

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the period ended 30 September 2020

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





Unaudited financial report for the period ended 30 September 2020

The unaudited financial report for the six months ended 30 September 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 28% from US\$22.4 million for the period ended 30 September 2019 to US\$16.2 million for the period ended 30 September 2020 as a result of a decrease in the lending book and contraction in interest margin.
- Net fee and commission income for the period ended 30 September 2019 remained stable at US\$3.0 million.
- Expected credit loss of US\$1.2 million was provided for the period under review, a significant increase over to the comparative period due to the higher level of credit risk resulting from the Covid-19 pandemic
- Operating costs decreased by 13% to US\$5.4 million during the period under review, mainly due to some costs not being incurred as a result of the pandemic and favourable exchange rate movements against the United States Dollar.

Profit after tax stood at US\$12.0 million for the period ended 30 September 2020 as compared to US\$15.2 million for the comparative period.

Loans and advances to customers decreased by 7% to US\$870 million while external deposits decreased by 5% to US\$912 million during the period.

The group's capital and liquidity positions remain strong. The capital adequacy ratio stood at 31.6% as at 30 September 2020, well above 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 2020, the total on- and off-balance sheet credit exposure to related parties amounted to US\$297.4 million (31 March 2020 – US\$269.0 million) representing 18.5% (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\$297.4 million (31 March 2020 – US\$268.6 million) representing 80.7% (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

The Covid-19 pandemic impact on the global economy is unprecedented and the risk levels have increased significantly. Expected Credit Losses (ECL) are constantly reviewed and have been significantly increased during the period. The bank monitors the situation closely and remains prudent in order to maintain a healthy financial position.

David M Lawrence
Chairman
Board of directors

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Chief executive officer/Director

Dated: 13 November 2020



Balance sheets

As at US\$'000	Group			Bank		
	30 September 2020	31 March 2020	30 September 2019	30 September 2020	31 March 2020	30 September 2019
Assets						
Cash and balances at central bank	17,148	15,811	15,581	17,148	15,811	15,581
Due from banks	551,707	556,829	539,281	551,707	556,829	539,281
Reverse repurchase agreements	104,991	101,034	75,841	104,991	101,034	75,841
Bank debt securities	32,982	34,691	26,831	32,982	34,691	26,831
Other debt securities	19,965	22,583	22,592	19,965	22,583	22,592
Derivative financial instruments	1,010	735	13,824	1,010	735	13,824
Investment portfolio	2,603	2,402	4,698	2,603	2,402	4,698
Loans and advances to customers	869,612	892,566	935,168	869,612	892,566	935,168
Interest in associated undertaking	2,473	2,856	3,430	2,473	2,856	3,430
Deferred taxation asset	421	421	295	421	421	295
Other assets	4,686	4,101	4,960	4,534	3,978	4,806
Leasehold property and equipment	1,029	1,191	1,129	1,027	1,190	1,129
Amount due from group companies	2,681	1,771	1,757	2,696	1,772	1,960
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,611,308	1,636,991	1,645,386	1,611,636	1,637,335	1,645,903
Liabilities						
Derivative financial instruments	6,483	13,045	2,017	6,483	13,045	2,017
Repurchase agreements	-	-	7,503	-	-	7,503
Customer deposits	911,539	944,650	958,634	913,114	945,944	959,846
Debt securities in issue	260,998	256,932	250,289	260,998	256,932	250,289
Amount due to group companies	24,169	22,789	26,994	24,109	22,779	26,874
Current taxation liabilities	6	1,064	408	-	1,052	408
Other liabilities	9,904	14,295	16,338	9,822	14,193	16,290
Total liabilities	1,213,099	1,252,775	1,262,183	1,214,526	1,253,945	1,263,227
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	69,265	65,582	72,830	69,265	65,582	72,830
Retained income	272,466	262,156	253,896	271,367	261,330	253,368
Shareholder's equity	398,209	384,216	383,204	397,110	383,390	382,676
Total liabilities and equity	1,611,308	1,636,991	1,645,386	1,611,636	1,637,335	1,645,903



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019
Interest income	25,073	74,991	39,581	25,074	74,995	39,584
Interest income calculated using effective interest rate	20,616	61,774	33,345	20,617	61,778	33,348
Other interest income	4,457	13,217	6,236	4,457	13,217	6,236
Interest expense	(8,925)	(32,567)	(17,214)	(8,925)	(32,587)	(17,227)
Net interest income	16,148	42,424	22,367	16,149	37,388	22,357
Fee income	3,463	9,118	4,085	3,032	8,207	3,653
Fee expense	(428)	(1,433)	(1,024)	(428)	(1,431)	(1,024)
Net fee income	3,035	7,685	3,061	2,604	6,776	2,629
Investment income / (loss)	45	1,215	(1,245)	45	1,215	(1,245)
Trading income / (loss)	285	(303)	(798)	278	(287)	(800)
Total operating income before impairment	19,513	51,021	23,385	19,076	45,092	22,942
Expected credit loss impairment	(1,183)	(457)	(92)	(1,183)	(457)	(92)
Operating income	18,330	50,564	23,293	17,893	44,635	22,850
Operating costs	(5,426)	(12,924)	(6,210)	(5,277)	(12,628)	(6,068)
Operating profit	12,904	37,640	17,083	12,616	32,007	16,782
Share of loss in associate	(101)	(1,544)	(1,043)	(101)	(1,544)	(1,043)
Profit before taxation	12,803	36,096	16,039	12,515	30,463	15,739
Taxation	(805)	(2,219)	(842)	(795)	(2,198)	(836)
Profit after taxation	11,998	33,877	15,197	11,720	28,265	14,903
Analysed as follows:						
Transfer to / (from) regulatory general risk reserve	1,692	(5,304)	(2,198)	1,692	(5,304)	(2,198)
Transfer to retained earnings	10,306	39,181	17,395	10,028	38,589	17,101
Profit attributable to equity holder of the bank	11,998	33,877	15,197	11,720	33,285	14,903

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019
Profit after taxation	11,998	33,877	15,197	11,720	33,285	14,903
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	2,263	(3,978)	89	2,263	(3,978)	89
-Foreign currency adjustments on translating associated undertaking	(282)	(235)	(161)	(282)	(235)	(161)
-Other comprehensive income	10	(10)	(9)	10	(10)	(9)
Items that will never be reclassified to income statement						
Employee liability adjustment	4	(159)	-	9	(159)	-
Total other comprehensive income	1,995	(4,382)	(81)	2,000	(4,382)	(81)
Total comprehensive income attributable to equity holder of the bank	13,993	29,495	15,117	13,720	28,903	14,822



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 September 2020							
Profit after taxation	-	-	-	-	-	11,998	11,998
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	2,263	-	-	-	2,263
Foreign currency adjustments on translating associated undertaking	-	(282)	-	-	-	-	(282)
Employee liability adjustment	-	-	-	-	-	4	4
Other comprehensive income	-	-	-	10	-	-	10
Total comprehensive income	-	(282)	2,263	10	-	12,002	13,993
Transfer to regulatory general risk reserve	-	-	-	1,692	-	(1,692)	-
At 30 September 2020	56,478	(743)	(1,678)	15,208	56,478	272,466	398,209
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 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	15,118
Transfer to regulatory general risk reserve	-	-	-	(2,198)	-	2,198	-
Balance at 30 September 2019	56,478	(387)	126	16,613	56,478	253,896	383,204
Bank							
At 1 April 2020	56,478	(461)	(3,941)	13,506	56,478	261,330	383,391
Movement in reserves 1 April 2020 - 30 September 2020							
Profit after taxation	-	-	-	-	-	11,720	11,720
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	2,263	-	-	-	2,263
Foreign currency adjustments on translating associated undertakings	-	(282)	-	-	-	-	(282)
Employee liability adjustment	-	-	-	-	-	9	9
Other comprehensive income	-	-	-	10	-	-	10
Total comprehensive income	-	(282)	2,263	10	-	11,729	13,720
Transfer to regulatory general risk reserve	-	-	-	1,692	-	(1,692)	-
At 30 September 2020	56,478	(743)	(1,678)	15,208	56,478	271,367	397,110
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 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 undertaking	-	(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	-
Balance at 30 September 2019	56,478	(387)	126	16,613	56,478	253,368	382,676



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019	Six months ended 30 September 2020	Year 31 March 2020	Six months ended 30 September 2019
Profit before tax	12,803	36,096	16,039	12,515	30,463	15,739
Adjustment for non cash items	331	(8,279)	5,411	336	(3,259)	5,411
Profit before taxation adjusted for non-cash items	13,134	27,817	21,450	12,851	27,204	21,150
Taxation paid	(2,645)	(1,857)	(1,005)	(2,630)	(1,784)	(936)
Decrease in operating assets	27,408	130,710	99,468	27,423	130,665	99,250
Decrease in operating liabilities	(42,683)	(93,674)	(83,075)	(42,432)	(93,089)	(82,626)
Net cash (outflow) / inflow from operating activities	(4,787)	62,996	36,838	(4,788)	62,996	36,838
Purchase of debt securities	(200)	(35,150)	(21,273)	(200)	(35,150)	(21,273)
Proceeds from disposal of debt securities	7,500	112,727	102,295	7,500	112,727	102,295
Acquisition of equipment	(37)	(57)	(45)	(37)	(57)	(45)
Net cash inflow from investing activities	7,263	77,520	80,977	7,263	77,520	80,977
Cash flow from financing activities						
Reverse repurchase agreement	(5,000)	(25,000)	-	(5,000)	(25,000)	-
Securities sold under repurchase agreement with banks	-	(76,129)	(70,215)	-	(76,129)	(70,215)
Debt securities issued	-	8,397	-	-	8,397	-
Dividend paid	-	(13,367)	-	-	(13,367)	-
Net cash outflow from financing activities	(5,000)	(106,099)	(70,215)	(5,000)	(106,099)	(70,215)
Effects of exchange rates on cash and cash equivalents	4,172	1,964	(1,464)	4,172	1,964	(1,464)
Net increase in cash and cash equivalents	1,648	36,381	46,134	1,646	36,381	46,137
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 period/ year	540,678	539,030	548,783	540,676	539,030	548,785
Cash and cash equivalents is defined as including:						
Cash in hand	4	4	4	4	4	4
Cash and balances at central bank (unrestricted balance)	6,560	9,894	9,500	6,560	9,894	9,500
Due from banks (excluding placements with maturity greater than 3 months)	534,064	529,064	539,239	534,064	529,064	539,239
Expected credit loss on cash and cash equivalents	48	68	42	48	68	42
Cash and cash equivalents at end of the period/ year	540,677	539,030	548,785	540,677	539,030	548,785



Notes to the unaudited financial accounts for the period ended 30 September 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 six months ended 30 September 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 period ended 30 September 2020

3. Related party transactions

As at US\$'000	Group			Bank		
	30 September 2020	31 March 2020	30 September 2019	30 September 2020	31 March 2020	30 September 2019
Interest income	4,962	17,120	7,770	4,962	17,009	7,784
Interest expense	(6,434)	(15,177)	(6,845)	(6,435)	(15,197)	(6,847)
Net fair value of derivatives held with group companies	(4,711)	(10,691)	925	(4,711)	(10,691)	925
Reverse repurchase agreements	25,012	26,050	25,849	25,012	26,050	25,849
Loans and advances to customers	1,936	4,314	9,083	1,936	4,314	6,585
Customer deposits	(2,381)	(28,871)	(8,738)	(2,381)	(28,871)	(8,738)
Amount due from holding bank	262,446	233,211	179,622	262,446	233,211	179,622
Amount due from other group companies	1,198	613	-	1,214	614	806
Amount due to holding bank	(18,635)	(17,393)	(21,645)	(18,635)	(17,383)	(21,525)
Amount due to other group companies	(5,534)	(5,396)	(5,349)	(5,474)	(5,396)	(5,349)
Debt securities in issue	(260,998)	(256,932)	(250,289)	(260,998)	(256,932)	(250,289)

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 2020, loans and advances amounting to US\$ 71k were unsecured (31 March 2020: US\$ 111k and 30 September 2019: US\$ 122k). For the six months ended 30 September 2020, the bank has not made any write-offs relating to amounts owed by related parties (31 March 2020: Nil and 30 September 2019: Nil).



Credit and counterparty risk information

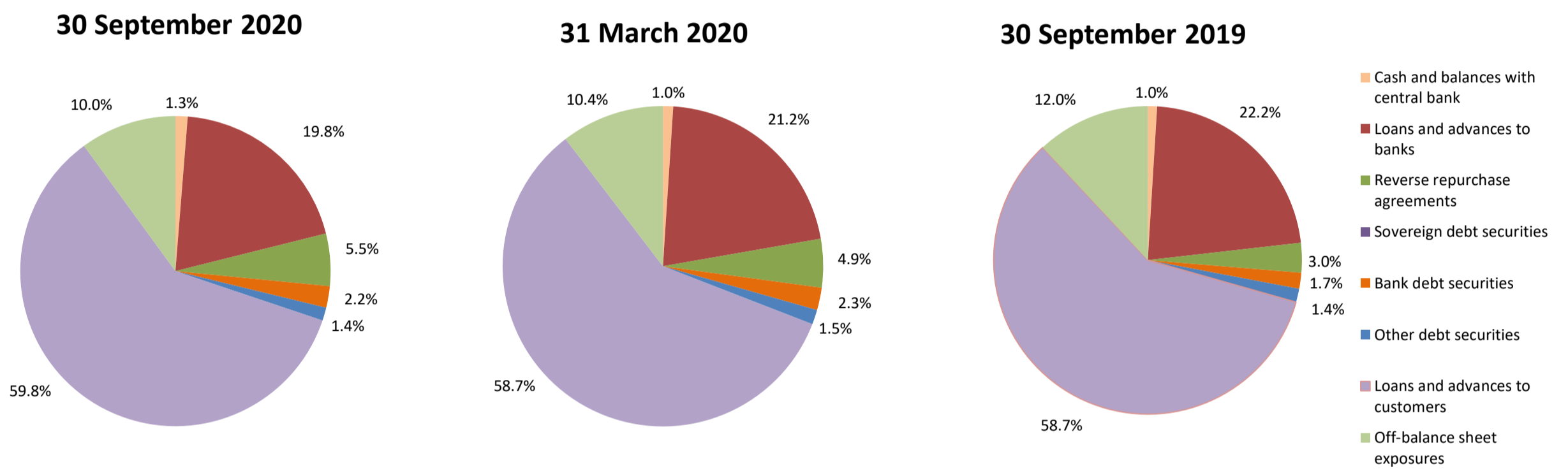
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	30 September 2020	31 March 2020	30 September 2019	30 September 2020 vs 31 March 2020 % change	Average*
On-balance sheet exposures	1,318,016	1,371,988	1,413,905	(3.9)	1,345,002
Balances at central bank	17,144	15,807	15,577	8.5	16,475
Due from banks	290,792	324,844	356,961	(10.5)	307,818
Reverse repurchase agreements	80,001	75,004	50,011	6.7	77,502
Bank debt securities	32,860	34,691	26,845	(5.3)	33,776
Other debt securities	20,061	22,681	22,691	(11.6)	21,371
Loans and advances to customers	877,158	898,961	941,820	(2.4)	888,060
Off-balance sheet exposures	148,542	159,150	191,919	(6.7)	153,845
Guarantees [^]	31,074	16,865	11,307	84.2	23,969
Committed facilities	117,468	142,285	180,611	(17.4)	129,876
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,466,558	1,531,138	1,605,824	(4.2)	1,498,847

*Where the average is based on a straight line average for period 1 April 2020 to 30 September 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 September 2020	31 March 2020	30 September 2019
Gross core loans and advances to customers	877,158	898,961	941,820
Stage 1	814,303	842,851	892,324
Stage 2	43,294	47,870	41,193
Stage 3	19,560	8,240	8,303
Expected credit loss on loans and advances to customers	(7,546)	(6,395)	(6,652)
Stage 1	(3,680)	(2,786)	(2,144)
Stage 2	(222)	(377)	(535)
Stage 3	(3,644)	(3,232)	(3,973)
Net core loans and advances to customers	869,612	892,566	935,168
Average gross core loans and advances to customers	888,060	970,055	991,484
Current loans and advances to customers	802,580	783,238	874,811
Special mention loans and advances to customers	43,294	47,281	41,193
Past due loans and advances to customers (1-60 days)	11,724	60,202	17,513
Default loans and advances to customers	19,560	8,240	8,303
Gross core loans and advances to customers	877,158	898,961	941,820
Current loans and advances to customers	845,874	821,678	916,004
Gross core loans and advances to customers that are past due but not impaired	11,724	69,043	19,769
Gross core loans and advances to customers that are impaired	19,560	8,240	6,047
Gross core loans and advances to customers	877,158	898,961	941,820
Total income statement expected credit loss reversals / (impairments) on core loans and advances	(1,236)	(383)	(74)
Gross default loans and advances to customers	19,560	8,240	8,303
Expected credit loss	(7,546)	(6,395)	(6,652)
Defaults net of impairments	12,014	1,845	1,651
Collateral and other credit enhancements	-	19,478	9,211
Net default loans and advances to customers (limited to zero)	12,014	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.86%	0.71%	0.71%
Total impairments as a % of gross default loans	38.58%	77.61%	80.12%
Gross defaults as a % of gross core loans and advances to customers	2.23%	0.92%	0.88%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.38%	0.21%	0.18%
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)	0.28%	0.04%	0.02%



Capital structure

As at	Group			Bank		
	30 September 2020	31 March 2020	30 September 2019	30 September 2020	31 March 2020	30 September 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	259,570	262,156	231,268	258,472	261,330	231,034
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	53,977	52,076	56,091	53,977	52,076	56,091
Common equity tier 1 capital before regulatory adjustments	370,025	370,710	343,838	368,927	369,884	343,604
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)	369,604	370,289	343,543	368,506	369,463	343,309
Tier 2 capital: instruments and provisions						
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)	14,146	16,148	15,099	14,159	16,161	15,112
Tier 2 capital before regulatory adjustments	14,146	16,148	15,099	14,159	16,161	15,112
Total capital (capital base) (TC = T1 + T2)	383,750	386,437	358,642	382,665	385,624	358,421
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,054,832	1,208,122	1,109,500	1,055,840	1,209,163	1,110,513
Non-market related off-balance sheet risk-weighted assets	72,752	77,602	82,857	72,752	77,602	82,857
Market related off-balance sheet risk-weighted assets	4,110	6,104	15,587	4,110	6,104	15,587
Operational risk	78,608	78,608	75,925	78,608	78,608	75,925
Aggregate net open foreign exchange position	3,904	3,164	6,596	3,904	3,164	6,596
Total risk-weighted assets	1,214,206	1,373,600	1,290,465	1,215,214	1,374,641	1,291,478
Capital adequacy ratio (%)	31.6%	28.1%	27.8%	31.5%	28.1%	27.8%
Tier 1 ratio	30.4%	27.0%	26.6%	30.3%	26.9%	26.6%

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

As at 30 September 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	272,466	259,570	271,367	258,472
Other reserves	69,265	53,977	69,265	53,977
Qualifying common equity tier 1 capital before regulatory adjustments	398,209	370,025	397,110	368,927
Deferred tax assets	-	(421)	-	(421)
Tier 1 capital	398,209	369,604	397,110	368,506
Qualifying tier 1 capital	398,209	369,604	397,110	368,506
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	14,146	-	14,159
Total qualifying capital	398,209	383,750	397,110	382,665



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	30 September 2020	30 September 2020	30 September 2020	31 March 2020	30 September 2019	30 September 2020	30 September 2020	31 March 2020	30 September 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%	4	-	-	-	4	-	-	-
Claims on sovereigns	0%-100%	16,805	16,805	22,612	14,188	16,805	16,805	22,612	14,188
Claims on central banks and international institutions	0%-50%	17,144	-	5,177	6,741	17,144	-	5,177	6,741
Claims on banks	20%-100%	692,440	242,869	384,859	205,438	615,587	242,869	384,859	205,438
Claims on corporates	20%-100%	595,215	495,907	500,455	564,742	495,907	495,907	500,455	564,742
Claims secured by residential property	35%-125%	44,964	40,765	24,144	25,123	44,709	40,765	24,144	25,123
Claims secured by commercial real estate	100%-125%	221,584	226,739	258,758	271,224	221,174	226,739	258,758	271,224
Past due claims	100%-150%	14,090	20,875	2,347	5,689	14,090	20,875	2,347	5,689
Other assets	100%-250%	10,872	10,872	9,770	16,355	11,183	11,881	10,811	17,368
Total on-balance sheet credit risk-weighted exposures		1,613,118	1,054,832	1,208,122	1,109,500	1,436,604	1,055,840	1,209,163	1,110,513



Risk-weighted assets

Group and Bank

US\$'000	30 September 2020				31 March 2020	30 September 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	30,956	100%	11,783	11,783	11,820	9,522
Transaction-related contingent items	7,622	50%	3,811	3,811	2,967	1,036
Total other commitments	120,948	20%-50%	57,291	57,158	62,815	72,299
Total off-balance sheet credit risk-weighted exposures				72,752	77,602	82,857

Group and Bank

US\$'000	30 September 2020				31 March 2020	30 September 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	162,817	542	863	1,405	1,405	520
Foreign exchange and gold contracts	354,772	4,533	-	4,541	2,705	4,184
Credit derivative contracts	9,100	-	-	-	-	-
Other market-related contracts	-	-	-	-	-	10,883
Total market-related off-balance sheet risk-weighted credit exposures				4,110	6,104	15,587



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 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	336	195	133	10	-	-	-	674
Investment/trading assets	6	1	-	-	-	52	-	58
Advances	3	23	110	113	116	489	14	868
Other assets	-	-	-	6	-	-	-	6
Assets	345	219	243	129	116	541	14	1,606
Deposits - non-banks	(577)	(160)	(78)	(39)	(45)	(14)	-	(913)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(9)	(1)	-	-	(10)
Liabilities	(577)	(160)	(78)	(48)	(47)	(14)	-	(923)
Intercompany loans	(3)	-	-	-	(186)	(93)	-	(282)
Shareholders' funds	-	-	-	-	-	-	(397)	(397)
Balance sheet	(236)	59	165	80	(116)	434	(383)	5
Off-balance sheet	-	(2)	-	-	-	(3)	-	(5)
Contractual liquidity gap	(236)	57	165	80	(116)	431	(383)	-
Cumulative liquidity gap	(236)	(179)	(14)	68	(48)	383	-	-

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 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)	(56)	(26)	(6)	-	(985)
Intercompany loans	(5)	(12)	(1)	-	-	(258)	-	(275)
Shareholders' funds	-	-	-	-	-	-	(383)	(383)
Balance sheet	(318)	175	83	22	43	315	(323)	-
Off-balance sheet	-	2	(1)	-	-	(1)	-	-
Contractual liquidity gap	(318)	177	82	22	43	314	(323)	-
Cumulative liquidity gap	(318)	(138)	(56)	(34)	8	323	-	-



Unaudited financial reports for the period ended 30 September 2020

At 30 September 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	240	77	23	(11)	(119)	48	(259)	-
Cumulative	240	317	341	329	211	259	-	-
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 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	-	-

Liquidity coverage ratio (LCR)

As at 30 September 2020, the bank's LCR stood at 137% (31 March 2020: 128.3% and 30 September 2019: 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 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	20	-	-	32	-	6	58
Advances	735	45	10	79	-	-	868
Other assets	-	-	-	-	-	5	5
Assets	1,429	45	10	111	-	11	1,606
Deposits - non-banks	(830)	(47)	(36)	-	-	-	(913)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	(830)	(47)	(36)	-	-	(10)	(923)
Intercompany loans	(282)	-	-	-	-	-	(282)
Shareholders' funds	-	-	-	-	-	(397)	(397)
Balance sheet	317	(2)	-	111	-	(396)	5
Off balance sheet	99	15	(10)	(109)	-	-	(5)
Repricing gap	416	13	(36)	3	-	(396)	-
Cumulative repricing gap	416	429	393	396	396	-	-

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 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)	(23)	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	-	-

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 2020						
200bp down	(0.06)	0.54	0.89	0.52	0.03	1.92
200bp up	0.06	(0.53)	(0.87)	(0.50)	(0.03)	(1.87)
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 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)

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 September 2020					
Long/(short) position	1,832	1,775	(333)	(380)	3,904
31 March 2020					
Long/(short) position	1,930	1,200	(125)	(524)	3,164
30 September 2019					
Long/(short) position	4,634	1,506	(948)	(1,814)	6,596