

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the period ended 31 December 2019

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





Unaudited financial report for the nine months ended 31 December 2019

The unaudited financial report for the nine months ended 31 December 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 by 2.7% from US\$31.7 million for the period ended 31 December 2018 to US\$32.5 million for the period ended 31 December 2019.
- Net fee and commission income increased from US\$4.3 million for the period ended 31 December 2018 to US\$6.0 million for the period 31 December 2019.
- Investment income stood at US\$1.3 million for the period under review as compared to a loss of US\$4.2 million for the period ended 31 December 2018.
- Operating costs decreased by 1.2% to US\$9.7 million during the period under review.

Profit after tax stood at US\$28.0 million for the nine months ended 31 December 2019 as compared to US\$21.6 million for the period ended 31 December 2018.

Loans and advances to customers decreased by 14% to US\$893 million while external deposits increased by 9% to US\$1.1 billion during the nine months ended 31 December 2019.

The capital adequacy ratio stood at 26.5% as at 31 December 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 31 December 2019, the total on- and off-balance sheet credit exposure to related parties amounted to US\$171.8 million (31 March 2019 – US\$39.7 million) representing 9.3% (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\$171.5 million (31 March 2019 – US\$39.5 million) representing 50.0% (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 February 2020



Balance sheets

As at US\$'000	Group			Bank		
	31 December 2019	31 March 2019	31 December 2018	31 December 2019	31 March 2019	31 December 2018
Assets						
Cash and balances at central bank	14,039	14,143	11,865	14,039	14,143	11,865
Due from banks	780,754	494,313	452,725	780,754	494,313	452,725
Reverse repurchase agreements	86,041	75,555	65,493	86,041	75,555	65,493
Sovereign debt securities	-	20,575	21,498	-	20,575	21,498
Bank debt securities	26,125	88,612	113,303	26,125	88,612	113,303
Other debt securities	22,776	24,978	28,573	22,776	24,978	28,573
Derivative financial instruments	765	17,061	13,709	765	17,061	13,709
Investment portfolio	5,439	5,445	6,129	5,439	5,445	6,129
Loans and advances to customers	892,805	1,034,269	933,901	892,805	1,034,269	933,901
Interest in associated undertaking	3,430	4,635	4,694	3,430	4,635	4,694
Deferred taxation asset	295	297	438	295	295	437
Other assets	5,245	4,300	10,024	5,038	4,128	9,856
Leasehold property and equipment	1,031	354	357	1,030	353	356
Amount due from group companies	1,154	1,010	1,768	1,206	1,016	1,816
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,839,899	1,785,547	1,664,477	1,840,210	1,785,845	1,664,822
Liabilities						
Derivative financial instruments	5,793	1,672	1,949	5,793	1,672	1,949
Repurchase agreements	-	76,963	77,206	-	76,963	77,206
Customer deposits	1,131,075	1,036,836	938,060	1,132,142	1,037,608	938,780
Debt securities in issue	260,111	252,866	253,163	260,111	252,866	253,163
Amount due to group companies	28,436	26,713	30,105	28,436	26,643	30,039
Current taxation liabilities	682	573	562	682	508	524
Other liabilities	18,125	21,836	7,116	18,053	21,731	7,045
Total liabilities	1,444,222	1,417,459	1,308,161	1,445,217	1,417,991	1,308,706
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	71,750	75,109	69,928	71,750	75,109	69,928
Retained income	267,449	236,501	229,910	266,765	236,267	229,710
Shareholder's equity	395,677	368,088	356,316	394,993	367,854	356,116
Total liabilities and equity	1,839,899	1,785,547	1,664,477	1,840,210	1,785,845	1,664,822



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Nine month ended 31 December 2019	Year 31 March 2019	Nine month ended 31 December 2018	Nine month ended 31 December 2019	Year 31 March 2019	Nine months ended 31 December 2018
Interest income	56,821	73,546	53,434	56,824	73,549	53,436
Interest expense	(24,280)	(30,773)	(21,747)	(24,297)	(30,784)	(21,753)
Net interest income	32,541	42,773	31,687	32,527	42,765	31,683
Fee income	7,307	7,476	5,971	6,648	6,678	5,308
Fee expense	(1,335)	(2,157)	(1,632)	(1,335)	(2,143)	(1,618)
Net fee income	5,972	5,319	4,339	5,313	4,535	3,690
Investment income / (loss)	1,268	(1,407)	(4,191)	1,268	(1,407)	(4,191)
Net trading income / (loss)	165	(278)	957	156	(274)	960
Total operating income before impairment	39,947	46,407	32,899	39,264	45,619	32,249
Expected credit loss impairment reversal / (charge)	326	2,219	(325)	326	2,219	(325)
Operating income	40,272	48,626	32,574	39,590	47,838	31,924
Operating costs	(9,684)	(13,307)	(9,798)	(9,459)	(13,028)	(9,592)
Operating profit	30,588	35,319	22,777	30,131	34,810	22,332
Share of (loss) / profit in associate	(1,043)	144	199	(1,043)	144	199
Profit before taxation	29,545	35,463	22,976	29,088	34,954	22,531
Taxation	(1,542)	(1,895)	(1,338)	(1,535)	(1,807)	(1,280)
Profit after taxation	28,003	33,568	21,638	27,553	33,147	21,251
Analysed as follows:						
Transfer (from) / to regulatory general risk reserve	(2,945)	9,869	(4,529)	(2,945)	9,869	(4,529)
Transfer to retained earnings	30,947	23,699	26,166	30,498	23,278	25,779
Profit attributable to equity holder of the bank	28,003	33,568	21,638	27,553	33,147	21,251

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Nine month ended 31 December 2019	Year 31 March 2019	Nine month ended 31 December 2018	Nine month ended 31 December 2019	Year 31 March 2019	Nine months ended 31 December 2018
Profit after taxation	28,003	33,568	21,638	27,553	33,147	21,251
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(244)	37	377	(244)	37	377
-Foreign currency adjustments on translating associated undertaking	(161)	(107)	(103)	(161)	(107)	(103)
-Other comprehensive income	(9)	(27)	(27)	(9)	(27)	(27)
Total other comprehensive income	(414)	(97)	246	(414)	(97)	246
Total comprehensive income attributable to equity holder of the bank	27,588	33,471	21,884	27,139	33,050	21,497



Statements of changes in equity

As at	Other reserves					Retained income	Total equity
	Ordinary share capital	Foreign currency reserve	Available for sale/ 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 - 31 December 2019							
Profit after taxation	-	-	-	-	-	28,003	28,003
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(244)	-	-	-	(244)
Foreign currency adjustments on translating associated undertaking	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	(9)	-	-	(9)
Total comprehensive income	-	(161)	(244)	(9)	-	28,003	27,589
Transfer to regulatory general risk reserve	-	-	-	(2,945)	-	2,945	-
At 31 December 2019	56,478	(387)	(207)	15,866	56,478	267,449	395,677
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 - 31 December 2018							
Profit after taxation	-	-	-	-	-	21,638	21,638
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	377	-	-	-	377
Foreign currency adjustments on translating associated undertaking	-	(103)	-	-	-	-	(103)
Other comprehensive income	-	-	-	(27)	-	-	(27)
Total comprehensive income	-	(103)	377	(27)	-	21,638	21,885
Transfer to regulatory general risk reserve	-	-	-	4,529	-	(4,529)	-
IFRS 9 transitional adjustment	-	-	-	-	-	1,555	1,555
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
Balance at 31 December 2018	56,478	(222)	192	13,480	56,478	229,911	356,316
Bank							
At 1 April 2019	56,478	(226)	37	18,820	56,478	236,267	367,854
Movement in reserves 1 April 2019 - 31 December 2019							
Profit after taxation	-	-	-	-	-	27,553	27,553
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(244)	-	-	-	(244)
Foreign currency adjustments on translating associated undertakings	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	(9)	-	-	(9)
Total comprehensive income	-	(161)	(244)	(9)	-	27,553	27,139
Transfer to regulatory general risk reserve	-	-	-	(2,945)	-	2,945	-
Ordinary dividend paid	-	-	-	-	-	-	-
At 31 December 2019	56,478	(387)	(207)	15,867	56,478	266,765	394,993
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	-	-	-	-	-	1,555	1,555
Movement in reserves 1 April 2018 - 31 December 2018							
Profit after taxation	-	-	-	-	-	21,251	21,251
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	377	-	-	-	377
Foreign currency adjustments on translating associated undertaking	-	(103)	-	-	-	-	(103)
Other comprehensive income	-	-	-	(27)	-	-	(27)
Total comprehensive income	-	(103)	377	(27)	-	21,251	21,498
Transfer to regulatory general risk reserve	-	-	-	4,529	-	(4,529)	-
Ordinary dividend paid	-	-	-	-	-	(87,100)	(87,100)
Balance at 31 December 2018	56,478	-222	192	13,480	56,478	229,710	356,116



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Nine month ended 31 December 2019	Year 31 March 2019	Nine months ended 31 December 2018	Nine month ended 31 December 2019	Year 31 March 2019	Nine months ended 31 December 2018
Profit before tax	29,545	35,463	22,976	29,088	34,954	22,531
Adjustment for non cash items	(286)	(8,929)	6,568	(286)	(8,929)	6,568
Profit before taxation adjusted for non-cash items	29,259	26,534	29,544	28,802	26,025	29,099
Taxation paid	(1,429)	(2,201)	(1,796)	(1,360)	(2,176)	(1,776)
Decrease/ (increase) in operating assets	157,201	(70,938)	22,592	157,189	(70,838)	22,645
Increase/ (decrease) in operating liabilities	96,370	150,698	40,873	96,770	151,084	41,244
Net cash inflow/ (outflow) from operating activities	281,401	104,094	91,213	281,401	104,094	91,212
Purchase of investment securities	(26,273)	(22,520)	(1,167)	(26,273)	(22,520)	(1,167)
Proceeds from disposal of investment securities	113,412	55,257	20,356	113,412	55,257	20,356
Acquisition of equipment	(50)	(65)	(42)	(50)	(65)	(42)
Net cash inflow from investing activities	87,090	32,672	19,147	87,090	32,672	19,147
Cash flow from financing activities						
Reverse repurchase agreement	(10,000)	-	10,000	(10,000)	-	10,000
Securities sold under repurchase agreement with banks	(80,215)	(18,400)	(38,670)	(80,215)	(18,400)	(38,670)
Debt securities in issue	8,397	-	-	8,397	-	-
Dividend paid	-	(87,100)	(87,100)	-	(87,100)	(87,100)
Net cash outflow from financing activities	(81,818)	(105,500)	(115,770)	(81,818)	(105,500)	(115,770)
Effects of exchange rates on cash and cash equivalents	72	4,138	(3,231)	72	4,138	(3,231)
Net decrease in cash and cash equivalents	286,745	35,404	(8,642)	286,745	35,404	(8,642)
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	789,394	502,649	458,603	789,394	502,649	458,603
Cash and cash equivalents is defined as including:						
Cash in hand	5	5	4	5	5	4
Cash and balances at central bank (unrestricted balance)	8,635	8,320	5,861	8,635	8,320	5,861
Due from banks	780,710	494,313	452,725	780,710	494,313	452,725
Expected credit loss on cash and cash equivalents	44	11	13	44	11	13
Cash and cash equivalents at end of the period/year	789,394	502,649	458,603	789,394	502,649	458,603



Notes to the unaudited financial accounts for the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2019

3. Related party transactions

As at US\$'000	Group			Bank		
	31 December 2019	31 March 2019	31 December 2018	31 December 2019	31 March 2019	31 December 2018
Interest income	11,270	12,491	1,736	11,288	12,501	1,735
Interest expense	(10,020)	(13,546)	(7,862)	(10,023)	(13,549)	(7,856)
Net fair value of derivatives held with group companies	(5,028)	3,372	2,383	(5,028)	3,372	2,383
Reverse repurchase agreements	25,956	25,560	65,493	25,956	25,560	65,493
Loans and advances	5,598	6,909	7,037	5,598	4,585	7,037
Deposits	(10,757)	(8,385)	(12,554)	(10,757)	(9,157)	(12,554)
Amount due from holding bank	335,944	92,378	163,834	335,944	92,378	163,834
Amount due from other group companies	75,003	-	-	75,055	6	43
Amount due to holding bank	(22,598)	(21,282)	(22,054)	(22,598)	(21,212)	(21,988)
Amount due to other group companies	(5,838)	(5,431)	(8,051)	(5,838)	(5,431)	(8,051)
Debt securities in issue	(260,111)	(252,866)	(253,163)	(260,111)	(252,866)	(253,163)

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 31 December 2019, loans and advances amounting to US\$ 126K were unsecured (31 March 2019: US\$ 184K and 31 December 2018: US\$ 219K). For the nine months ended 31 December 2019, the bank has not made any write-off relating to amounts owed by related parties (31 March 2019: Nil and 31 December 2018: Nil).



Credit and counterparty risk information

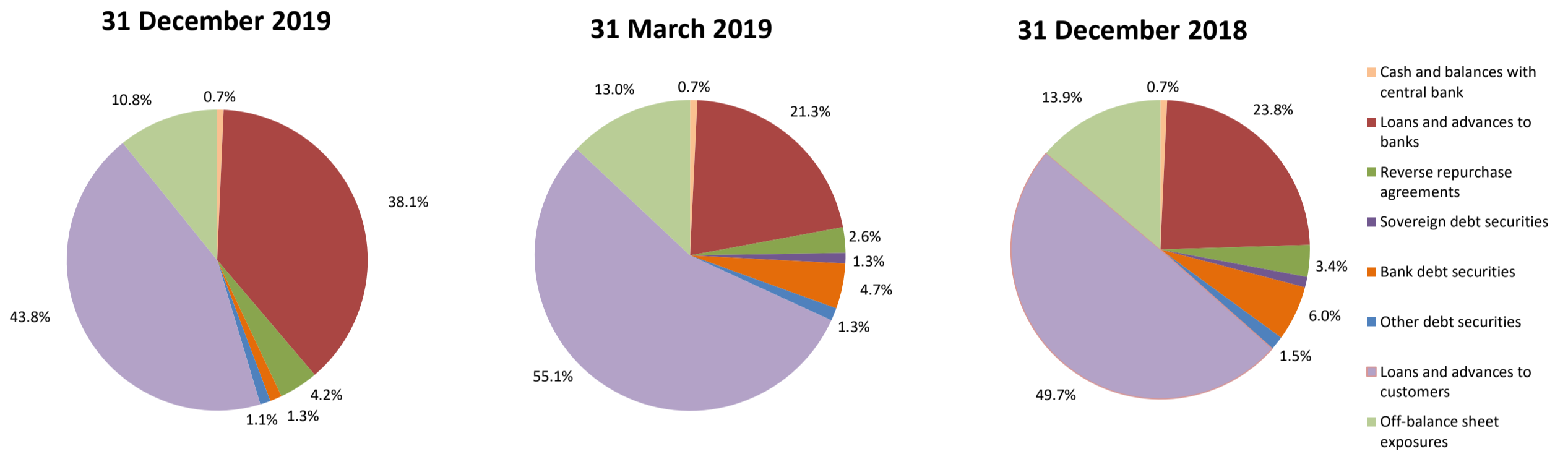
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	31 December 2019	31 March 2019	31 December 2018	31 December 2019 vs 31 March 2019 % change	Average*
On-balance sheet exposures	1,828,360	1,642,607	1,637,885	11.6	1,735,483
Balances at central bank	14,034	14,138	11,861	(0.7)	14,086
Loans and advances to banks	780,797	402,956	452,739	93.8	591,877
Reverse repurchase agreements	86,041	50,033	65,493	< 100	68,037
Investment securities - sovereign debt securities	-	20,575	21,498	< 100	10,288
Investment securities - bank debt securities	26,151	88,672	113,399	(70.5)	57,411
Investment securities - other debt securities	22,874	25,085	28,679	(8.8)	23,979
Loans and advances to customers	898,463	1,041,148	944,216	(13.7)	969,805
Off-balance sheet exposures	221,129	245,388	263,535	(16.1)	233,259
Guarantees^	21,467	6,095	10,513	252.2	13,781
Committed facilities	199,662	239,293	253,021	(16.6)	219,478
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	2,049,489	1,887,995	1,901,420	8.6	1,968,742

*Where the average is based on a straight line average for period 1 April 2019 to 31 December 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	31 December 2019	31 March 2019	31 December 2018
Gross core loans and advances to customers	898,463	1,041,148	944,216
Stage 1	835,079	976,572	873,612
Stage 2	55,475	26,505	57,215
Stage 3	7,908	38,071	13,389
Expected credit loss on loans and advances to customers	(5,658)	(6,879)	(10,315)
Stage 1	(2,002)	(2,411)	(2,524)
Stage 2	(146)	(571)	(1,740)
Stage 3	(3,510)	(3,897)	(6,051)
Net core loans and advances to customers	892,805	1,034,269	933,901
Average gross core loans and advances to customers	969,805	1,002,917	954,451
Current loans and advances to customers	807,543	973,716	842,123
Special mention loans and advances to customers	46,743	52,721	54,498
Past due loans and advances to customers (1-60 days)	36,269	2,206	34,207
Default loans and advances to customers	7,908	12,505	13,389
Gross core loans and advances to customers	898,463	1,041,148	944,217
Current loans and advances to customers	854,286	1,026,035	842,123
Gross core loans and advances to customers that are past due but not impaired	36,269	4,857	88,704
Gross core loans and advances to customers that are impaired	7,908	10,256	13,389
Gross core loans and advances to customers	898,463	1,041,148	944,216
Total income statement expected credit loss reversals / (impairments) on core loans and advances	(365)	2,720	(325)
Gross default loans and advances to customers	7,908	12,505	13,389
Expected credit loss	(5,658)	(6,879)	(10,315)
Defaults net of impairments	2,250	5,626	3,075
Collateral and other credit enhancements	11,830	32,714	14,425
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.63%	0.66%	1.09%
Total impairments as a % of gross default loans	71.55%	55.01%	77.04%
Gross defaults as a % of gross core loans and advances to customers	0.88%	1.20%	1.42%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.25%	0.54%	0.33%
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)	0.05%	(0.27%)	0.05%



Capital structure

As at	Group			Bank		
	31 December 2019	31 March 2019	31 December 2018	31 December 2019	31 March 2019	31 December 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	229,020	236,501	204,015	228,786	236,267	204,202
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	55,878	56,289	56,256	55,878	56,290	56,256
Common equity tier 1 capital before regulatory adjustments	341,377	349,268	316,749	341,143	349,035	316,936
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)	341,081	348,971	316,311	340,847	348,740	316,499
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)	15,824	17,260	15,717	15,837	17,260	15,717
Tier 2 capital before regulatory adjustments	15,824	17,260	15,717	15,837	17,260	15,717
Total capital (capital base) (TC = T1 + T2)	356,905	366,231	332,028	356,684	366,000	332,216
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,166,634	1,267,828	1,147,062	1,167,646	1,269,010	1,146,214
Non-market related off-balance sheet risk-weighted assets	94,880	93,518	104,813	94,880	93,518	104,813
Market related off-balance sheet risk-weighted assets	4,399	18,300	6,314	4,399	18,300	6,314
Operational risk	75,925	75,925	79,118	75,925	75,925	79,118
Aggregate net open foreign exchange position	2,809	10,491	14,856	2,809	10,491	14,856
Total risk-weighted assets	1,344,646	1,466,062	1,352,164	1,345,659	1,467,244	1,351,316
Capital adequacy ratio (%)	26.5%	25.0%	24.6%	26.5%	24.9%	24.6%
Tier 1 ratio	25.4%	23.8%	23.4%	25.3%	23.8%	23.4%

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	267,449	229,020	266,765	228,786
Other reserves	71,750	55,878	71,750	55,878
Qualifying common equity tier 1 capital before regulatory adjustments	395,677	341,377	394,993	341,143
Deferred tax assets	-	(295)	-	(295)
Tier 1 capital	395,677	341,081	394,993	340,847
Qualifying tier 1 capital	395,677	341,081	394,993	340,847
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	15,824	-	15,837
Total qualifying capital	395,677	356,905	394,993	356,684



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	31 December 2019	31 December 2019	31 March 2019	31 December 2018	31 December 2019	31 March 2019	31 December 2018		
	Risk-weights %	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Risk-weighted on-balance sheet assets									
Cash items	0%	5	-	-	-	5	-	-	-
Claims on sovereigns	0%-150%	21,368	14,565	37,561	50,285	21,368	14,565	37,561	50,285
Claims on central banks and international institutions	0%-50%	17,512	6,737	5,117	4,680	17,512	6,737	5,117	4,680
Claims on banks	20%-100%	818,100	314,980	160,857	197,618	818,100	314,980	160,857	197,618
Claims on corporates	20%-100%	497,807	497,807	808,209	646,391	497,807	497,807	808,209	646,408
Claims secured by residential property	35%-125%	33,702	34,108	32,174	27,480	33,702	34,108	32,174	27,480
Claims secured by commercial real estate	100%-125%	274,279	279,000	192,876	192,029	274,279	279,000	192,876	192,029
Past due claims	100%-150%	4,441	4,699	9,230	7,283	4,441	4,699	9,230	7,283
Other assets	100%-250%	14,737	14,737	21,804	21,297	15,050	15,750	22,986	20,432
Total on-balance sheet credit risk-weighted exposures			1,166,634	1,267,828	1,147,062		1,167,646	1,269,010	1,146,214



Risk-weighted assets

Group and Bank

US\$'000	31 December 2019				31 March 2019	31 December 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	15,263	100%	13,314	13,314	4,664	6,805
Transaction-related contingent items	6,521	50%	2,302	4,604	822	2,320
Total other commitments	87,865	20%-50%	36,444	76,962	88,032	95,688
Total off-balance sheet credit risk-weighted exposures				94,880	93,518	104,813

Group and Bank

US\$'000	31 December 2019				31 March 2019	31 December 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	137,106	471	534	1,005	1,961	407
Foreign exchange and gold contracts	379,373	3,794	-	3,794	1,897	5,875
Other market-related contracts	-	-	-	-	541	12,018
Total market-related off-balance sheet risk-weighted credit exposures					4,399	18,300



Balance sheet risk management

The tables that follow show the bank's liquidity mismatch. The tables reflect that loans and advances to customers are largely financed by stable funding sources.

With respect to the contractual liquidity mismatch:

No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered cash and near cash as a buffer against both expected and unexpected cash flows.

With respect to the behavioural liquidity mismatch:

The new funding we would require under normal business circumstances is shown in the 'behavioural mismatch'. To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

Contractual liquidity

At 31 December 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	183	590	91	10	8	-	-	881
Investment/trading assets	9	16	-	-	3	11	20	58
Advances	2	46	52	85	108	578	22	893
Other assets	-	-	-	6	-	-	-	6
Assets	193	651	143	103	118	589	42	1,838
Deposits - non-banks	(837)	(77)	(72)	(34)	(91)	(20)	-	(1,132)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(19)	-	-	-	(19)
Liabilities	(837)	(77)	(72)	(53)	(91)	(20)	-	(1,151)
Intercompany loans	(6)	-	(1)	-	-	(281)	-	(287)
Shareholders' funds	-	-	-	-	-	-	(395)	(395)
Balance sheet	(651)	574	70	49	27	288	(353)	5
Off-balance sheet	-	(4)	-	-	-	(1)	-	(5)
Contractual liquidity gap	(649)	569	70	49	27	287	(353)	-
Cumulative liquidity gap	(649)	(80)	(9)	40	66	353	-	-

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 31 December 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	254	250	25	-	-	-	-	530
Investment/trading assets	22	2	1	70	39	29	23	186
Advances	10	71	113	63	143	486	48	934
Other assets	-	-	-	11	-	-	-	11
Assets	286	323	140	144	182	515	71	1,661
Deposits - non-banks	(663)	(74)	(45)	(89)	(68)	-	-	(938)
Securities sold under repurchase agreement	10	-	-	(49)	(37)	-	-	(77)
Other liabilities	-	-	-	(7)	-	-	-	(7)
Liabilities	(653)	(74)	(45)	(145)	(106)	(0)	-	(1,023)
Intercompany loans	(9)	-	-	(49)	(38)	(185)	-	(281)
Shareholders' funds	-	-	-	-	-	-	(356)	(356)
Balance sheet	(376)	249	94	(51)	39	330	(286)	-
Off-balance sheet	1	1	-	-	-	(2)	-	-
Contractual liquidity gap	(375)	250	94	(51)	39	329	(286)	-
Cumulative liquidity gap	(375)	(125)	(31)	(81)	(43)	286	-	-



Unaudited financial reports for the period ended 31 December 2019

At 31 December 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	52	522	(25)	(27)	1	(396)	(127)	-
Cumulative	52	574	549	522	523	127	-	-

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 31 December 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	226	5	(52)	(4)	(296)	(44)	-
Cumulative	165	391	396	344	340	44	-	-

Liquidity coverage ratio (LCR)

As at 31 December 2019, the bank's LCR stood at 93%.
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 31 December 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	863	18	-	-	-	-	881
Investment/trading assets	37	0	3	10	-	9	58
Advances	685	124	27	57	-	-	893
Other assets	-	-	-	-	-	6	6
Assets	1,584	142	30	67	-	16	1,838
Deposits - non-banks	(1,007)	(34)	(91)	-	-	-	(1,132)
Repurchase agreements with banks	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	(19)	(19)
Liabilities	(1,007)	(34)	(91)	-	-	(19)	(1,151)
Intercompany loans	(287)	-	-	-	-	-	(287)
Shareholders' funds	-	-	-	-	-	(395)	(395)
Balance sheet	290	108	-	67	-	(398)	5
Off balance sheet	88	(1)	(26)	(66)	-	-	(5)
Repricing gap	377	107	(87)	-	-	(398)	-
Cumulative repricing gap	377	485	397	398	398	-	-

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 31 December 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	530	-	-	-	-	-	530
Investment/trading assets	61	70	39	4	-	12	186
Advances	779	88	32	35	-	-	934
Other assets	-	-	-	-	-	11	11
Assets	1,370	158	71	39	-	23	1,661
Deposits - non-banks	(781)	(89)	(68)	-	-	-	(938)
Repurchase agreements with banks	(77)	-	-	-	-	-	(77)
Other liabilities	-	-	-	-	-	(7)	(7)
Liabilities	(859)	(89)	(68)	-	-	(7)	(1,022)
Intercompany loans	(196)	(49)	(36)	-	-	-	(281)
Shareholders' funds	-	-	-	-	-	(356)	(356)
Balance sheet	316	20	(33)	39	-	(340)	1
Off balance sheet	73	(1)	(33)	(39)	-	-	(1)
Repricing gap	388	19	(67)	-	-	(340)	-
Cumulative repricing gap	388	407	340	340	340	-	-

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	
31 December 2019						
200bp down	(0.04)	0.28	0.28	0.79	0.03	1.34
200bp up	0.04	(0.28)	(0.28)	(0.79)	(0.03)	(1.34)
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)
31 December 2018						
200bp down	(0.07)	0.73	0.05	0.10	0.15	0.96
200bp up	0.07	(0.73)	(0.05)	(0.10)	(0.15)	(0.96)

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
31 December 2019						
Long/(short) position	1,311	1,443	(6)	(375)	(1,981)	2,809
31 March 2019						
Long/(short) position	6,550	3,537	(216)	1,265	(1,220)	10,491
31 December 2018						
Long/(short) position	6,879	6,706	(4)	(366)	(4,780)	14,856