

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the period ended 30 September 2019

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 2019

The unaudited financial report for the six months ended 30 September 2019 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 slightly from US\$21.9 million for the period ended 30 September 2018 to US\$22.4 million for the period ended 30 September 2019.
- Net fee and commission income increased from US\$2.3 million for the period ended 30 September 2018 to US\$3.1 million for the period 30 September 2019 mainly due higher deal related fees earned during the current period.
- Investment loss stood at US\$1.2 million for the period under review as compared to a loss of US\$0.1 million for the period ended 30 September 2018.
- Expected credit loss impairments of US\$0.1 million were provided for during the current period against impairments of US\$0.8 million in the comparative period.
- Operating expenses decreased by 5% to US\$6.2 million during the period under review.

Profit after tax stood at US\$15.2 million for the six months ended 30 September 2019 as compared to US\$16.4 million for the period ended 30 September 2018.

Loans and advances to customers decreased by 10% to US\$935 million while external deposits decreased by 8% to US\$959 million during the six months ended 30 September 2019.

The capital adequacy ratio stood at 27.8% as at 30 September 2019. The group 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 2019, the total on- and off-balance sheet credit exposure to related parties amounted to US\$39.9 million (31 March 2019 – US\$39.7 million) representing 2.4% (31 March 2019 – 2.2%) of the bank's total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$39.8 million (31 March 2019 – US\$39.5 million) representing 11.5% (31 March 2019 – 11.3%) 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 November 2019



Balance sheets

As at US\$'000	Group			Bank		
	30 September 2019	31 March 2019	30 September 2018	30 September 2019	31 March 2019	30 September 2018
Assets						
Cash and balances at central bank	15,581	14,143	15,123	15,581	14,143	15,123
Due from banks	539,281	494,313	348,139	539,281	494,313	348,139
Reverse repurchase agreements	75,841	75,555	65,353	75,841	75,555	65,353
Sovereign debt securities	-	20,575	873	-	20,575	873
Bank debt securities	26,831	88,612	124,990	26,831	88,612	124,990
Other debt securities	22,592	24,978	28,738	22,592	24,978	28,738
Derivative financial instruments	13,824	17,061	19,724	13,824	17,061	19,724
Investment portfolio	4,698	5,445	7,319	4,698	5,445	7,319
Loans and advances to customers	935,168	1,034,269	848,054	935,168	1,034,269	848,054
Interest in associated undertaking	3,430	4,635	4,598	3,430	4,635	4,598
Deferred taxation asset	295	297	438	295	295	437
Other assets	4,960	4,300	12,169	4,806	4,128	12,161
Leasehold property and equipment	1,129	354	354	1,129	353	353
Amount due from group companies	1,757	1,010	1,525	1,960	1,016	1,532
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,645,386	1,785,547	1,477,396	1,645,903	1,785,845	1,477,859
Liabilities						
Derivative financial instruments	2,017	1,672	1,937	2,017	1,672	1,937
Repurchase agreements	7,503	76,963	78,788	7,503	76,963	78,788
Customer deposits	958,634	1,036,836	754,597	959,846	1,037,608	755,066
Debt securities in issue	250,289	252,866	254,580	250,289	252,866	254,580
Amount due to group companies	26,994	26,713	28,832	26,874	26,643	28,830
Current taxation liabilities	408	573	477	408	508	453
Other liabilities	16,338	21,836	6,938	16,290	21,731	6,893
Total liabilities	1,262,183	1,417,459	1,126,150	1,263,227	1,417,991	1,126,547
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	72,830	75,109	70,896	72,830	75,109	70,896
Retained income	253,896	236,501	223,872	253,368	236,267	223,938
Shareholder's equity	383,204	368,088	351,246	382,676	367,854	351,312
Total liabilities and equity	1,645,386	1,785,547	1,477,396	1,645,903	1,785,845	1,477,859



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Six month ended 30 September 2019	Year 31 March 2019	Six month ended 30 September 2018	Six month ended 30 September 2019	Year 31 March 2019	Six months ended 30 September 2018
Interest income	39,581	73,546	35,614	39,584	73,549	35,617
Interest expense	(17,214)	(30,773)	(13,704)	(17,227)	(30,784)	(13,707)
Net interest income	22,367	42,773	21,911	22,357	42,765	21,909
Fee income	4,085	7,476	3,646	3,653	6,678	3,345
Fee expense	(1,024)	(2,157)	(1,387)	(1,024)	(2,143)	(1,373)
Net fee income	3,061	5,319	2,260	2,629	4,535	1,972
Investment (loss) / income	(1,245)	(1,407)	(93)	(1,245)	(1,407)	(93)
Net trading (loss) / income	(798)	(278)	286	(800)	(274)	289
Other operating income	-	-	109	-	-	109
Total operating income before impairment	23,385	46,407	24,472	22,942	45,619	24,185
Expected credit loss impairment (charge) / reversal	(92)	2,219	(753)	(92)	2,219	(753)
Operating income	23,293	48,626	23,719	22,850	47,838	23,432
Operating costs	(6,210)	(13,307)	(6,566)	(6,068)	(13,028)	(6,441)
Operating profit	17,083	35,319	17,153	16,782	34,810	16,991
Share of (loss) / profit in associate	(1,043)	144	140	(1,043)	144	140
Profit before taxation	16,039	35,463	17,293	15,739	34,954	17,131
Taxation	(842)	(1,895)	(871)	(836)	(1,807)	(830)
Profit after taxation	15,197	33,568	16,422	14,903	33,147	16,301
Analysed as follows:						
Transfer to / (from) regulatory general risk reserve	(2,198)	9,869	(5,351)	(2,198)	9,869	(5,351)
Transfer to retained earnings	17,395	23,699	21,773	17,101	23,278	21,652
Profit attributable to equity holder of the bank	15,197	33,568	16,422	14,903	33,147	16,301

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Six month ended 30 September 2019	Year 31 March 2019	Six month ended 30 September 2018	Six month ended 30 September 2019	Year 31 March 2019	Six months ended 30 September 2018
Profit after taxation	15,197	33,568	16,422	14,903	33,147	16,301
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	89	37	192	89	37	192
-Foreign currency adjustments on translating associated undertaking	(161)	(107)	(141)	(161)	(107)	(141)
-Other comprehensive income	(9)	(27)	(18)	(9)	(27)	(18)
Total other comprehensive income	(81)	(97)	33	(81)	(97)	33
Total comprehensive income attributable to equity holder of the bank	15,117	33,471	16,455	14,822	33,050	16,334



Statements of changes in equity

As at	Other reserves					Retained income	Total equity
	Ordinary share capital	Foreign currency reserve	Fair value reserve	Regulatory general risk reserve	Statutory reserve		
US\$'000							
Group							
At 1 April 2019	56,478	(226)	37	18,820	56,478	236,501	368,088
Movement in reserves 1 April 2019 - 30 September 2019							
Profit after taxation	-	-	-	-	-	15,197	15,197
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	89	-	-	-	89
Foreign currency adjustments on translating associated undertaking	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	(9)	-	-	(9)
Total comprehensive income	-	(161)	89	(9)	-	15,197	15,117
Transfer to regulatory general risk reserve	-	-	-	(2,198)	-	2,198	-
At 30 September 2019	56,478	(387)	126	16,613	56,478	253,896	383,204
At 1 April 2018	56,478	(119)	(185)	8,978	56,478	298,346	419,976
IFRS 9 transitional adjustment	-	-	-	-	-	1,741	1,741
Movement in reserves 1 April 2018 - 31 March 2019							
Profit after taxation	-	-	-	-	-	33,568	33,568
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	222	-	-	(185)	37
Foreign currency adjustments on translating associated undertakings	-	(107)	-	-	-	-	(107)
Other comprehensive income	-	-	-	(27)	-	-	(27)
Total comprehensive income	-	(107)	222	(27)	-	33,383	33,471
Transfer to regulatory general risk reserve	-	-	-	9,869	-	(9,869)	-
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
At 31 March 2019	56,478	(226)	37	18,820	56,478	236,501	368,088
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 debt instruments at FVOCI 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	-	(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)
Balance at 30 September 2018	56,478	(259)	366	14,311	56,478	223,874	351,246
Bank							
At 1 April 2019	56,478	(226)	37	18,820	56,478	236,267	367,854
Movement in reserves 1 April 2019 - 30 September 2019							
Profit after taxation	-	-	-	-	-	14,903	14,903
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	89	-	-	-	89
Foreign currency adjustments on translating associated undertakings	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	(9)	-	-	(9)
Total comprehensive income	-	(161)	89	(9)	-	14,903	14,822
Transfer to regulatory general risk reserve	-	-	-	(2,198)	-	2,198	-
Ordinary dividend paid	-	-	-	-	-	-	-
At 30 September 2019	56,478	(387)	126	16,613	56,478	253,368	382,676
At 1 April 2018	56,478	(119)	(185)	8,978	56,478	298,533	420,163
IFRS 9 transitional adjustment	-	-	-	-	-	1,741	1,741
Movement in reserves 1 April 2018 - 31 March 2019							
Profit after taxation	-	-	-	-	-	33,147	33,147
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	222	-	-	(185)	37
Foreign currency adjustments on translating associated undertaking	-	(107)	-	-	-	-	(107)
Other comprehensive income	-	-	-	(27)	-	-	(27)
Total comprehensive income	-	(107)	222	(27)	-	32,962	33,050
Transfer to regulatory general risk reserve	-	-	-	9,869	-	(9,869)	-
Ordinary dividends	-	-	-	-	-	(87,100)	(87,100)
At 31 March 2019	56,478	(226)	37	18,820	56,478	236,267	367,854
At 1 April 2018	56,478	(119)	(185)	8,978	56,478	298,533	420,163
IFRS 9 transitional adjustment	-	-	360	-	-	1,555	1,915
Movement in reserves 1 April 2018 - 30 September 2018							
Profit after taxation	-	-	-	-	-	16,301	16,301
Fair value movements on debt instruments at FVOCI 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	-	(141)	192	(18)	-	16,301	16,334
Transfer to regulatory general risk reserve	-	-	-	5,351	-	(5,351)	-
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
Balance at 30 September 2018	56,478	(259)	366	14,311	56,478	223,939	351,312



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Six month ended 30 September 2019	Year 31 March 2019	Six months ended 30 September 2018	Six month ended 30 September 2019	Year 31 March 2019	Six months ended 30 September 2018
Profit before tax	16,039	35,463	17,293	15,739	34,954	17,131
Adjustment for non cash items	5,411	(8,929)	4,635	5,411	(8,929)	4,635
Profit before taxation adjusted for non-cash items	21,450	26,534	21,928	21,150	26,025	21,766
Taxation paid	(1,005)	(2,201)	(1,414)	(936)	(2,176)	(1,397)
Decrease/ (increase) in operating assets	99,469	(70,938)	101,817	99,250	(70,838)	101,752
Increase/ (decrease) in operating liabilities	(83,075)	150,698	(144,057)	(82,626)	151,084	(143,846)
Net cash inflow/ (outflow) from operating activities	36,838	104,094	(21,726)	36,838	104,094	(21,725)
Purchase of investment securities	(21,273)	(22,520)	(10,612)	(21,273)	(22,520)	(10,612)
Proceeds from disposal of investment securities	102,295	55,257	20,109	102,295	55,257	20,109
Acquisition of equipment	(45)	(65)	(13)	(45)	(65)	(13)
Net cash inflow from investing activities	80,977	32,672	9,483	80,977	32,672	9,484
Cash flow from financing activities						
Reverse repurchase agreement	-	-	10,000	-	-	10,000
Securities sold under repurchase agreement with banks	(70,215)	(18,400)	(18,400)	(70,215)	(18,400)	(18,400)
Dividend paid	-	(87,100)	(87,100)	-	(87,100)	(87,100)
Net cash outflow from financing activities	(70,215)	(105,500)	(95,500)	(70,215)	(105,500)	(95,500)
Effects of exchange rates on cash and cash equivalents	(1,464)	4,138	(2,496)	(1,464)	4,138	(2,496)
Net decrease in cash and cash equivalents	46,136	35,404	(110,238)	46,136	35,404	(110,237)
Cash and cash equivalents at beginning of the period/year	502,649	467,245	467,245	502,649	467,245	467,245
Cash and cash equivalents at end of the period/year	548,785	502,649	357,007	548,785	502,649	357,008
Cash and cash equivalents is defined as including:						
Cash in hand	4	5	4	4	5	4
Cash and balances at central bank (unrestricted balance)	9,500	8,320	8,865	9,500	8,320	8,865
Due from banks	539,239	494,313	348,139	539,239	494,313	348,139
Expected credit loss on cash and cash equivalents	42	11	-	42	11	-
Cash and cash equivalents at end of the period/year	548,785	502,649	357,008	548,785	502,649	357,008



Notes to the unaudited financial accounts for the six months ended 30 September 2019

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 six months ended 30 September 2019 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 2019.

(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 2019

3. Related party transactions

As at US\$'000	Group			Bank		
	30 September 2019	31 March 2019	30 September 2018	30 September 2019	31 March 2019	30 September 2018
Interest income	7,770	12,491	5,914	7,784	12,501	5,917
Interest expense	(6,845)	(13,546)	(6,398)	(6,847)	(13,549)	(6,401)
Net fair value of derivatives held with group companies	925	3,372	5,178	925	3,372	5,178
Reverse repurchase agreements	25,849	25,560	25,285	25,849	25,560	25,285
Loans and advances	9,083	6,909	7,115	6,585	4,585	7,115
Deposits	(8,738)	(8,385)	(10,622)	(8,738)	(9,157)	(10,622)
Amount due from holding bank	179,622	92,378	15,296	179,622	92,378	15,296
Amount due from other group companies	-	-	-	806	6	7
Amount due to holding bank	(21,645)	(21,282)	(23,107)	(21,525)	(21,212)	(23,105)
Amount due to other group companies	(5,349)	(5,431)	(5,725)	(5,349)	(5,431)	(5,725)
Debt securities in issue	(250,289)	(252,866)	(254,580)	(250,289)	(252,866)	(254,580)

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 2019, loans and advances amounting to US\$ 122K were unsecured (31 March 2019: US\$ 184K and 30 September 2018: US\$ 202K). For the six months ended 30 September 2019, the bank has not made any write-off relating to amounts owed by related parties (31 March 2019: Nil and 30 September 2018: Nil).



Credit and counterparty risk information

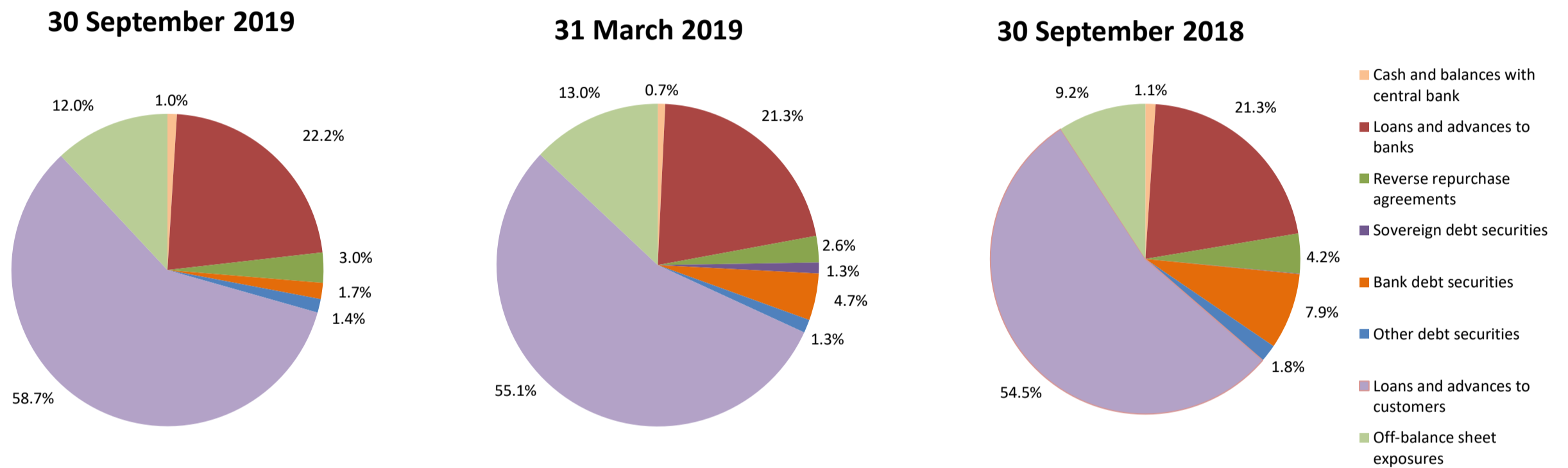
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	30 September 2019	31 March 2019	30 September 2018	30 September 2019 vs 31 March 2019 % change	Average*
On-balance sheet exposures	1,413,905	1,642,607	1,429,451	(1.1)	1,528,258
Balances at central bank	15,577	14,138	15,101	10.2	14,858
Loans and advances to banks	356,961	402,956	335,903	(11.4)	379,959
Reverse repurchase agreements	50,011	50,033	65,358	< 100	50,022
Investment securities - sovereign debt securities	-	20,575	873	< 100	10,288
Investment securities - bank debt securities	26,845	88,672	125,112	(69.7)	57,759
Investment securities - other debt securities	22,691	25,085	28,846	(9.5)	23,888
Loans and advances to customers	941,820	1,041,148	858,258	(9.5)	991,484
Off-balance sheet exposures	191,919	245,388	145,296	32.1	218,653
Guarantees^	11,307	6,095	10,566	85.5	8,701
Committed facilities	180,611	239,293	134,729	(24.5)	209,952
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,605,824	1,887,995	1,574,747	(14.9)	1,746,911

*Where the average is based on a straight line average for period 1 April 2019 to 30 September 2019.

^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 September 2019	31 March 2019	30 September 2018
Gross core loans and advances to customers	941,820	1,041,148	858,258
Stage 1	892,324	976,572	828,929
Stage 2	41,193	26,505	15,734
Stage 3	8,303	38,071	13,595
Expected credit loss on loans and advances to customers	(6,652)	(6,879)	(10,204)
Stage 1	(2,144)	(2,411)	(1,959)
Stage 2	(535)	(571)	(2,069)
Stage 3	(3,973)	(3,897)	(6,176)
Net core loans and advances to customers	935,168	1,034,269	848,054
Average gross core loans and advances to customers	991,484	1,002,917	911,472
Current loans and advances to customers	874,811	973,716	822,990
Special mention loans and advances to customers	41,193	52,721	15,732
Past due loans and advances to customers (1-60 days)	17,513	2,206	5,945
Default loans and advances to customers	8,303	12,505	13,592
Gross core loans and advances to customers	941,820	1,041,148	858,258
Current loans and advances to customers	916,004	1,026,035	822,990
Gross core loans and advances to customers that are past due but not impaired	19,769	4,857	21,676
Gross core loans and advances to customers that are impaired	6,047	10,256	13,592
Gross core loans and advances to customers	941,820	1,041,148	858,258
Total income statement expected credit loss impairments on core loans and advances	(74)	2,720	(510)
Gross default loans and advances to customers	8,303	12,505	13,592
Expected credit loss	(6,652)	(6,879)	(10,204)
Defaults net of impairments	1,651	5,626	3,388
Collateral and other credit enhancements	9,211	32,714	15,763
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.71%	0.66%	1.19%
Total impairments as a % of gross default loans	80.12%	55.01%	75.08%
Gross defaults as a % of gross core loans and advances to customers	0.88%	1.20%	1.58%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.18%	0.54%	0.40%
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)	0.02%	(0.27%)	0.11%



Capital structure

As at	Group			Bank		
	30 September 2019	31 March 2019	30 September 2018	30 September 2019	31 March 2019	30 September 2018
US\$'000						
Common equity tier 1 capital: instruments and reserves						
Ordinary shares	56,478	56,478	56,478	56,478	56,478	56,478
Retained earnings	231,268	236,501	206,659	231,034	236,267	206,846
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	56,091	56,289	56,219	56,091	56,290	56,219
Common equity tier 1 capital before regulatory adjustments	343,838	349,268	319,357	343,604	349,035	319,544
Common equity tier 1 capital: regulatory adjustments						
Deferred tax assets	295	297	438	295	295	437
Total regulatory adjustments to common equity tier 1 capital	295	297	438	295	295	437
Common equity tier 1 capital (CET1)	343,543	348,971	318,918	343,309	348,740	319,107
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)	15,099	17,260	14,388	15,112	17,260	14,388
Tier 2 capital before regulatory adjustments	15,099	17,260	14,388	15,112	17,260	14,388
Total capital (capital base) (TC = T1 + T2)	358,642	366,231	333,307	358,421	366,000	333,495
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,109,500	1,267,828	1,040,841	1,110,513	1,269,010	1,042,016
Non-market related off-balance sheet risk-weighted assets	82,857	93,518	103,794	82,857	93,518	103,794
Market related off-balance sheet risk-weighted assets	15,587	18,300	5,264	15,587	18,300	5,264
Operational risk	75,925	75,925	79,118	75,925	75,925	79,118
Aggregate net open foreign exchange position	6,596	10,491	10,460	6,596	10,491	10,460
Total risk-weighted assets	1,290,465	1,466,062	1,239,477	1,291,478	1,467,244	1,240,652
Capital adequacy ratio (%)	27.8%	25.0%	26.9%	27.8%	24.9%	26.9%
Tier 1 ratio	26.6%	23.8%	25.7%	26.6%	23.8%	25.7%

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

As at 30 September 2019

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	253,896	231,268	253,368	231,034
Other reserves	72,830	56,091	72,830	56,091
Qualifying common equity tier 1 capital before regulatory adjustments	383,204	343,838	382,676	343,604
Deferred tax assets	-	(295)	-	(295)
Tier 1 capital	383,204	343,543	382,676	343,309
Qualifying tier 1 capital	383,204	343,543	382,676	343,309
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	15,099	-	15,112
Total qualifying capital	383,204	358,642	382,676	358,421



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	30 September 2019	30 September 2019	31 March 2019	30 September 2018	30 September 2019	31 March 2019	30 September 2018		
	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%-50%	7,483	14,188	37,561	30,113	7,483	14,188	37,561	30,113
Claims on central banks and international institutions	0%-50%	15,577	6,741	5,117	5,084	15,577	6,741	5,117	5,084
Claims on banks	20%-100%	626,717	205,438	160,857	152,356	626,717	205,438	160,857	152,356
Claims on corporates	20%-100%	660,885	564,742	808,209	638,247	661,023	564,742	808,209	638,254
Claims secured by residential property	35%-125%	32,416	25,123	32,174	39,331	32,416	25,123	32,174	39,331
Claims secured by commercial real estate	100%-125%	266,750	271,224	192,876	143,882	266,750	271,224	192,876	143,882
Past due claims	100%-150%	4,707	5,689	9,230	7,173	4,707	5,689	9,230	7,173
Other assets	100%-250%	16,355	16,355	21,804	24,653	16,668	17,368	22,986	25,822
Total on-balance sheet credit risk-weighted exposures			1,109,500	1,267,828	1,040,841		1,110,513	1,269,010	1,042,016



Risk-weighted assets

Group and Bank

US\$'000	30 September 2019				31 March 2019	30 September 2018
	Notional principal 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	10,702	100%	9,522	9,522	4,664	3,177
Transaction-related contingent items	2,072	50%	1,036	1,036	822	3,220
Total other commitments	190,227	20%-50%	76,725	72,299	88,032	97,398
Total off-balance sheet credit risk-weighted exposures				82,857	93,518	103,794

Group and Bank

US\$'000	30 September 2019				31 March 2019	30 September 2018
	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	130,960	436	84	520	520	407
Foreign exchange and gold contracts	394,182	4,639	2,857	7,497	4,184	5,875
Other market-related contracts	-	-	10,883	10,883	10,883	12,018
Total market-related off-balance sheet risk-weighted credit exposures				15,587	18,300	5,264



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 2019 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	315	280	26	-	10	-	-	631
Investment/trading assets	9	12	-	10	3	5	31	70
Advances	6	36	173	61	56	574	30	935
Other assets	-	-	-	6	-	-	-	6
Assets	329	328	199	78	68	579	61	1,642
Deposits - non-banks	(644)	(130)	(115)	(39)	(26)	(6)	-	(960)
Securities sold under repurchase agreement	3	(11)	-	-	-	-	-	(8)
Other liabilities	-	-	-	(17)	-	-	-	(17)
Liabilities	(641)	(141)	(115)	(55)	(26)	(6)	-	(984)
Intercompany loans	(5)	(12)	(1)	-	-	(258)	-	(275)
Shareholders' funds	-	-	-	-	-	-	(383)	(383)
Balance sheet	(318)	175	83	22	43	315	(323)	(1)
Off-balance sheet	-	2	(1)	-	-	(1)	-	1
Contractual liquidity gap	(316)	177	82	22	43	314	(323)	-
Cumulative liquidity gap	(316)	(138)	(56)	(34)	8	323	-	-

At 31 March 2019 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	383	175	26	-	-	-	-	584
Investment/trading assets	8	-	71	27	11	3	37	157
Advances	31	38	95	115	170	519	66	1,034
Other assets	-	-	-	5	-	-	-	5
Assets	422	213	192	147	181	522	103	1,780
Deposits - non-banks	(721)	(122)	(79)	(24)	(86)	(5)	-	(1,037)
Securities sold under repurchase agreement	9	-	(49)	(25)	(11)	-	-	(77)
Other liabilities	-	-	-	(22)	-	-	-	(22)
Liabilities	(712)	(122)	(128)	(71)	(97)	(5)	-	(1,136)
Intercompany loans	(6)	-	(50)	(26)	(11)	(185)	-	(279)
Shareholders' funds	-	-	-	-	-	-	(368)	(368)
Balance sheet	(295)	91	13	49	73	332	(265)	(3)
Off-balance sheet	-	4	-	-	-	(1)	-	3
Contractual liquidity gap	(295)	95	13	55	73	324	(265)	-
Cumulative liquidity gap	(295)	(200)	(187)	(138)	(65)	265	-	-

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
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)	-	(283)
Shareholders' funds	-	-	-	-	-	-	(351)	(351)
Balance sheet	(261)	102	44	153	(47)	264	(258)	(3)
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	-	-



Unaudited financial reports for the quarter ended 30 June 2019

At 30 September 2019 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	213	216	(47)	9	10	(296)	(105)	-
Cumulative	213	429	382	391	401	105	-	-
At 31 March 2019 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	295	36	1	(64)	(1)	(248)	(18)	-
Cumulative	295	331	332	268	267	18	-	-
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	-	-

Liquidity coverage ratio (LCR)

As at 30 September 2019, the bank's LCR stood at 98.3%.
Additional information is available on our website www.investec.com

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 2019 US\$'million	< Three months	Three to six months	Six months to one year	One to five years	> five years	Non rate	Total
Cash and short-term funds - banks	631	-	-	-	-	-	631
Investment/trading assets	32	10	3	5	-	20	70
Advances	836	16	1	82	-	-	934
Other assets	-	-	-	-	-	6	6
Assets	1,499	26	3	87	-	26	1,641
Deposits - non-banks	(890)	(44)	(26)	(1)	-	-	(960)
Repurchase agreements with banks	(8)	-	-	-	-	-	(8)
Other liabilities	-	-	-	-	-	(17)	(17)
Liabilities	(897)	(44)	(26)	(1)	-	(17)	(984)
Intercompany loans	(275)	-	-	-	-	-	(275)
Shareholders' funds	-	-	-	-	-	(383)	(383)
Balance sheet	327	(18)	-	86	-	(374)	(1)
Off balance sheet	103	(13)	(3)	(86)	-	-	1
Repricing gap	429	(31)	(26)	-	-	(374)	-
Cumulative repricing gap	429	399	372	373	373	-	-

At 31 March 2019 US\$'million	< Three months	Three to six months	Six months to one year	One to five years	> five years	Non rate	Total
Cash and short-term funds - banks	584	-	-	-	-	-	584
Investment/trading assets	94	27	11	3	-	22	157
Advances	916	15	52	51	-	-	1,034
Other assets	-	-	-	-	-	5	5
Assets	1,594	42	63	54	-	27	1,780
Deposits - non-banks	(922)	(29)	(86)	-	-	-	(1,037)
Securities sold under repurchase agreement	(77)	-	-	-	-	-	(77)
Other liabilities	-	-	-	-	-	(22)	(22)
Liabilities	(999)	(29)	(86)	-	-	(22)	(1,136)
Intercompany loans	(242)	(26)	(11)	-	-	-	(279)
Shareholders' funds	-	-	-	-	-	(368)	(368)
Balance sheet	353	(13)	(34)	54	-	(363)	(3)
Off-balance sheet	77	(6)	(46)	(22)	-	-	3
Repricing gap	430	(19)	(80)	32	-	(363)	-
Cumulative repricing gap	430	411	331	363	363	-	-



At 30 September 2018 US\$'million	< Three months	Three to six months	Six months to one year	One to five years	> five years	Non rate	Total
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)	-	-	-	(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)	(41)	-	-	2
Repricing gap	431	(14)	(81)	-	-	(336)	-
Cumulative repricing gap	-	-	-	-	-	-	-

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 2019						
200bp down	(0.03)	0.25	0.53	0.44	0.03	1.22
200bp up	0.03	(0.25)	(0.53)	(0.44)	(0.03)	(1.22)
31 March 2019						
200bp down	(0.01)	0.18	0.41	0.85	0.20	1.63
200bp up	0.01	(0.18)	(0.41)	(0.85)	(0.20)	(1.63)
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)

Foreign exchange risk

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

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

Open position (USD'000)	EUR	GBP	JPY	MUR	Other currencies	Aggregate net open foreign exchange position
30 September 2019						
Long/(short) position	4,634	1,506	(6)	(948)	(1,814)	6,596
31 March 2019						
Long/(short) position	6,550	3,537	(216)	1,265	(1,220)	10,491
30 September 2018						
Long/(short) position	5,327	4,080	(3)	(482)	(1,092)	10,460