.5% to US\$750.2 million as compared to the comparative quarter and resulted in the loan to deposit ratio to increase above our target of 1.0 to 1.2.

The group distributed a dividend of US\$87.1 million which resulted in the capital adequacy ratio to decrease to 24.2%. The group however remains well capitalised with a capital adequacy ratio well in excess of internal and 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 2018, the total on and off-balance sheet credit exposure to related parties amounted to US\$50.7 million (31 March 2018 – US\$55.2 million) representing 3.5% (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\$50.6 million (31 March 2018 – US\$55.1 million) representing 15.7% (31 March 2018 – 13.4%) 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.

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 August 2018



## Balance sheets

| As at<br>US\$'000                   | Group            |                  |                  | Bank             |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                     | 30 June 2018     | 31 March 2018    | 30 June 2017     | 30 June 2018     | 31 March 2018    | 30 June 2017     |
| <b>Assets</b>                       |                  |                  |                  |                  |                  |                  |
| Cash and balances at central bank   | 15,780           | 16,695           | 15,137           | 15,780           | 16,695           | 15,137           |
| Due from banks                      | 262,286          | 459,119          | 617,452          | 262,286          | 459,119          | 617,452          |
| Reverse repurchase agreements       | 75,226           | 75,186           |                  | 75,226           | 75,186           |                  |
| Sovereign debt securities           | -                | -                | 21,731           | -                | -                | 21,731           |
| Bank debt securities                | 115,864          | 137,604          | 110,014          | 115,864          | 137,604          | 110,014          |
| Other debt securities               | 29,953           | 30,172           | 95,608           | 29,953           | 30,172           | 95,608           |
| Derivative financial instruments    | 17,048           | 17,437           | 19,770           | 17,048           | 17,437           | 19,770           |
| Investment portfolio                | 8,752            | 12,993           | 11,191           | 8,752            | 12,993           | 11,191           |
| Loans and advances to customers     | 928,916          | 952,637          | 885,949          | 928,916          | 952,637          | 885,949          |
| Interest in associated undertaking  | 4,685            | 4,598            | 4,242            | 4,685            | 4,598            | 4,242            |
| Deferred taxation assets            | 438              | 438              | 357              | 437              | 437              | 305              |
| Other assets                        | 7,832            | 7,203            | 7,257            | 7,706            | 7,137            | 7,255            |
| Equipment                           | 367              | 395              | 304              | 366              | 394              | 304              |
| Amount due from group companies     | 3,380            | 3,366            | 3,934            | 3,508            | 3,365            | 4,305            |
| Investment in subsidiary            | -                | -                | -                | 467              | 467              | 467              |
| <b>Total assets</b>                 | <b>1,470,527</b> | <b>1,717,843</b> | <b>1,792,946</b> | <b>1,470,994</b> | <b>1,718,241</b> | <b>1,793,730</b> |
| <b>Liabilities</b>                  |                  |                  |                  |                  |                  |                  |
| Derivative financial instruments    | 2,035            | 3,508            | 4,572            | 2,035            | 3,508            | 4,572            |
| Repurchase agreements               | 80,371           | 101,924          | 102,667          | 80,371           | 101,924          | 102,667          |
| Customer accounts (deposits)        | 750,240          | 893,397          | 993,155          | 750,732          | 893,717          | 993,155          |
| Debt securities in issue            | 255,101          | 258,563          | 253,681          | 255,101          | 258,563          | 253,681          |
| Amount due to group companies       | 30,444           | 32,030           | 11,707           | 30,442           | 32,024           | 12,118           |
| Current taxation liabilities        | 1,457            | 1,020            | 1,330            | 1,457            | 1,020            | 1,330            |
| Other liabilities                   | 9,773            | 7,425            | 32,440           | 9,730            | 7,322            | 32,413           |
| <b>Total liabilities</b>            | <b>1,129,421</b> | <b>1,297,867</b> | <b>1,399,552</b> | <b>1,129,868</b> | <b>1,298,078</b> | <b>1,399,936</b> |
| <b>Equity</b>                       |                  |                  |                  |                  |                  |                  |
| Ordinary share capital              | 56,478           | 56,478           | 56,478           | 56,478           | 56,478           | 56,478           |
| Other reserves                      | 68,721           | 65,152           | 65,461           | 68,721           | 65,152           | 65,461           |
| Retained income                     | 215,907          | 298,346          | 271,455          | 215,927          | 298,533          | 271,855          |
| <b>Shareholder's equity</b>         | <b>341,106</b>   | <b>419,976</b>   | <b>393,394</b>   | <b>341,126</b>   | <b>420,163</b>   | <b>393,794</b>   |
| <b>Total liabilities and equity</b> | <b>1,470,527</b> | <b>1,717,843</b> | <b>1,792,946</b> | <b>1,470,994</b> | <b>1,718,241</b> | <b>1,793,730</b> |



## Income statements

| For the period/ year ended<br>US\$'000                  | Group                   |                       |                         | Bank                    |                       |                         |
|---|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
|   | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 |
| Interest income   | 17,980                  | 69,538                | 17,035                  | 17,981                  | 69,571                | 17,041                  |
| Interest expense  | (7,019)                 | (26,469)              | (6,465)                 | (7,021)                 | (26,483)              | (6,465)                 |
| <b>Net interest income</b>                              | <b>10,961</b>           | <b>43,069</b>         | <b>10,570</b>           | <b>10,960</b>           | <b>43,088</b>         | <b>10,576</b>           |
| Fee and commission income                               | 3,739                   | 10,372                | 2,283                   | 3,494                   | 9,256                 | 1,955                   |
| Fee and commission expense                              | (2,229)                 | (1,434)               | (239)                   | (2,216)                 | (1,434)               | (239)                   |
| <b>Net fee and commission income</b>                    | <b>1,510</b>            | <b>8,938</b>          | <b>2,044</b>            | <b>1,278</b>            | <b>7,822</b>          | <b>1,716</b>            |
| Investment loss   | (3,648)                 | (1,678)               | (2,552)                 | (3,648)                 | (1,678)               | (2,552)                 |
| Net trading (loss) / income                             | (34)                    | 369                   | 122                     | (34)                    | 321                   | 124                     |
| <b>Total operating income before impairment</b>         | <b>8,789</b>            | <b>50,698</b>         | <b>10,184</b>           | <b>8,556</b>            | <b>49,553</b>         | <b>9,864</b>            |
| Impairment losses on loans and advances                 | (634)                   | (3,214)               | (1,223)                 | (634)                   | (3,214)               | (1,223)                 |
| <b>Operating income</b>                                 | <b>8,155</b>            | <b>47,484</b>         | <b>8,961</b>            | <b>7,922</b>            | <b>46,339</b>         | <b>8,641</b>            |
| Operating costs   | (3,241)                 | (14,018)              | (3,180)                 | (3,175)                 | (13,172)              | (2,893)                 |
| <b>Operating profit</b>                                 | <b>4,914</b>            | <b>33,466</b>         | <b>5,781</b>            | <b>4,747</b>            | <b>33,167</b>         | <b>5,748</b>            |
| Share of profit / (loss) in associate                   | 58                      | 138                   | (13)                    | 58                      | 138                   | (13)                    |
| <b>Profit before taxation</b>                           | <b>4,972</b>            | <b>33,604</b>         | <b>5,768</b>            | <b>4,805</b>            | <b>33,305</b>         | <b>5,735</b>            |
| Taxation  | (450)                   | (1,904)               | (380)                   | (450)                   | (1,853)               | (380)                   |
| <b>Profit after taxation</b>                            | <b>4,522</b>            | <b>31,700</b>         | <b>5,388</b>            | <b>4,355</b>            | <b>31,452</b>         | <b>5,355</b>            |
| <b>Analysed as follows:</b>                             |                         |                       |                         |                         |                       |                         |
| Transfer to / (from) regulatory general risk reserve    | -                       | (1,386)               | -                       | -                       | (1,386)               | -                       |
| Transfer to retained earnings                           | 4,522                   | 33,086                | 5,388                   | 4,355                   | 32,838                | 5,355                   |
| <b>Profit attributable to equity holder of the bank</b> | <b>4,522</b>            | <b>31,700</b>         | <b>5,388</b>            | <b>4,355</b>            | <b>31,452</b>         | <b>5,355</b>            |

## Statements of other comprehensive income

| For the period/ year ended<br>US\$'000  | Group                   |                       |                         | Bank                    |                       |                         |
|---|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
|   | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 |
| <b>Profit after taxation</b>  | <b>4,522</b>            | <b>31,700</b>         | <b>5,388</b>            | <b>4,355</b>            | <b>31,452</b>         | <b>5,355</b>            |
| <b>Other comprehensive income:</b>  |                         |                       |                         |                         |                       |                         |
| <b>Items that may be reclassified to the income statement</b>                                   |                         |                       |                         |                         |                       |                         |
| -Fair value movements on available-for-sale assets taken directly to other comprehensive income | 535                     | (75)                  | (107)                   | 535                     | (75)                  | (107)                   |
| -Foreign currency adjustments on translating associated undertaking                             | 29                      | 300                   | 97                      | 29                      | 300                   | 97                      |
| Other comprehensive (loss) / income   | (116)                   | 36                    | -                       | (116)                   | 36                    | -                       |
| <b>Total other comprehensive income/ (loss)</b>   | <b>448</b>              | <b>261</b>            | <b>(10)</b>             | <b>448</b>              | <b>261</b>            | <b>(10)</b>             |
| <b>Total comprehensive income attributable to equity holder of the bank</b>                     | <b>4,970</b>            | <b>31,961</b>         | <b>5,378</b>            | <b>4,803</b>            | <b>31,713</b>         | <b>5,345</b>            |



## 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 |                 |                |
| <b>US\$'000</b>  |                        |                          |   |                                 |                   |                 |                |
| <b>Group</b>   |                        |                          |   |                                 |                   |                 |                |
| <b>At 1 April 2018</b>   | 56,478                 | (119)                    | (185)   | 8,978                           | 56,478            | 298,346         | 419,976        |
| <b>Movement in reserves 1 April 2018 - 30 June 2018</b>  |                        |                          |   |                                 |                   |                 |                |
| Profit after taxation  | -                      | -                        | -   | -                               | -                 | 4,522           | 4,522          |
| Fair value movements on available-for-sale assets taken directly to other comprehensive income | -                      | -                        | 535   | -                               | -                 | -               | 535            |
| Foreign currency adjustments on translating associated undertaking                             | -                      | 29                       | -   | -                               | -                 | -               | 29             |
| Other comprehensive income   | -                      | -                        | -   | (116)                           | -                 | -               | (116)          |
| <b>Total comprehensive income / (loss)</b>   | -                      | 29                       | 535   | (116)                           | -                 | 4,522           | 4,970          |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | 3,121                           | -                 | (3,121)         | -              |
| IFRS 9 transitional adjustment   | -                      | -                        | -   | -                               | -                 | 3,260           | 3,260          |
| Ordinary dividend paid   | -                      | -                        | -   | -                               | -                 | (87,100)        | (87,100)       |
| <b>At 30 June 2018</b>   | <b>56,478</b>          | <b>(90)</b>              | <b>350</b>  | <b>11,983</b>                   | <b>56,478</b>     | <b>215,907</b>  | <b>341,106</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 March 2018</b>                                       |                        |                          |   |                                 |                   |                 |                |
| 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             |
| <b>Total comprehensive income / (loss)</b>   | -                      | 300                      | (75)  | 36                              | -                 | 31,700          | 31,961         |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | (1,386)                         | -                 | 1,386           | -              |
| <b>At 31 March 2018</b>  | <b>56,478</b>          | <b>(119)</b>             | <b>(185)</b>  | <b>8,978</b>                    | <b>56,478</b>     | <b>298,346</b>  | <b>419,976</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 - 30 June 2017</b>  |                        |                          |   |                                 |                   |                 |                |
| 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             |
| <b>Total comprehensive income</b>  | -                      | 97                       | (107)   | -                               | -                 | 5,388           | 5,378          |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | (805)                           | -                 | 805             | -              |
| <b>Balance at 30 June 2017</b>   | <b>56,478</b>          | <b>(322)</b>             | <b>(217)</b>  | <b>9,523</b>                    | <b>56,478</b>     | <b>271,455</b>  | <b>393,394</b> |
| <b>Bank</b>  |                        |                          |   |                                 |                   |                 |                |
| <b>At 1 April 2018</b>   | 56,478                 | (119)                    | (185)   | 8,978                           | 56,478            | 298,533         | 420,163        |
| <b>Movement in reserves 1 April 2018 - 30 June 2018</b>  |                        |                          |   |                                 |                   |                 |                |
| Profit after taxation  | -                      | -                        | -   | -                               | -                 | 4,355           | 4,355          |
| Fair value movements on available-for-sale assets taken directly to other comprehensive income | -                      | -                        | 535   | -                               | -                 | -               | 535            |
| Foreign currency adjustments on translating associated undertakings                            | -                      | 29                       | -   | -                               | -                 | -               | 29             |
| Other comprehensive income   | -                      | -                        | -   | (116)                           | -                 | -               | (116)          |
| <b>Total comprehensive income / (loss)</b>   | -                      | 29                       | 535   | (116)                           | -                 | 4,355           | 4,803          |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | 3,121                           | -                 | (3,121)         | -              |
| IFRS 9 transitional adjustment   | -                      | -                        | -   | -                               | -                 | 3,260           | 3,260          |
| Ordinary dividend paid   | -                      | -                        | -   | -                               | -                 | (87,100)        | (87,100)       |
| <b>At 30 June 2018</b>   | <b>56,478</b>          | <b>(90)</b>              | <b>350</b>  | <b>11,983</b>                   | <b>56,478</b>     | <b>215,927</b>  | <b>341,126</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 March 2018</b>                                       |                        |                          |   |                                 |                   |                 |                |
| 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             |
| <b>Total comprehensive (loss) / income</b>   | -                      | 300                      | (75)  | 36                              | -                 | 31,452          | 31,713         |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | (1,386)                         | -                 | 1,386           | -              |
| <b>At 31 March 2018</b>  | <b>56,478</b>          | <b>(119)</b>             | <b>(185)</b>  | <b>8,978</b>                    | <b>56,478</b>     | <b>298,533</b>  | <b>420,163</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 - 30 June 2017</b>  |                        |                          |   |                                 |                   |                 |                |
| 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             |
| <b>Total comprehensive income</b>  | -                      | 97                       | (107)   | -                               | -                 | 5,355           | 5,345          |
| Transfer to regulatory general risk reserve  | -                      | -                        | -   | (805)                           | -                 | 805             | -              |
| <b>Balance at 30 June 2017</b>   | <b>56,478</b>          | <b>(322)</b>             | <b>(217)</b>  | <b>9,523</b>                    | <b>56,478</b>     | <b>271,855</b>  | <b>393,794</b> |



## Cash flow statements

| For the period/ year ended<br>US\$'000                        | Group                   |                       |                         | Bank                    |                       |                         |
|---|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
|   | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 | Quarter<br>30 June 2018 | Year<br>31 March 2018 | Quarter<br>30 June 2017 |
| Profit before tax   | 4,972                   | 33,604                | 5,768                   | 4,805                   | 33,305                | 5,735                   |
| Adjustment for non cash items                                 | 5,851                   | 3,462                 | 641                     | 5,851                   | 3,463                 | 641                     |
| Profit before taxation adjusted for non-cash items            | <b>10,823</b>           | <b>37,066</b>         | <b>6,409</b>            | <b>10,656</b>           | <b>36,768</b>         | <b>6,376</b>            |
| Taxation paid   | -                       | (1,915)               | -                       | -                       | (1,915)               | -                       |
| Increase/ (decrease) in operating assets                      | 24,697                  | (35,523)              | 27,494                  | 24,627                  | (35,116)              | 27,466                  |
| Increase in operating liabilities                             | (143,432)               | (343,365)             | (237,843)               | (143,195)               | (343,475)             | (237,782)               |
| <b>Net cash outflow from operating activities</b>             | <b>(107,912)</b>        | <b>(343,737)</b>      | <b>(203,940)</b>        | <b>(107,912)</b>        | <b>(343,738)</b>      | <b>(203,940)</b>        |
| Purchase of investment securities                             | -                       | (45,000)              | -                       | -                       | (45,000)              | -                       |
| Proceeds from disposal of investment securities               | 18,972                  | 93,348                | 2,931                   | 18,972                  | 93,348                | 2,931                   |
| Cash flow on acquisition of equipment                         | -                       | (213)                 | -                       | -                       | (212)                 | -                       |
| <b>Net cash inflow from investing activities</b>              | <b>18,972</b>           | <b>48,135</b>         | <b>2,931</b>            | <b>18,972</b>           | <b>48,136</b>         | <b>2,931</b>            |
| <b>Cash flow from financing activities</b>                    |                         |                       |                         |                         |                       |                         |
| Reverse repurchase agreement                                  | -                       | (75,087)              | -                       | -                       | (75,087)              | -                       |
| Securities sold under repurchase agreement with banks         | (18,400)                | -                     | -                       | (18,400)                | -                     | -                       |
| Dividend paid   | (87,100)                | -                     | -                       | (87,100)                | -                     | -                       |
| <b>Net cash outflow from financing activities</b>             | <b>(105,500)</b>        | <b>(75,087)</b>       | <b>-</b>                | <b>(105,500)</b>        | <b>(75,087)</b>       | <b>-</b>                |
| <b>Effects of exchange rates on cash and cash equivalents</b> | <b>(2,161)</b>          | <b>21,864</b>         | <b>8,161</b>            | <b>(2,161)</b>          | <b>21,864</b>         | <b>8,161</b>            |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(196,601)</b>        | <b>(348,825)</b>      | <b>(192,848)</b>        | <b>(196,601)</b>        | <b>(348,825)</b>      | <b>(192,848)</b>        |
| Cash and cash equivalents at beginning of the period/year     | 467,245                 | 816,070               | 816,070                 | 467,245                 | 816,070               | 816,070                 |
| <b>Cash and cash equivalents at end of the period/year</b>    | <b>270,644</b>          | <b>467,245</b>        | <b>623,222</b>          | <b>270,644</b>          | <b>467,245</b>        | <b>623,222</b>          |
| <b>Cash and cash equivalents is defined as including:</b>     |                         |                       |                         |                         |                       |                         |
| Cash in hand  | 4                       | 4                     | 9                       | 4                       | 4                     | 9                       |
| Cash and balances at central bank (unrestricted balance)      | 8,354                   | 8,122                 | 5,761                   | 8,354                   | 8,122                 | 5,761                   |
| Due from banks  | 262,286                 | 459,119               | 617,452                 | 262,286                 | 459,119               | 617,452                 |
| <b>Cash and cash equivalents at end of the period/year</b>    | <b>270,644</b>          | <b>467,245</b>        | <b>623,222</b>          | <b>270,644</b>          | <b>467,245</b>        | <b>623,222</b>          |



## Notes to the unaudited financial accounts for the quarter ended 30 June 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 June 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 quarter ended 30 June 2018

### 3. Related party transactions

| As at<br>US\$'000                                       | Group        |               |              | Bank         |               |              |
|---|--------------|---------------|--------------|--------------|---------------|--------------|
|   | 30 June 2018 | 31 March 2018 | 30 June 2017 | 30 June 2018 | 31 March 2018 | 30 June 2017 |
| Net fair value of derivatives held with group companies | 15,016       | 13,928        | 15,197       | 15,016       | 13,928        | 15,197       |
| Interest income   | 419          | 4,443         | 1,467        | 418          | 4,476         | 1,473        |
| Interest expense  | (2,578)      | (8,257)       | (1,711)      | (2,578)      | (8,271)       | (1,711)      |
| Reverse repurchase agreements                           | 25,174       | 25,089        | -            | 25,174       | 25,089        | -            |
| Loans and advances                                      | 7,897        | 5,079         | 53,098       | 7,897        | 5,079         | 53,098       |
| Deposits  | (12,263)     | (10,418)      | (7,798)      | (12,263)     | (10,418)      | (7,798)      |
| Amount due from group companies                         | 3,380        | 3,366         | 3,934        | 3,508        | 3,365         | 4,305        |
| Amount due to group companies                           | (30,444)     | (32,030)      | (11,707)     | (30,442)     | (32,024)      | (12,118)     |
| Amount due from holding bank                            | 17,152       | 15,762        | 92,126       | 17,152       | 15,762        | 92,126       |
| Debt securities in issue                                | 255,101      | 258,563       | 253,681      | 255,101      | 258,563       | 253,681      |

#### 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 June 2018, loans and advances amounting to US\$ 170K were unsecured (31 March 2018: US\$ 247K and 30 June 2017: US\$ 154K). For the quarter ended 30 June 2018, the bank has not made any impairment relating to amounts owed by related parties (31 March 2018: Nil and 30 June 2017: Nil).



### Credit and counterparty risk information

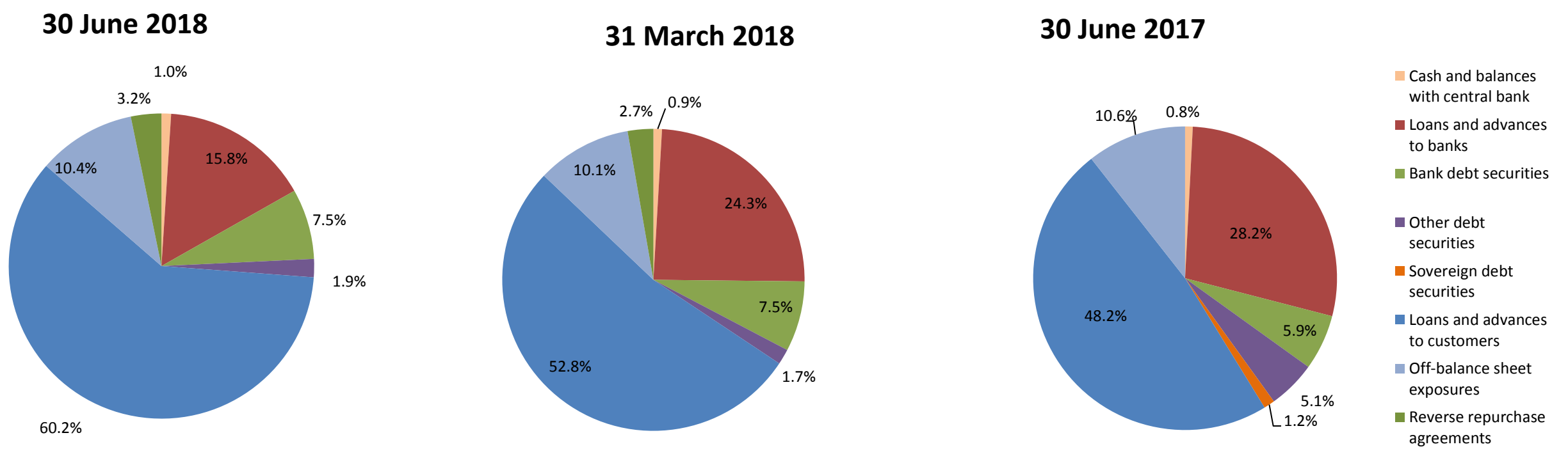
The table that follows provides an analysis of gross credit and counterparty exposures

#### Group and Bank

| US\$'000   | 30 June 2018     | 31 March 2018    | 30 June 2017     | 30 June 2018 vs<br>31 March 2018<br>% change | Average*         |
|--|------------------|------------------|------------------|--|------------------|
| <b>On-balance sheet exposures</b>  | <b>1,393,804</b> | <b>1,642,608</b> | <b>1,663,048</b> | <b>(16.2)</b>                                | <b>1,518,206</b> |
| Balances at central bank   | 15,780           | 16,691           | 15,128           | (5.5)  | 16,236           |
| Loans and advances to banks  | 245,134          | 443,357          | 525,326          | (44.7)                                       | 344,246          |
| Investment securities - bank debt securities   | 115,864          | 137,604          | 110,014          | (15.8)                                       | 126,734          |
| Investment securities - other debt securities  | 29,953           | 30,172           | 95,608           | (0.7)  | 30,062           |
| Investment securities - sovereign debt securities  | -                | -                | 21,731           | < 100  | -                |
| Reverse repurchase agreements  | 50,051           | 50,097           | -                | (0.1)  | 50,074           |
| Derivative financial instruments   | 0                | -                | 6                | < 100  | 0                |
| Loans and advances to customers  | 937,022          | 964,687          | 895,234          | (2.9)  | 950,854          |
| <b>Off-balance sheet exposures</b>   | <b>161,313</b>   | <b>185,542</b>   | <b>197,132</b>   | <b>(18.2)</b>                                | <b>173,427</b>   |
| Guarantees <sup>^</sup>  | 13,261           | 7,417            | 6,895            | 78.8   | 10,339           |
| Committed facilities   | 148,052          | 178,125          | 190,237          | (16.9)                                       | 163,088          |
| <b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b> | <b>1,555,117</b> | <b>1,828,150</b> | <b>1,860,180</b> | <b>(14.9)</b>                                | <b>1,691,633</b> |

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

<sup>^</sup>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 2018   | 31 March 2018   | 30 June 2017   |
|--|----------------|-----------------|----------------|
| <b>Gross core loans and advances to customers</b>  | <b>937,022</b> | <b>964,687</b>  | <b>895,234</b> |
| <b>Total impairments</b>   | <b>(8,106)</b> | <b>(12,050)</b> | <b>(9,285)</b> |
| Specific impairments   | (3,543)        | (4,876)         | (2,401)        |
| Portfolio impairments  | (4,563)        | (7,174)         | (6,885)        |
| <b>Net core loans and advances to customers</b>  | <b>928,916</b> | <b>952,637</b>  | <b>885,949</b> |
| <b>Average gross core loans and advances to customers</b>  | <b>950,854</b> | <b>929,961</b>  | <b>908,512</b> |
| Current loans and advances to customers  | 872,801        | 905,709         | 817,265        |
| Past due loans and advances to customers (1-60 days)   | 34,904         | 30,863          | 39,809         |
| Special mention loans and advances to customers  | 16,426         | 14,563          | 21,677         |
| Default loans and advances to customers  | 12,891         | 13,552          | 16,483         |
| <b>Gross core loans and advances to customers</b>  | <b>937,022</b> | <b>964,687</b>  | <b>895,234</b> |
| Current loans and advances to customers  | 875,081        | 905,917         | 817,265        |
| Gross core loans and advances to customers that are past due but not impaired  | 49,050         | 46,134          | 61,486         |
| Gross core loans and advances to customers that are impaired   | 12,891         | 12,636          | 16,483         |
| <b>Gross core loans and advances to customers</b>  | <b>937,022</b> | <b>964,687</b>  | <b>895,234</b> |
| <b>Total income statement losses for impairments on core loans and advances</b>  | <b>(634)</b>   | <b>(3,214)</b>  | <b>(1,223)</b> |
| Gross default loans and advances to customers  | 12,891         | 13,552          | 16,483         |
| Specific impairments   | (3,543)        | (4,876)         | (2,401)        |
| Portfolio impairments  | (4,563)        | (7,174)         | (6,885)        |
| <b>Defaults net of impairments</b>   | <b>4,785</b>   | <b>1,502</b>    | <b>7,197</b>   |
| Collateral and other credit enhancements   | 9,812          | 10,535          | 13,169         |
| <b>Net default loans and advances to customers (limited to zero)</b>   | <b>-</b>       | <b>-</b>        | <b>-</b>       |
| <b>Ratios:</b>   |                |                 |                |
| Total impairments as a % of gross core loans and advances to customers   | 0.87%          | 1.25%           | 1.04%          |
| Total impairments as a % of gross default loans  | 62.88%         | 88.92%          | 56.33%         |
| Gross defaults as a % of gross core loans and advances to customers  | 1.38%          | 1.40%           | 1.84%          |
| Defaults (net of impairments) as a % of net core loans and advances to customers                                       | 0.52%          | 0.16%           | 0.81%          |
| 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) | 0.27%          | 0.35%           | 0.18%          |



## Capital structure

| As at<br>US\$'000  | Group            |                  |                  | Bank             |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 30 June 2018     | 31 March 2018    | 30 June 2017     | 30 June 2018     | 31 March 2018    | 30 June 2017     |
| <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  | 209,066          | 298,346          | 264,047          | 209,253          | 298,533          | 264,014          |
| Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)                                | 56,389           | 56,174           | 55,938           | 56,389           | 56,174           | 55,938           |
| <b>Common equity tier 1 capital before regulatory adjustments</b>  | <b>321,933</b>   | <b>410,998</b>   | <b>376,464</b>   | <b>322,120</b>   | <b>411,185</b>   | <b>376,431</b>   |
| <b>Common equity tier 1 capital: regulatory adjustments</b>  |                  |                  |                  |                  |                  |                  |
| Deferred tax assets  | 438              | 438              | 357              | 437              | 437              | 305              |
| <b>Total regulatory adjustments to common equity tier 1 capital</b>  | <b>438</b>       | <b>438</b>       | <b>357</b>       | <b>437</b>       | <b>437</b>       | <b>305</b>       |
| <b>Common equity tier 1 capital (CET1)</b>   | <b>321,494</b>   | <b>410,560</b>   | <b>376,107</b>   | <b>321,683</b>   | <b>410,748</b>   | <b>376,126</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) | 15,541           | 16,153           | 16,271           | 15,547           | 16,153           | 16,281           |
| <b>Tier 2 capital before regulatory adjustments</b>  | <b>15,541</b>    | <b>16,153</b>    | <b>16,271</b>    | <b>15,547</b>    | <b>16,153</b>    | <b>16,281</b>    |
| <b>Total capital (capital base) (TC = T1 + T2)</b>   | <b>337,035</b>   | <b>426,713</b>   | <b>392,378</b>   | <b>337,230</b>   | <b>426,901</b>   | <b>392,407</b>   |
| <b>Risk-weighted assets</b>  |                  |                  |                  |                  |                  |                  |
| Risk-weighted on-balance sheet assets  | 1,125,804        | 1,204,838        | 1,182,118        | 1,126,272        | 1,206,017        | 1,182,904        |
| Non-market related off-balance sheet risk-weighted assets  | 111,785          | 83,925           | 109,965          | 111,785          | 83,925           | 109,965          |
| Market related off-balance sheet risk-weighted assets  | 5,677            | 4,748            | 9,597            | 5,677            | 4,748            | 9,597            |
| Operational risk   | 79,118           | 79,118           | 87,146           | 79,118           | 79,118           | 87,146           |
| Aggregate net open foreign exchange position   | 7,972            | 5,977            | 5,987            | 7,972            | 5,977            | 5,987            |
| <b>Total risk-weighted assets</b>  | <b>1,330,356</b> | <b>1,378,606</b> | <b>1,394,812</b> | <b>1,330,824</b> | <b>1,379,785</b> | <b>1,395,598</b> |
| <b>Capital adequacy ratio (%)</b>  | <b>25.3%</b>     | <b>31.0%</b>     | <b>28.1%</b>     | <b>25.3%</b>     | <b>30.9%</b>     | <b>28.1%</b>     |
| <b>Tier 1 ratio</b>  | <b>24.2%</b>     | <b>29.8%</b>     | <b>27.0%</b>     | <b>24.2%</b>     | <b>29.8%</b>     | <b>27.0%</b>     |

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

| As at 30 June 2018<br>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   | 215,907              | 209,066                                  | 215,927              | 209,253                                  |
| Other reserves  | 68,721               | 56,389                                   | 68,721               | 56,389                                   |
| <b>Qualifying common equity tier 1 capital before regulatory adjustments</b>                  | <b>341,106</b>       | <b>321,933</b>                           | <b>341,126</b>       | <b>322,120</b>                           |
| Deferred tax assets   | (438)                | (438)                                    | (437)                | (437)                                    |
| <b>Tier 1 capital</b>   | <b>340,668</b>       | <b>321,494</b>                           | <b>340,689</b>       | <b>321,683</b>                           |
| Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2) |                      | 15,541                                   |                      | 15,547                                   |
| <b>Total qualifying capital</b>   | <b>340,668</b>       | <b>337,035</b>                           | <b>340,689</b>       | <b>337,230</b>                           |



### Risk-weighted assets

| US\$'000   | Group            |                | Group                |                      |                      |
|--|------------------|----------------|----------------------|----------------------|----------------------|
|  | 30 June 2018     |                | 30 June 2018         | 31 March 2018        | 30 June 2017         |
|  | Exposures amount | Risk-weights % | Risk-weighted assets | Risk-weighted assets | Risk-weighted assets |
| <b>Risk-weighted on-balance sheet assets</b>                   |                  |                |                      |                      |                      |
| Cash items   | 7                | 0%             | -                    | -                    | -                    |
| Claims on sovereigns   | 30,156           | 0%-50%         | 37,930               | 28,753               | 52,753               |
| Claims on central banks and international institutions         | 15,776           | 0%-50%         | 4,874                | 18,011               | 5,741                |
| Claims on banks  | 379,357          | 20%-100%       | 126,073              | 139,098              | 181,587              |
| Claims on non-central government public sector entities (PSEs) | -                | 0%             | -                    | -                    | 26,812               |
| Claims on corporates   | 798,007          | 20%-100%       | 718,919              | 789,797              | 670,752              |
| Claims secured by residential property                         | 48,141           | 35%-125%       | 43,962               | 30,350               | 35,135               |
| Claims secured by commercial real estate                       | 153,544          | 100%-125%      | 156,897              | 165,419              | 165,715              |
| Past due claims  | 11,339           | 100%-150%      | 14,221               | 7,989                | 19,610               |
| Other assets   | 21,759           | 100%           | 21,759               | 25,421               | 24,013               |
| <b>Total on-balance sheet credit risk-weighted exposures</b>   | <b>1,458,086</b> |                | <b>1,124,634</b>     | <b>1,204,838</b>     | <b>1,182,119</b>     |



### Risk-weighted assets

#### Group and Bank

| US\$'000   | 30 June 2018    |                            |                          | Risk-weighted assets | 31 March 2018        | 30 June 2017         |
|--|-----------------|----------------------------|--------------------------|----------------------|----------------------|----------------------|
|  | Notional amount | Credit conversion factor % | Credit equivalent amount |                      | Risk-weighted assets | Risk-weighted assets |
| <b>Non-market related off-balance sheet risk-weighted assets</b>                 |                 |                            |                          |                      |                      |                      |
| Direct credit substitutes  | 6,426           | 100%                       | 6,426                    | 6,262                | 4,839                | 4,271                |
| Transaction-related contingent items   | 8,164           | 50%                        | 4,082                    | 3,313                | 1,235                | 1,247                |
| Trade-related contingencies  | 646             | 20%                        | 129                      | 113                  | 89                   | -                    |
| Total other commitments  | 251,314         | 0%-50%                     | 103,058                  | 102,097              | 77,762               | 104,446              |
| <b>Total non-market-related off-balance sheet risk-weighted credit exposures</b> | <b>266,550</b>  |                            | <b>113,695</b>           | <b>111,785</b>       | <b>83,925</b>        | <b>109,964</b>       |

#### Group and Bank

| US\$'000   | 30 June 2018              |                           |                  |                          | Risk-weighted assets | 31 March 2018        | 30 June 2017         |
|--|---------------------------|---------------------------|------------------|--------------------------|----------------------|----------------------|----------------------|
|  | Notional principal amount | Potential future exposure | Current exposure | Credit equivalent amount |                      | Risk-weighted assets | Risk-weighted assets |
| <b>Market related off-balance sheet risk-weighted assets</b>                 |                           |                           |                  |                          |                      |                      |                      |
| Interest rate contracts  | 62,781                    | 321                       | 405              | 725                      | 719                  | 772                  | 1,890                |
| Foreign exchange and gold contracts  | 410,122                   | 4,799                     | 2,151            | 6,950                    | 3,152                | 3,531                | 5,812                |
| Other market-related contracts   | -                         | -                         | 14,495           | 14,495                   | 1,806                | 445                  | 1,895                |
| <b>Total market-related off-balance sheet risk-weighted credit exposures</b> | <b>472,903</b>            | <b>5,120</b>              | <b>17,051</b>    | <b>22,170</b>            | <b>5,677</b>         | <b>4,748</b>         | <b>9,597</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 30 June 2018<br>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          | 231          | 80              | 25                  | -                   | -                      | -                 | -            | 336          |
| Investment/trading assets                  | -            | -               | -                   | -                   | 51                     | 84                | 39           | 174          |
| Advances                                   | 9            | 37              | 72                  | 94                  | 186                    | 456               | 75           | 929          |
| Other assets                               | -            | -               | -                   | -                   | -                      | -                 | 9            | 9            |
| <b>Assets</b>                              | <b>240</b>   | <b>117</b>      | <b>96</b>           | <b>94</b>           | <b>237</b>             | <b>540</b>        | <b>123</b>   | <b>1,448</b> |
| Deposits - non-banks                       | (560)        | (29)            | (29)                | (46)                | (87)                   | -                 | -            | (751)        |
| Securities sold under repurchase agreement | 7            | -               | -                   | -                   | (49)                   | (38)              | -            | (80)         |
| Other liabilities                          | (4)          | -               | -                   | (7)                 | -                      | -                 | -            | (11)         |
| <b>Liabilities</b>                         | <b>(557)</b> | <b>(29)</b>     | <b>(29)</b>         | <b>(53)</b>         | <b>(136)</b>           | <b>(38)</b>       | <b>-</b>     | <b>(842)</b> |
| Intercompany loans                         | 12           | -               | -                   | -                   | -                      | (211)             | (66)         | (265)        |
| <b>Shareholders' funds</b>                 | <b>-</b>     | <b>-</b>        | <b>-</b>            | <b>-</b>            | <b>-</b>               | <b>-</b>          | <b>(341)</b> | <b>(341)</b> |
| <b>Balance sheet</b>                       | <b>(305)</b> | <b>88</b>       | <b>67</b>           | <b>41</b>           | <b>101</b>             | <b>291</b>        | <b>(284)</b> | <b>(1)</b>   |
| Off-balance sheet                          | -            | 2               | -                   | -                   | -                      | (1)               | -            | 1            |
| <b>Contractual liquidity gap</b>           | <b>(305)</b> | <b>90</b>       | <b>67</b>           | <b>41</b>           | <b>101</b>             | <b>289</b>        | <b>(284)</b> | <b>-</b>     |
| Cumulative liquidity gap                   | (305)        | (215)           | (148)               | (107)               | (6)                    | 284               | -            | -            |

| At 31 March 2018<br>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              |
| <b>Assets</b>                              | <b>296</b>   | <b>273</b>      | <b>134</b>          | <b>115</b>          | <b>215</b>             | <b>501</b>        | <b>163</b>   | <b>1,697</b>   |
| Deposits - non-banks                       | (664)        | (32)            | (79)                | (49)                | (64)                   | (6)               | -            | (894)          |
| Securities sold under repurchase agreement | (12)         | -               | -                   | -                   | -                      | (90)              | -            | (102)          |
| Other liabilities                          | (2)          | -               | -                   | (6)                 | -                      | -                 | -            | (8)            |
| <b>Liabilities</b>                         | <b>(678)</b> | <b>(32)</b>     | <b>(79)</b>         | <b>(55)</b>         | <b>(64)</b>            | <b>(96)</b>       | <b>-</b>     | <b>(1,004)</b> |
| Intercompany loans                         | 13           | -               | -                   | -                   | -                      | (214)             | (70)         | (271)          |
| <b>Shareholders' funds</b>                 | <b>-</b>     | <b>-</b>        | <b>-</b>            | <b>-</b>            | <b>-</b>               | <b>-</b>          | <b>(420)</b> | <b>(420)</b>   |
| <b>Balance sheet</b>                       | <b>(369)</b> | <b>241</b>      | <b>55</b>           | <b>60</b>           | <b>151</b>             | <b>191</b>        | <b>(327)</b> | <b>2</b>       |
| Off-balance sheet                          | -            | 1               | -                   | -                   | -                      | (3)               | -            | (2)            |
| <b>Contractual liquidity gap</b>           | <b>(369)</b> | <b>242</b>      | <b>55</b>           | <b>60</b>           | <b>151</b>             | <b>188</b>        | <b>(327)</b> | <b>-</b>       |
| Cumulative liquidity gap                   | (369)        | (127)           | (72)                | (12)                | 139                    | 327               | -            | -              |

| At 30 June 2017<br>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              |
| <b>Assets</b>                              | <b>272</b>   | <b>324</b>      | <b>102</b>          | <b>108</b>          | <b>125</b>             | <b>594</b>        | <b>167</b>   | <b>1,692</b>   |
| Deposits - non-banks                       | (667)        | (52)            | (17)                | (133)               | (114)                  | (10)              | -            | (993)          |
| Securities sold under repurchase agreement | 2            | -               | -                   | -                   | (18)                   | (87)              | -            | (103)          |
| Other liabilities                          | (24)         | -               | -                   | (9)                 | -                      | -                 | -            | (33)           |
| <b>Liabilities</b>                         | <b>(689)</b> | <b>(52)</b>     | <b>(17)</b>         | <b>(142)</b>        | <b>(132)</b>           | <b>(97)</b>       | <b>-</b>     | <b>(1,129)</b> |
| Intercompany loans                         | 85           | -               | -                   | -                   | -                      | (209)             | (45)         | (169)          |
| <b>Shareholders' funds</b>                 | <b>-</b>     | <b>-</b>        | <b>-</b>            | <b>-</b>            | <b>-</b>               | <b>-</b>          | <b>(394)</b> | <b>(394)</b>   |
| <b>Balance sheet</b>                       | <b>(332)</b> | <b>272</b>      | <b>85</b>           | <b>(34)</b>         | <b>(7)</b>             | <b>288</b>        | <b>(272)</b> | <b>-</b>       |
| Off-balance sheet                          | -            | (2)             | -                   | -                   | -                      | 1                 | 1            | -              |
| <b>Contractual liquidity gap</b>           | <b>(332)</b> | <b>270</b>      | <b>85</b>           | <b>(34)</b>         | <b>(7)</b>             | <b>289</b>        | <b>(271)</b> | <b>-</b>       |
| Cumulative liquidity gap                   | (332)        | (62)            | 23                  | (11)                | (18)                   | 271               | -            | -              |



### Behavioural liquidity

| At 30 June 2018<br>US\$'million  | Demand     | Up to one month | One to three months | Three to six months | Six months to one year | One to five years | > five years | Total    |
|----------------------------------|------------|-----------------|---------------------|---------------------|------------------------|-------------------|--------------|----------|
| <b>Behavioural liquidity gap</b> | <b>159</b> | <b>27</b>       | <b>11</b>           | <b>27</b>           | <b>159</b>             | <b>(86)</b>       | <b>(297)</b> | <b>-</b> |
| Cumulative                       | 159        | 186             | 197                 | 224                 | 383                    | 297               | -            | -        |

| At 31 March 2018<br>US\$'million | Demand     | Up to one month | One to three months | Three to six months | Six months to one year | One to five years | > five years | Total    |
|----------------------------------|------------|-----------------|---------------------|---------------------|------------------------|-------------------|--------------|----------|
| <b>Behavioural liquidity gap</b> | <b>158</b> | <b>143</b>      | <b>86</b>           | <b>39</b>           | <b>210</b>             | <b>9</b>          | <b>(645)</b> | <b>-</b> |
| Cumulative                       | 158        | 301             | 387                 | 426                 | 636                    | 645               | -            | -        |

| At 30 June 2017<br>US\$'million  | Demand     | Up to one month | One to three months | Three to six months | Six months to one year | One to five years | > five years | Total    |
|----------------------------------|------------|-----------------|---------------------|---------------------|------------------------|-------------------|--------------|----------|
| <b>Behavioural liquidity gap</b> | <b>229</b> | <b>301</b>      | <b>76</b>           | <b>45</b>           | <b>49</b>              | <b>82</b>         | <b>(782)</b> | <b>-</b> |
| Cumulative                       | 229        | 530             | 606                 | 651                 | 700                    | 782               | -            | -        |

### 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 2018<br>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 | 336                | -                               | -                           | -                           | -            | -            | 336               |
| Investment/trading assets         | 49                 | -                               | 51                          | 44                          | -            | 30           | 174               |
| Advances                          | 836                | 53                              | 2                           | 38                          | -            | 0            | 929               |
| Other assets                      | -                  | -                               | -                           | -                           | -            | 9            | 9                 |
| <b>Assets</b>                     | <b>1,221</b>       | <b>53</b>                       | <b>53</b>                   | <b>82</b>                   | <b>-</b>     | <b>39</b>    | <b>1,448</b>      |
| Deposits - non-banks              | (618)              | (46)                            | (87)                        | -                           | -            | -            | (751)             |
| Repurchase agreements with banks  | (80)               | -                               | -                           | -                           | -            | -            | (80)              |
| Other liabilities                 | -                  | -                               | -                           | -                           | -            | (11)         | (11)              |
| <b>Liabilities</b>                | <b>(698)</b>       | <b>(46)</b>                     | <b>(87)</b>                 | <b>-</b>                    | <b>-</b>     | <b>(11)</b>  | <b>(842)</b>      |
| Intercompany loans                | (176)              | -                               | (49)                        | (40)                        | -            | -            | (265)             |
| <b>Shareholders' funds</b>        | <b>-</b>           | <b>-</b>                        | <b>-</b>                    | <b>-</b>                    | <b>-</b>     | <b>(341)</b> | <b>(341)</b>      |
| <b>Balance sheet</b>              | <b>347</b>         | <b>7</b>                        | <b>(83)</b>                 | <b>42</b>                   | <b>-</b>     | <b>(314)</b> | <b>(1)</b>        |
| Off balance sheet                 | 47                 | (1)                             | (3)                         | (42)                        | -            | -            | 1                 |
| <b>Repricing gap</b>              | <b>394</b>         | <b>6</b>                        | <b>(86)</b>                 | <b>(0)</b>                  | <b>-</b>     | <b>(314)</b> | <b>-</b>          |
| Cumulative repricing gap          | 394                | 400                             | 314                         | 314                         | 314          | -            | -                 |

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





| At 30 June 2017<br>US\$'million   | Not > three months | > three months<br>but < six<br>months | > six months<br>but < one year | > one year but <<br>five years | > five years | Non rate     | Total non-<br>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                     |
| <b>Assets</b>                     | <b>1,348</b>       | <b>46</b>                             | <b>22</b>                      | <b>215</b>                     | <b>16</b>    | <b>46</b>    | <b>1,693</b>          |
| Deposits - non-banks              | (742)              | (133)                                 | (113)                          | (5)                            | -            | -            | (993)                 |
| Repurchase agreements with banks  | (103)              | -                                     | -                              | -                              | -            | -            | (103)                 |
| Other liabilities                 | -                  | -                                     | -                              | -                              | -            | (34)         | (34)                  |
| <b>Liabilities</b>                | <b>(845)</b>       | <b>(133)</b>                          | <b>(113)</b>                   | <b>(5)</b>                     | <b>-</b>     | <b>(34)</b>  | <b>(1,130)</b>        |
| Intercompany loans                | (62)               | -                                     | (18)                           | (89)                           | -            | -            | (169)                 |
| <b>Shareholders' funds</b>        | <b>-</b>           | <b>-</b>                              | <b>-</b>                       | <b>-</b>                       | <b>-</b>     | <b>(394)</b> | <b>(394)</b>          |
| <b>Balance sheet</b>              | <b>441</b>         | <b>(87)</b>                           | <b>(109)</b>                   | <b>121</b>                     | <b>16</b>    | <b>(382)</b> | <b>-</b>              |
| Off balance sheet                 | 134                | (3)                                   | 6                              | (121)                          | (16)         | -            | -                     |
| <b>Repricing gap</b>              | <b>575</b>         | <b>(90)</b>                           | <b>(103)</b>                   | <b>-</b>                       | <b>-</b>     | <b>(382)</b> | <b>-</b>              |
| Cumulative repricing gap          | 575                | 485                                   | 382                            | 382                            | 382          | -            | -                     |

### 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<br>'million    | Sensitivity to the following interest rates<br>(expressed in original currencies) |        |        |        |        | All (USD)     |
|----------------------|---|--------|--------|--------|--------|---------------|
|                      | ZAR   | GBP    | USD    | EUR    | AUD    |               |
| <b>30 June 2018</b>  |   |        |        |        |        |               |
| 200bp down           | (1.09)  | 0.30   | (4.73) | 0.09   | (0.03) | <b>(4.33)</b> |
| 200bp up             | 1.14  | (0.29) | 4.66   | (0.09) | 0.03   | <b>4.28</b>   |
| <b>31 March 2018</b> |   |        |        |        |        |               |
| 200bp down           | 0.24  | 0.30   | (4.58) | 0.10   | (0.07) | <b>(4.07)</b> |
| 200bp up             | (0.12)  | (0.29) | 4.53   | (0.10) | 0.07   | <b>4.04</b>   |
| <b>30 June 2017</b>  |   |        |        |        |        |               |
| 200bp down           | 0.95  | 1.20   | (2.98) | 0.16   | (0.06) | <b>(1.22)</b> |
| 200bp up             | (0.80)  | (1.12) | 2.70   | (0.15) | 0.06   | <b>1.06</b>   |

### Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency other than the functional currency. Foreign currency risk does not arise from financial instruments that are non-monetary or from financial instruments that are denominated in the functional currency.

The bank computes its net open foreign position in accordance with the Bank of Mauritius Guideline for Calculation and Reporting of Foreign Exchange Exposures by taking the higher of the absolute values of all net short and net long positions. The bank monitors the net open position on a daily basis.

| Open position (USD'000) | EUR   | GBP   | JPY     | MUR   | Other<br>currencies | Aggregate net<br>open foreign<br>exchange<br>position |
|-------------------------|-------|-------|---------|-------|---------------------|---|
| <b>30 June 2018</b>     |       |       |         |       |                     |   |
| Long/(short) position   | 4,525 | 2,203 | (2)     | 113   | (3,254)             | <b>7,972</b>  |
| <b>31 March 2018</b>    |       |       |         |       |                     |   |
| Long/(short) position   | 1,579 | 1,979 | (1,179) | 1,265 | (4,798)             | <b>(5,977)</b>  |
| <b>30 June 2017</b>     |       |       |         |       |                     |   |
| (Short)/long position   | 3,859 | 1,461 | -       | (704) | (2,961)             | <b>5,987</b>  |