

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the quarter ended 30 June 2020

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 2020

The unaudited financial report for the quarter ended 30 June 2020 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 decreased by 25% from US\$11.5 million for the quarter ended 30 June 2019 to US\$8.6 million for the quarter ended 30 June 2020 as a result of a lower loan portfolio and contraction in net interest margin
- Net fee and commission income increased from US\$1.3 million for the quarter ended 30 June 2019 to US\$1.4 million for the quarter 30 June 2020.
- Expected credit loss of US\$0.1 million was reversed for the quarter under review, as a result of a contraction of the loan portfolio, as compared to a charge of US\$0.2 million for the comparative quarter.
- Operating costs decreased by 15% to US\$2.6 million during the quarter under review mainly due to the depreciation of the Mauritian rupee and South African Rand versus the US Dollar.

Profit after tax stood at US\$7.1 million for the quarter ended 30 June 2020 as compared to US\$9.3 million for the quarter ended 30 June 2019.

Loans and advances to customers decreased by 7% to US\$832 million while external deposits decreased by 5% to US\$897 million during the quarter ended 30 June 2020.

The capital adequacy ratio stood at 29.5% as at 30 June 2020. 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 June 2020, the total on- and off-balance sheet credit exposure to related parties amounted to US\$276.3 million (31 March 2020 – US\$269.0 million) representing 17.4% (31 March 2020 – 16.4%) of the bank’s total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$276.3 million (31 March 2020 – US\$268.6 million) representing 74.9% (31 March 2020 – 73.5%) 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.

Operating environment

As a result of the Covid-19 pandemic and its unprecedented impact of the global economy, the bank provided an ECL overlay of US\$0.7 million as at 31 March 2020. For the quarter ended 30 June 2020, no further overlay was provided and no exposures required a classification into stage 3. However, the full effects of the pandemic are unknown at this stage and management continues to monitor the situation closely in order to identify early signs of an increase in 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 2020



Balance sheets

As at US\$'000	Group			Bank		
	30 June 2020	31 March 2020	30 June 2019	30 June 2020	31 March 2020	30 June 2019
Assets						
Cash and balances at central bank	14 969	15 811	9 985	14 969	15 811	9 985
Due from banks	572 511	556 829	446 451	572 511	556 829	446 451
Reverse repurchase agreements	89 987	101 034	75 700	89 987	101 034	75 700
Bank debt securities	31 654	34 691	44 338	31 654	34 691	44 338
Other debt securities	22 578	22 583	24 859	22 578	22 583	24 859
Derivative financial instruments	3 007	735	13 528	3 007	735	13 528
Investment portfolio	2 405	2 402	4 929	2 405	2 402	4 929
Loans and advances to customers	832 261	892 566	973 530	832 261	892 566	973 530
Interest in associated undertaking	2 856	2 856	4 635	2 856	2 856	4 635
Deferred taxation asset	421	421	295	421	421	295
Other assets	3 824	4 101	5 399	3 668	3 978	5 165
Leasehold property and equipment	1 103	1 191	335	1 102	1 190	334
Amount due from group companies	5 637	1 771	1 113	5 764	1 772	1 255
Investment in subsidiary	-	-	-	467	467	467
Total assets	1 583 213	1 636 991	1 605 098	1 583 650	1 637 335	1 605 472
Liabilities						
Derivative financial instruments	3 674	13 045	4 945	3 674	13 045	4 945
Repurchase agreements	-	-	33 765	-	-	33 765
Customer deposits	897 273	944 650	898 150	898 694	945 944	899 140
Debt securities in issue	258 334	256 932	253 670	258 334	256 932	253 670
Amount due to group companies	23 015	22 789	29 098	22 987	22 779	28 969
Current taxation liabilities	1 514	1 064	1 027	1 502	1 052	958
Other liabilities	6 750	14 295	7 193	6 689	14 193	7 146
Total liabilities	1 190 560	1 252 775	1 227 848	1 191 880	1 253 945	1 228 593
Equity						
Ordinary share capital	56 478	56 478	56 478	56 478	56 478	56 478
Other reserves	67 599	65 582	73 286	67 599	65 582	73 286
Retained income	268 576	262 156	247 486	267 693	261 330	247 114
Shareholder's equity	392 653	384 216	377 250	391 770	383 390	376 878
Total liabilities and equity	1 583 213	1 636 991	1 605 098	1 583 650	1 637 335	1 605 472



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2020	Year 31 March 2020	Quarter ended 30 June 2019	Quarter ended 30 June 2020	Year 31 March 2020	Quarter 30 June 2019
Interest income	13 435	74 991	20 986	13 435	74 995	20 987
Interest expense	(4 835)	(32 567)	(9 466)	(4 835)	(32 587)	(9 471)
Net interest income	8 600	42 424	11 520	8 600	42 408	11 516
Fee income	1 625	9 118	1 941	1 488	8 207	1 727
Fee expense	(200)	(1 433)	(606)	(200)	(1 431)	(606)
Net fee income	1 425	7 685	1 335	1 288	6 776	1 121
Investment income	50	1 215	612	50	1 215	612
Trading loss	(28)	(303)	(498)	(29)	(287)	(500)
Total operating income before impairment	10 047	51 021	12 969	9 909	50 112	12 749
Expected credit loss impairment reversal / (charge)	141	(457)	(215)	141	(457)	(215)
Operating income	10 188	50 564	12 754	10 050	49 655	12 534
Operating costs	(2 623)	(12 924)	(3 090)	(2 548)	(12 628)	(3 014)
Operating profit	7 565	37 640	9 664	7 502	37 027	9 520
Share of (loss) / profit in associate	-	(1 544)	72	-	(1 544)	72
Profit before taxation	7 565	36 096	9 736	7 502	35 483	9 592
Taxation	(450)	(2 219)	(456)	(450)	(2 198)	(450)
Profit after taxation	7 115	33 877	9 280	7 052	33 285	9 142
Analysed as follows:						
Transfer to / (from) regulatory general risk reserve	703	(5 304)	1 705	703	(5 304)	1 705
Transfer to retained earnings	6 412	39 181	7 575	6 349	38 589	7 437
Profit attributable to equity holder of the bank	7 115	33 877	9 280	7 052	33 285	9 142

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2020	Year 31 March 2020	Quarter ended 30 June 2019	Quarter ended 30 June 2020	Year 31 March 2020	Quarter 30 June 2019
Profit after taxation	7 115	33 877	9 280	7 052	33 285	9 142
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	1 305	(3 978)	(37)	1 305	(3 978)	(37)
-Foreign currency adjustments on translating associated undertaking	-	(235)	(72)	-	(235)	(72)
-Other comprehensive income	9	(10)	(10)	9	(10)	(10)
Items that will never be reclassified to income statement						
Employee liability adjustment	8	(159)	-	14	(159)	-
Total other comprehensive income	1 322	(4 382)	(119)	1 328	(4 382)	(118)
Total comprehensive income attributable to equity holder of the bank	8 437	29 495	9 161	8 380	28 903	9 024



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 2020	56 478	(461)	(3 941)	13 506	56 478	262 156	384 216
Movement in reserves 1 April 2020 - 30 June 2020							
Profit after taxation	-	-	-	-	-	7 115	7 115
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	1 305	-	-	-	1 305
Other comprehensive income	-	-	-	9	-	-	9
Employee liability adjustment	-	-	-	-	-	8	8
Total comprehensive income	-	-	1 305	9	-	7 123	8 437
Transfer to regulatory general risk reserve	-	-	-	703	-	(703)	-
At 30 June 2020	56 478	(461)	(2 636)	14 218	56 478	268 576	392 653
At 1 April 2019	56 478	(226)	37	18 820	56 478	236 501	368 088
Movement in reserves 1 April 2019 - 31 March 2020							
Profit after taxation	-	-	-	-	-	33 877	33 877
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(3 978)	-	-	-	(3 978)
Foreign currency adjustments on translating associated undertakings	-	(235)	-	-	-	-	(235)
Other comprehensive income	-	-	-	(10)	-	-	(10)
Employee liability adjustment	-	-	-	-	-	(159)	(159)
Total comprehensive income	-	(235)	(3 978)	(10)	-	33 718	29 495
Transfer to regulatory general risk reserve	-	-	-	(5 304)	-	5 304	-
Ordinary dividend paid	-	-	-	-	-	(13 367)	(13 367)
At 31 March 2020	56 478	(461)	(3 941)	13 506	56 478	262 156	384 216
At 1 April 2019	56 478	(226)	37	18 820	56 478	236 501	368 088
Movement in reserves 1 April 2019 - 30 June 2019							
Profit after taxation	-	-	-	-	-	9 280	9 280
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(37)	-	-	-	(37)
Foreign currency adjustments on translating associated undertaking	-	(72)	-	-	-	-	(72)
Other comprehensive income	-	-	-	(10)	-	-	(10)
Total comprehensive income	-	(72)	(37)	(10)	-	9 280	9 163
Transfer to regulatory general risk reserve	-	-	-	(1 705)	-	1 705	-
Balance at 30 June 2019	56 478	(297)	-	17 105	56 478	247 486	377 250
Bank							
At 1 April 2020	56 478	(461)	(3 941)	13 506	56 478	261 330	383 390
Movement in reserves 1 April 2020 - 30 June 2020							
Profit after taxation	-	-	-	-	-	7 052	7 052
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	1 305	-	-	-	1 305
Employee liability adjustment	-	-	-	-	-	14	14
Other comprehensive income	-	-	-	9	-	-	9
Total comprehensive income	-	-	1 305	9	-	7 066	8 380
Transfer to regulatory general risk reserve	-	-	-	703	-	(703)	-
At 30 June 2020	56 478	(461)	(2 636)	14 218	56 478	267 693	391 770
At 1 April 2019	56 478	(226)	37	18 820	56 478	236 267	367 854
Movement in reserves 1 April 2019 - 31 March 2020							
Profit after taxation	-	-	-	-	-	33 285	33 285
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(3 978)	-	-	-	(3 978)
Foreign currency adjustments on translating associated undertaking	-	(235)	-	-	-	-	(235)
Other comprehensive income	-	-	-	(10)	-	-	(10)
Employee liability adjustment	-	-	-	-	-	(159)	(159)
Total comprehensive income	-	(235)	(3 978)	(10)	-	33 126	28 903
Transfer to regulatory general risk reserve	-	-	-	(5 304)	-	5 304	-
Ordinary dividends	-	-	-	-	-	(13 367)	(13 367)
At 31 March 2020	56 478	(461)	(3 941)	13 506	56 478	261 330	383 390
At 1 April 2019	56 478	(226)	37	18 820	56 478	236 267	367 854
Movement in reserves 1 April 2019 - 30 June 2019							
Profit after taxation	-	-	-	-	-	9 142	9 142
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(37)	-	-	-	(37)
Foreign currency adjustments on translating associated undertaking	-	(72)	-	-	-	-	(72)
Other comprehensive income	-	-	-	(10)	-	-	(10)
Total comprehensive income	-	(72)	(37)	(10)	-	9 142	9 025
Transfer to regulatory general risk reserve	-	-	-	(1 705)	-	1 705	-
Balance at 30 June 2019	56 478	(297)	-	17 105	56 478	247 114	376 878



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2020	Year 31 March 2020	Quarter 30 June 2019	Quarter ended 30 June 2020	Year 31 March 2020	Quarter 30 June 2019
Profit before tax	7 565	36 096	9 736	7 502	35 483	9 592
Adjustment for non cash items	2 985	(8 279)	5 819	2 991	(8 279)	5 819
Profit before taxation adjusted for non-cash items	10 550	27 817	15 555	10 493	27 204	15 411
Taxation paid	-	(1 857)	-	-	(1 784)	-
Decrease in operating assets	64 563	130 710	63 622	64 469	130 665	63 547
Decrease in operating liabilities	(64 066)	(93 674)	(147 672)	(63 916)	(93 089)	(147 454)
Net cash inflow/ (outflow) from operating activities	11 047	62 996	(68 494)	11 046	62 996	(68 496)
Purchase of debt securities	-	(35 150)	-	-	(35 150)	-
Proceeds from disposal of debt securities	3 000	112 727	70 975	3 000	112 727	70 975
Acquisition of equipment	(11)	(57)	(3)	(11)	(57)	(3)
Net cash inflow from investing activities	2 989	77 520	70 972	2 989	77 520	70 972
Cash flow from financing activities						
Reverse repurchase agreement	10 000	(25 000)	-	10 000	(25 000)	-
Securities sold under repurchase agreement with banks	-	(76 129)	(49 125)	-	(76 129)	(49 125)
Debt securities issued	-	8 397	-	-	8 397	-
Dividend paid	-	(13 367)	-	-	(13 367)	-
Net cash inflow/ (outflow) from financing activities	10 000	(106 099)	(49 125)	10 000	(106 099)	(49 125)
Effects of exchange rates on cash and cash equivalents	915	1 964	(169)	915	1 964	(169)
Net increase/ (decrease) in cash and cash equivalents	24 951	36 381	(46 817)	24 950	36 381	(46 817)
Cash and cash equivalents at beginning of the period/year	539 030	502 649	502 649	539 030	502 649	502 649
Cash and cash equivalents at end of the quarter/ year	563 981	539 030	455 832	563 980	539 030	455 832
Cash and cash equivalents is defined as including:						
Cash in hand	5	4	5	5	4	5
Cash and balances at central bank (unrestricted balance)	9 010	9 894	4 377	9 010	9 894	4 377
Due from banks (excluding placements with maturity greater than 3 months)	554 910	529 064	446 435	554 910	529 064	446 435
Expected credit loss on cash and cash equivalents	55	68	15	55	68	15
Cash and cash equivalents at end of the quarter/ year	563 980	539 030	450 832	563 980	539 030	450 832



Notes to the unaudited financial accounts for the quarter ended 30 June 2020

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 2020 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 2020.

(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 2020

3. Related party transactions

As at US\$'000	Group			Bank		
	30 June 2020	31 March 2020	30 June 2019	30 June 2020	31 March 2020	30 June 2019
Interest income	2 753	17 120	1 027	2 753	17 009	1 027
Interest expense	(3 547)	(15 177)	(2 907)	(3 548)	(15 197)	(2 902)
Net fair value of derivatives held with group companies	1 327	(10 691)	8 584	1 327	(10 691)	8 584
Reverse repurchase agreements	25 006	26 050	25 708	25 006	26 050	25 708
Loans and advances to customers	2 039	4 314	6 952	2 039	4 314	4 434
Customer deposits	(2 886)	(28 871)	(10 277)	(2 886)	(28 871)	(10 277)
Amount due from holding bank	241 712	233 211	114 062	241 712	233 211	114 062
Amount due from other group companies	524	613	-	651	614	138
Amount due to holding bank	(17 776)	(17 393)	(22 403)	(17 776)	(17 383)	(22 403)
Amount due to other group companies	(5 239)	(5 396)	(6 695)	(5 211)	(5 396)	(6 566)
Debt securities in issue	(258 334)	(256 932)	(253 670)	(258 334)	(256 932)	(253 670)

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 2020, loans and advances amounting to US\$ 95k were unsecured (31 March 2020: US\$ 111k and 30 June 2019: US\$ 108k). For the three months ended 30 June 2020, the bank has not made any write-off relating to amounts owed by related parties (31 March 2020: Nil and 30 June 2019: Nil).



Credit and counterparty risk information

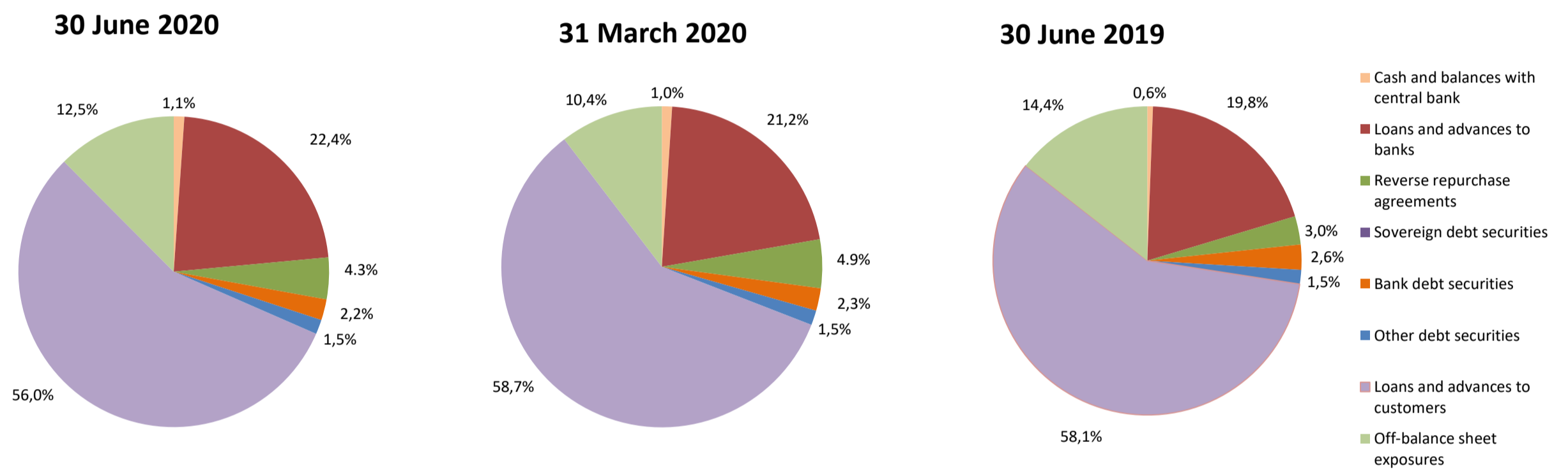
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	30 June 2020	31 March 2020	30 June 2019	30 June 2020 vs 31 March 2020 % change	Average*
On-balance sheet exposures	1 309 815	1 371 988	1 443 559	(4,5)	1 340 901
Balances at central bank	14 964	15 807	9 980	(5,3)	15 385
Due from banks	335 967	324 844	333 522	3,4	330 405
Reverse repurchase agreements	65 000	75 004	50 010	(13,3)	70 002
Bank debt securities	32 578	34 691	44 377	(6,1)	33 635
Other debt securities	22 674	22 681	24 965	(0,0)	22 678
Loans and advances to customers	838 632	898 961	980 705	(6,7)	868 796
Off-balance sheet exposures	186 856	159 150	243 780	17,4	173 003
Guarantees^	28 871	16 865	3 069	71,2	22 868
Committed facilities	157 985	142 285	240 711	11,0	150 135
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1 496 671	1 531 138	1 687 339	(2,3)	1 513 904

*Where the average is based on a straight line average for period 1 April 2020 to 30 June 2020.

^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 2020	31 March 2020	30 June 2019
Gross core loans and advances to customers	838 632	898 961	980 705
Stage 1	787 029	842 851	905 570
Stage 2	43 312	47 870	64 640
Stage 3	8 285	8 240	10 495
Expected credit loss on loans and advances to customers	(6 371)	(6 395)	(7 175)
Stage 1	(2 784)	(2 786)	(2 297)
Stage 2	(354)	(377)	(612)
Stage 3	(3 232)	(3 232)	(4 266)
Net core loans and advances to customers	832 261	892 566	973 530
Average gross core loans and advances to customers	868 796	970 055	1 010 926
Current loans and advances to customers	714 724	783 238	873 957
Special mention loans and advances to customers	43 312	47 281	45 461
Past due loans and advances to customers (1-60 days)	72 311	60 202	50 778
Default loans and advances to customers	8 285	8 240	10 509
Gross core loans and advances to customers	838 632	898 961	980 706
Current loans and advances to customers	758 036	821 678	873 957
Gross core loans and advances to customers that are past due but not impaired	72 311	69 043	96 239
Gross core loans and advances to customers that are impaired	8 285	8 240	10 509
Gross core loans and advances to customers	838 632	898 961	980 705
Total income statement expected credit loss reversals / (impairments) on core loans and advances	116	(383)	(215)
Gross default loans and advances to customers	8 285	8 240	10 509
Expected credit loss	(6 371)	(6 395)	(7 175)
Defaults net of impairments	1 914	1 845	3 334
Collateral and other credit enhancements	12 728	32 714	15 769
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0,76%	0,71%	0,73%
Total impairments as a % of gross default loans	76,90%	77,61%	68,28%
Gross defaults as a % of gross core loans and advances to customers	0,99%	0,92%	1,07%
Defaults (net of impairments) as a % of net core loans and advances to customers	0,23%	0,21%	0,34%
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%)	0,04%	0,08%



Capital structure

As at	Group			Bank		
	30 June 2020	31 March 2020	30 June 2019	30 June 2020	31 March 2020	30 June 2019
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	260 638	262 156	234 174	259 753	261 330	233 940
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	53 301	52 076	56 181	53 301	52 076	56 181
Common equity tier 1 capital before regulatory adjustments	370 417	370 710	346 833	369 532	369 884	346 599
Common equity tier 1 capital: regulatory adjustments						
Deferred tax assets	421	421	295	421	421	295
Total regulatory adjustments to common equity tier 1 capital	421	421	295	421	421	295
Common equity tier 1 capital (CET1)	369 996	370 289	346 538	369 111	369 463	346 304
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)	15 313	16 148	14 761	15 326	16 161	14 761
Tier 2 capital before regulatory adjustments	15 313	16 148	14 761	15 326	16 161	14 761
Total capital (capital base) (TC = T1 + T2)	385 309	386 437	361 298	384 437	385 624	361 064
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1 131 315	1 208 122	1 067 955	1 132 321	1 209 163	1 069 120
Non-market related off-balance sheet risk-weighted assets	85 971	77 602	94 993	85 971	77 602	94 993
Market related off-balance sheet risk-weighted assets	7 755	6 104	16 730	7 755	6 104	16 730
Operational risk	78 608	78 608	75 925	78 608	78 608	75 925
Aggregate net open foreign exchange position	4 668	3 164	11 150	4 668	3 164	11 150
Total risk-weighted assets	1 308 318	1 373 600	1 266 753	1 309 324	1 374 641	1 267 917
Capital adequacy ratio (%)	29,5%	28,1%	28,5%	29,4%	28,1%	28,5%
Tier 1 ratio	28,3%	27,0%	27,4%	28,2%	26,9%	27,3%

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

As at 30 June 2020

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	268 576	260 638	267 693	259 753
Other reserves	67 599	53 301	67 599	53 301
Qualifying common equity tier 1 capital before regulatory adjustments	392 653	370 417	391 770	369 532
Deferred tax assets	-	(421)	-	(421)
Tier 1 capital	392 653	369 996	391 770	369 111
Qualifying tier 1 capital	392 653	369 996	391 770	369 111
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	15 313	-	15 326
Total qualifying capital	392 653	385 309	391 770	384 437



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	30 June 2020	30 June 2020	31 March 2020	30 June 2019	30 June 2020	31 March 2020	30 June 2019		
	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%-50%	16 485	22 482	22 612	17 085	28 480	22 482	22 612	17 085
Claims on central banks and international institutions	0%-50%	14 964	-	5 177	3 475	14 964	-	5 177	3 475
Claims on banks	20%-100%	695 920	359 915	384 859	163 419	620 675	359 915	384 859	163 419
Claims on corporates	20%-100%	573 520	472 399	500 455	633 523	472 399	472 399	500 455	633 523
Claims secured by residential property	35%-125%	42 839	32 536	24 144	43 227	42 539	32 536	24 144	43 227
Claims secured by commercial real estate	100%-125%	224 404	229 239	258 758	181 850	224 012	229 239	258 758	181 850
Past due claims	100%-150%	4 593	4 331	2 347	6 437	3 068	4 331	2 347	6 437
Other assets	100%-250%	10 413	10 413	9 770	18 939	10 722	11 419	10 811	20 104
Total on-balance sheet credit risk-weighted exposures			1 131 315	1 208 122	1 067 955	1 416 863	1 132 321	1 209 163	1 069 120



Risk-weighted assets

Group and Bank

US\$'000	30 June 2020				31 March 2020	30 June 2019
	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	23 170	100%	10 565	10 565	11 820	2 178
Transaction-related contingent items	6 591	50%	3 296	3 296	2 967	756
Trade-related contingencies	6 000	0%	-	-	-	-
Total other commitments	162 421	20%-50%	73 029	72 111	62 815	92 059
Total off-balance sheet credit risk-weighted exposures				85 971	77 602	94 993

Group and Bank

US\$'000	30 June 2020				31 March 2020	30 June 2019
	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	162 045	529	730	1 259	1 259	1 157
Foreign exchange and gold contracts	348 738	4 461	-	6 669	6 496	4 947
Credit derivative contracts	8 724	-	-	-	-	-
Other market-related contracts	-	-	-	-	-	13 459
Total market-related off-balance sheet risk-weighted credit exposures					7 755	6 104
						16 730



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 2020 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	375	185	100	8	10	-	-	677
Investment/trading assets	6	3	-	-	-	31	20	59
Advances	3	29	69	88	104	522	17	832
Other assets	-	-	-	5	-	-	-	5
Assets	382	217	169	102	114	552	37	1 574
Deposits - non-banks	(583)	(123)	(81)	(49)	(48)	(14)	-	(899)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(583)	(123)	(81)	(57)	(48)	(14)	-	(907)
Intercompany loans	-	-	-	-	-	(275)	-	(275)
Shareholders' funds	-	-	-	-	-	-	(392)	(392)
Balance sheet	(202)	94	88	44	67	263	(355)	1
Off-balance sheet	-	2	-	-	-	(3)	-	(1)
Contractual liquidity gap	(200)	96	87	44	67	261	(355)	-
Cumulative liquidity gap	(200)	(104)	(17)	28	95	355	-	-

At 31 March 2020 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	399	155	102	-	18	-	-	674
Investment/trading assets	5	-	-	3	-	35	20	63
Advances	-	13	44	142	95	553	46	893
Other assets	-	-	-	6	-	-	-	6
Assets	404	168	146	151	113	588	66	1 636
Deposits - non-banks	(672)	(82)	(49)	(62)	(57)	(24)	-	(946)
Other liabilities	(4)	(4)	(3)	(1)	(1)	(1)	-	(14)
Liabilities	(676)	(86)	(52)	(63)	(58)	(25)	-	(960)
Intercompany loans	(4)	-	-	-	-	(274)	-	(278)
Shareholders' funds	-	-	-	-	-	-	(384)	(384)
Balance sheet	(276)	82	94	88	55	289	(318)	14
Off-balance sheet	-	(10)	-	-	-	(4)	-	(14)
Contractual liquidity gap	(276)	72	94	88	55	289	(318)	-
Cumulative liquidity gap	(276)	(204)	(110)	(22)	33	(318)	-	-

At 30 June 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	348	150	26	-	10	-	-	534
Investment/trading assets	10	-	27	12	-	8	36	93
Advances	7	93	71	167	89	506	40	974
Other assets	-	-	-	6	-	-	-	6
Assets	365	243	124	185	99	514	76	1 606
Deposits - non-banks	(636)	(75)	(55)	(107)	(20)	(5)	-	(899)
Securities sold under repurchase agreement	3	-	(26)	(11)	-	-	-	(34)
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(633)	(75)	(81)	(126)	(20)	(5)	-	(941)
Intercompany loans	(7)	-	(28)	(12)	-	(236)	-	(281)
Shareholders' funds	-	-	-	-	-	-	(377)	(377)
Balance sheet	(274)	167	15	48	79	273	(301)	-
Off-balance sheet	-	(3)	-	(1)	-	(2)	-	-
Contractual liquidity gap	(274)	165	15	47	79	271	(301)	-
Cumulative liquidity gap	(275)	(111)	(95)	(49)	30	301	-	-



Unaudited financial reports for the period ended 30 June 2020

At 30 June 2020 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	286	113	56	(31)	18	(191)	(252)	-
Cumulative	286	399	456	425	443	252	-	-
At 31 March 2020 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	294	8	43	(28)	12	(171)	(158)	-
Cumulative	294	302	345	317	329	158	-	-
At 30 June 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	251	107	(70)	(72)	8	(186)	(38)	-
Cumulative	251	358	288	216	224	38	-	-

Liquidity coverage ratio (LCR)

As at 30 June 2020, the bank's LCR stood at 125.7%.
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 June 2020 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	670	8	-	-	-	-	677
Investment/trading assets	23	-	-	31	-	6	59
Advances	639	107	11	76	-	-	832
Other assets	-	-	-	-	-	5	5
Assets	1 331	114	11	107	-	11	1 574
Deposits - non-banks	(807)	(52)	(39)	(1)	-	-	(899)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(168)	54	(28)	76	-	(8)	(75)
Intercompany loans	(275)	-	-	-	-	-	(275)
Shareholders' funds	-	-	-	-	-	(392)	(392)
Balance sheet	888	168	-	183	-	(389)	832
Off balance sheet	107	(5)	4	(106)	-	-	-
Repricing gap	356	57	(24)	1	-	(389)	-
Cumulative repricing gap	356	413	389	389	389	-	-

At 31 March 2020 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	674	-	-	-	-	-	674
Investment/trading assets	18	3	-	36	-	6	63
Advances	785	25	27	56	-	-	893
Other assets	-	-	-	-	-	6	6
Assets	1 477	28	27	92	-	12	1 636
Deposits - non-banks	(821)	(67)	(57)	-	-	-	(945)
Other liabilities	-	-	-	-	-	(15)	(15)
Liabilities	(821)	(67)	(57)	-	-	(15)	(960)
Intercompany loans	(278)	-	-	-	-	-	(278)
Shareholders' funds	-	-	-	-	-	(384)	(384)
Balance sheet	378	(39)	(30)	92	-	(387)	14
Off-balance sheet	78	(3)	2	(91)	-	-	(14)
Repricing gap	456	(42)	(28)	1	-	(387)	-
Cumulative repricing gap	456	414	386	387	387	-	-



At 30 June 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	523	10	-	-	-	-	533
Investment/trading assets	50	12	-	7	-	24	92
Advances	801	106	21	46	-	-	974
Other assets	-	-	-	-	-	6	6
Assets	1 374	128	21	52	-	30	1 605
Deposits - non-banks	(772)	(107)	(20)	-	-	-	(899)
Repurchase agreements with banks	(34)	-	-	-	-	-	(34)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(806)	(107)	(20)	-	-	(8)	(941)
Intercompany loans	(271)	(12)	-	-	-	-	(282)
Shareholders' funds	-	-	-	-	-	(377)	(377)
Balance sheet	298	9	0	52	-	(355)	5
Off balance sheet	95	(31)	(16)	(53)	-	-	(5)
Repricing gap	394	(21)	(16)	-	-	(355)	-
Cumulative repricing gap	392	371	355	355	355	-	-

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 June 2020						
200bp down	(0,03)	0,34	0,23	0,08	(0,02)	0,58
200bp up	0,03	(0,34)	(0,22)	(0,06)	0,02	(0,56)
31 March 2020						
200bp down	(0,09)	0,24	0,49	0,56	0,01	1,42
200bp up	0,09	(0,24)	(0,49)	(0,56)	(0,01)	(1,42)
30 June 2019						
200bp down	(0,07)	0,19	0,88	0,10	0,16	1,26
200bp up	0,07	(0,19)	(0,88)	(0,10)	(0,16)	(1,26)

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	MUR	Other currencies	Aggregate net open foreign exchange position
30 June 2020					
Long/(short) position	2 952	1 608	(468)	(788)	4 668
31 March 2020					
Long/(short) position	1 930	1 200	(125)	(524)	3 164
30 June 2019					
Long/(short) position	8 299	2 051	(86)	313	11 150