

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial reports for the period ended 31 December 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 31 December 2020

The unaudited financial report for the nine months ended 31 December 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 27% from US\$32.5 million for the period ended 31 December 2019 to US\$23.7 million for the period ended 31 December 2020 because of a decrease in the lending book and contraction in interest margin.
- Net fee and commission income decreased by 22% from US\$6.0 million for the period ended 31 December 2019 to US\$ 4.7 million for the period ended 31 December 2020.
- Expected credit loss of US\$1.7 million was provided for the period under review compared to a reversal of US\$ 0.3 million in the comparative period due to the higher level of credit risk resulting from the Covid-19 pandemic.
- Operating costs decreased by 9% to US\$8.8 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\$16.7 million for the period ended 31 December 2020 as compared to US\$28.0 million for the comparative period.

Loans and advances to customers decreased by 8% to US\$821 million while external deposits decreased by 4% to US\$907 million during the period.

The group's capital and liquidity positions remain strong. The capital adequacy ratio stood at 31.5% as at 31 December 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 31 December 2020, the total on- and off-balance sheet credit exposure to related parties amounted to US\$235.1 million (31 March 2020 – US\$269.0 million) representing 14.5% (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\$235.1 million (31 March 2020 – US\$268.6 million) representing 63.6% (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

Grant Parsons
Chief executive officer/Director

Dated: 15 February 2021



Balance sheets

As at US\$'000	Group			Bank		
	31 December 2020	31 March 2020	31 December 2019	31 December 2020	31 March 2020	31 December 2019
Assets						
Cash and balances at central bank	19,526	15,811	14,039	19,526	15,811	14,039
Due from banks	611,622	556,829	780,754	611,622	556,829	780,754
Reverse repurchase agreements	104,997	101,034	86,041	104,997	101,034	86,041
Bank debt securities	33,274	34,691	26,125	33,274	34,691	26,125
Other debt securities	19,965	22,583	22,776	19,965	22,583	22,776
Derivative financial instruments	970	735	765	970	735	765
Investment portfolio	2,603	2,402	5,439	2,603	2,402	5,439
Loans and advances to customers	820,869	892,566	892,805	820,869	892,566	892,805
Interest in associated undertaking	2,151	2,856	3,430	2,151	2,856	3,430
Deferred taxation asset	421	421	295	421	421	295
Other assets	4,988	4,101	5,245	4,820	3,978	5,038
Leasehold property and equipment	839	1,191	1,031	835	1,190	1,030
Amount due from group companies	3,538	1,771	1,154	3,599	1,772	1,206
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,625,763	1,636,991	1,839,899	1,626,120	1,637,335	1,840,210
Liabilities						
Derivative financial instruments	12,016	13,045	5,793	12,016	13,045	5,793
Repurchase agreements	-	-	-	-	-	-
Customer deposits	907,310	944,650	1,131,075	909,118	945,944	1,132,142
Debt securities in issue	264,890	256,932	260,111	264,890	256,932	260,111
Amount due to group companies	27,229	22,789	28,436	27,229	22,779	28,436
Current taxation liabilities	6	1,064	682	-	1,052	682
Other liabilities	9,185	14,295	18,125	9,074	14,193	18,053
Total liabilities	1,220,636	1,252,775	1,444,222	1,222,327	1,253,945	1,445,217
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	71,201	65,582	71,750	71,201	65,582	71,750
Retained income	277,448	262,156	267,449	276,114	261,330	266,765
Shareholder's equity	405,127	384,216	395,677	403,793	383,390	394,993
Total liabilities and equity	1,625,763	1,636,991	1,839,899	1,626,120	1,637,335	1,840,210



Income statements

For the period/ year ended US\$'000	Group			Bank		
	Nine months ended 31 December 2020	Year 31 March 2020	Nine months ended 31 December 2019	Nine months ended 31 December 2020	Year 31 March 2020	Nine month ended 31 December 2019
Interest income	36,497	74,991	56,821	36,499	74,995	56,824
Interest income calculated using effective interest rate	30,085	61,774	48,083	30,087	61,778	48,086
Other interest income	6,412	13,217	8,737	6,412	13,217	8,737
Interest expense	(12,772)	(32,567)	(24,280)	(12,772)	(32,587)	(24,297)
Net interest income	23,725	42,424	32,541	23,727	42,408	32,527
Fee income	5,303	9,118	7,307	4,563	8,207	6,648
Fee expense	(640)	(1,433)	(1,335)	(640)	(1,431)	(1,335)
Net fee income	4,663	7,685	5,972	3,923	6,776	5,313
Investment income / (loss)	44	1,215	1,268	44	1,215	1,268
Trading income / (loss)	534	(303)	165	513	(287)	156
Total operating income before impairment	28,966	51,021	39,947	28,207	50,112	39,264
Expected credit loss impairment	(1,733)	(457)	326	(1,733)	(457)	326
Operating income	27,233	50,564	40,272	26,474	49,655	39,590
Operating costs	(8,776)	(12,924)	(9,684)	(8,545)	(12,628)	(9,459)
Operating profit	18,457	37,640	30,588	17,929	37,027	30,131
Share of loss in associate	(453)	(1,544)	(1,043)	(453)	(1,544)	(1,043)
Profit before taxation	18,004	36,096	29,545	17,476	35,483	29,088
Taxation	(1,264)	(2,219)	(1,542)	(1,250)	(2,198)	(1,535)
Profit after taxation	16,740	33,877	28,003	16,226	33,285	27,553
Analysed as follows:						
Transfer to / (from) regulatory general risk reserve	1,484	(5,304)	(2,945)	1,484	(5,304)	(2,945)
Transfer to retained earnings	15,256	39,181	30,947	14,742	38,589	30,498
Profit attributable to equity holder of the bank	16,740	33,877	28,003	16,226	33,285	27,553

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Nine months ended 30 September 2020	Year 31 March 2020	Nine months ended 30 September 2019	Nine months ended 30 September 2020	Year 31 March 2020	Nine month ended 31 December 2019
Profit after taxation	16,740	33,877	28,003	16,226	33,285	27,553
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	4,378	(3,978)	(244)	4,378	(3,978)	(244)
-Foreign currency adjustments on translating associated undertaking	(253)	(235)	(161)	(253)	(235)	(161)
-Other comprehensive income	10	(10)	(9)	10	(10)	(9)
Items that will never be reclassified to income statement						
Employee liability adjustment	36	(159)	-	42	(159)	-
Total other comprehensive income	4,171	(4,382)	(414)	4,177	(4,382)	(414)
Total comprehensive income attributable to equity holder of the bank	20,911	29,495	27,588	20,403	28,903	27,139



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 - 31 December 2020							
Profit after taxation	-	-	-	-	-	16,740	16,740
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	4,378	-	-	-	4,378
Foreign currency adjustments on translating associated undertaking	-	(253)	-	-	-	-	(253)
Employee liability adjustment	-	-	-	-	-	36	36
Other comprehensive income	-	-	-	10	-	-	10
Total comprehensive income	-	(253)	4,378	10	-	16,776	20,911
Transfer to regulatory general risk reserve	-	-	-	1,484	-	(1,484)	-
At 31 December 2020	56,478	(714)	437	15,000	56,478	277,448	405,127
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 - 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	-
Balance at 31 December 2019	56,478	(387)	-207	15,866	56,478	267,449	395,677
Bank							
At 1 April 2020	56,478	(461)	(3,941)	13,506	56,478	261,330	383,390
Movement in reserves 1 April 2020 - 31 December 2020							
Profit after taxation	-	-	-	-	-	16,226	16,226
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	4,378	-	-	-	4,378
Foreign currency adjustments on translating associated undertakings	-	(253)	-	-	-	-	(253)
Employee liability adjustment	-	-	-	-	-	42	42
Other comprehensive income	-	-	-	10	-	-	10
Total comprehensive income	-	(253)	4,378	10	-	16,268	20,403
Transfer to regulatory general risk reserve	-	-	-	1,484	-	(1,484)	-
At 31 December 2020	56,478	(714)	437	15,000	56,478	276,114	403,793
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 - 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 undertaking	-	(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	-
Balance at 31 December 2019	56,478	(387)	-207	15,867	56,478	266,765	394,993



Cash flow statements

For the period/ year ended US\$'000	Group			Bank		
	Nine months ended 31 December 2020	Year 31 March 2020	Nine month ended 31 December 2019	Nine months ended 31 December 2020	Year 31 March 2020	Nine months ended 31 December 2019
Profit before tax	18,004	36,096	29,545	17,476	35,483	29,088
Adjustment for non cash items	7,319	(8,279)	(286)	7,325	(8,279)	(286)
Profit before taxation adjusted for non-cash items	25,323	27,817	29,259	24,801	27,204	28,802
Taxation paid	(2,654)	(1,857)	(1,429)	(2,634)	(1,784)	(1,360)
Decrease in operating assets	65,302	130,710	157,200	65,288	130,665	157,189
Decrease in operating liabilities	(42,739)	(93,674)	96,370	(42,225)	(93,089)	96,770
Net cash (outflow) / inflow from operating activities	45,232	62,996	281,401	45,230	62,996	281,401
Purchase of investment securities	(200)	(35,150)	(26,273)	(200)	(35,150)	(26,273)
Proceeds from disposal of debt securities	7,500	112,727	113,412	7,500	112,727	113,412
Acquisition of fixed assets	(90)	(57)	(50)	(88)	(57)	(50)
Net cash inflow from investing activities	7,210	77,520	87,090	7,212	77,520	87,090
Cash flow from financing activities						
Reverse repurchase agreement	(5,000)	(25,000)	(10,000)	(5,000)	(25,000)	(10,000)
Securities sold under repurchase agreement with banks	-	(76,129)	(80,215)	-	(76,129)	(80,215)
Debt securities issued	-	8,397	8,397	-	8,397	8,397
Dividend paid	-	(13,367)	-	-	(13,367)	-
Net cash outflow from financing activities	(5,000)	(106,099)	(81,818)	(5,000)	(106,099)	(81,818)
Effects of exchange rates on cash and cash equivalents	8,944	1,964	72	8,944	1,964	72
Net increase in cash and cash equivalents	56,386	36,381	286,746	56,386	36,381	286,745
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	595,416	539,030	789,395	595,416	539,030	789,394
Cash and cash equivalents is defined as including:						
Cash in hand	4	4	5	4	4	5
Cash and balances at central bank (unrestricted balance)	7,308	9,894	8,635	7,308	9,894	8,635
Due from banks (excluding placements with maturity greater than 3 months)	588,063	529,064	780,710	588,063	529,064	780,710
Expected credit loss on cash and cash equivalents	41	68	44	41	68	44
Cash and cash equivalents at end of the period/ year	595,416	539,030	789,394	595,416	539,030	789,394



Notes to the unaudited financial accounts for the period ended 31 December 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 nine months ended 31 December 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 31 December 2020

3. Related party transactions

As at US\$'000	Group			Bank		
	31 December 2020	31 March 2020	31 December 2019	31 December 2020	31 March 2020	31 December 2019
Interest income	6,443	17,120	11,270	6,443	17,009	11,288
Interest expense	(9,131)	(15,177)	(10,020)	(9,132)	(15,197)	(10,023)
Net fair value of derivatives held with group companies	(11,325)	(10,691)	(5,028)	(11,325)	(10,691)	(5,028)
Reverse repurchase agreements	25,019	26,050	25,956	25,019	26,050	25,956
Loans and advances to customers	1,832	4,314	5,598	1,832	4,314	5,598
Customer deposits	(2,673)	(28,871)	(10,757)	(2,673)	(28,871)	(10,757)
Amount due from holding bank	200,035	233,211	335,944	200,035	233,211	335,944
Amount due from other group companies	2,047	613	75,003	2,108	614	75,055
Amount due to holding bank	(21,416)	(17,393)	(22,598)	(21,416)	(17,383)	(22,598)
Amount due to other group companies	(5,813)	(5,396)	(5,838)	(5,813)	(5,396)	(5,838)
Debt securities in issue	(264,890)	(256,932)	(260,111)	(264,890)	(256,932)	(260,111)

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 2020, loans and advances amounting to US\$ 80k were unsecured (31 March 2020: US\$ 111k and 31 December 2019: US\$ 126k). For the nine months ended 31 December 2020, the bank has not made any write-offs relating to amounts owed by related parties (31 March 2020: Nil and 31 December 2019: Nil).



Credit and counterparty risk information

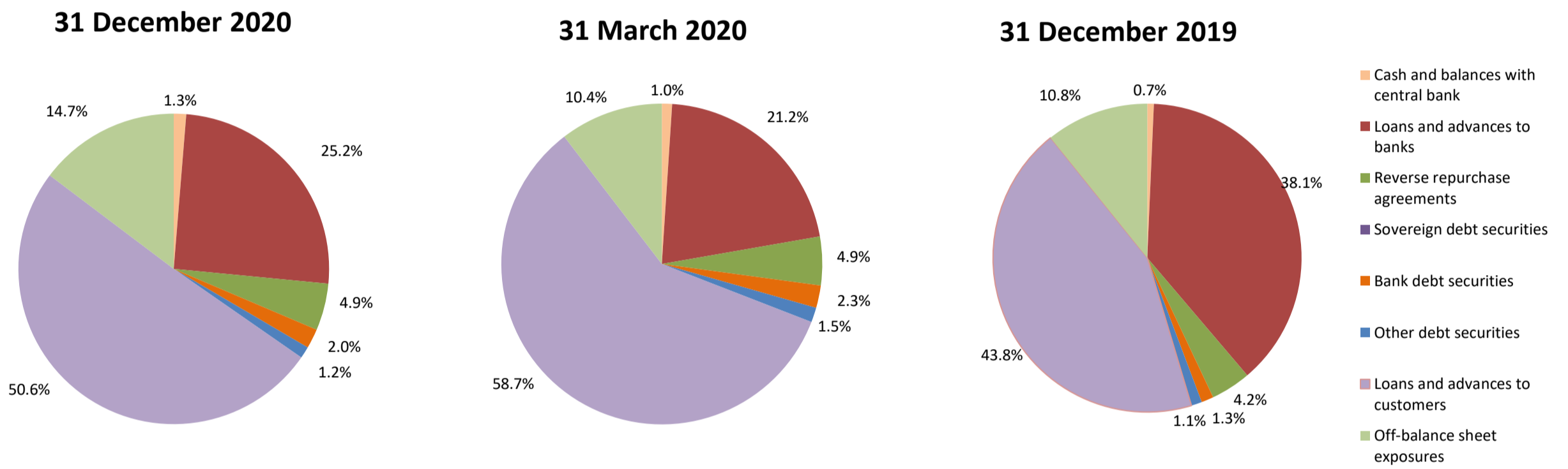
The table that follows provides an analysis of gross credit and counterparty exposures

Group and Bank

US\$'000	31 December 2020	31 March 2020	31 December 2019	31 December 2020 vs 31 March 2020 % change	Average*
On-balance sheet exposures	1,394,820	1,371,988	1,828,360	1.7	1,383,404
Balances at central bank	19,522	15,807	14,034	23.5	17,665
Due from banks	413,119	324,844	780,797	27.2	368,981
Reverse repurchase agreements	80,010	75,004	86,041	6.7	77,507
Bank debt securities	33,274	34,691	26,151	(4.1)	33,983
Other debt securities	20,061	22,681	22,874	(11.6)	21,371
Loans and advances to customers	828,834	898,961	898,463	(7.8)	863,897
Off-balance sheet exposures	242,454	159,150	221,129	52.3	200,801
Guarantees^	30,342	16,865	21,467	79.9	23,603
Committed facilities	212,112	142,285	199,662	49.1	177,198
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1,637,274	1,531,138	2,049,489	6.9	1,584,205

*Where the average is based on a straight line average for period 1 April 2020 to 31 December 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	31 December 2020	31 March 2020	31 December 2019
Gross core loans and advances to customers	828,834	898,961	898,463
Stage 1	765,285	842,851	835,079
Stage 2	44,218	47,870	55,475
Stage 3	19,331	8,240	7,908
Expected credit loss on loans and advances to customers	(7,965)	(6,395)	(5,658)
Stage 1	(3,759)	(2,786)	(2,002)
Stage 2	(192)	(377)	(146)
Stage 3	(4,015)	(3,232)	(3,510)
Net core loans and advances to customers	820,869	892,566	892,805
Average gross core loans and advances to customers	863,897	970,055	969,805
Current loans and advances to customers	759,004	783,238	807,543
Special mention loans and advances to customers	44,218	47,281	46,743
Past due loans and advances to customers (1-60 days)	6,280	60,202	36,269
Default loans and advances to customers	19,331	8,240	7,908
Gross core loans and advances to customers	828,834	898,961	898,463
Current loans and advances to customers	803,222	821,678	854,286
Gross core loans and advances to customers that are past due but not impaired	6,280	69,043	36,269
Gross core loans and advances to customers that are impaired	19,331	8,240	7,908
Gross core loans and advances to customers	828,834	898,961	898,463
Total income statement expected credit loss reversals / (impairments) on core loans and advances	(1,682)	(383)	(365)
Gross default loans and advances to customers	19,331	8,240	7,908
Expected credit loss	(7,965)	(6,395)	(5,658)
Defaults net of impairments	11,366	1,845	2,250
Collateral and other credit enhancements	26,403	19,478	11,830
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.96%	0.71%	0.63%
Total impairments as a % of gross default loans	41.20%	77.61%	71.55%
Gross defaults as a % of gross core loans and advances to customers	2.33%	0.92%	0.88%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.38%	0.21%	0.25%
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)	0.26%	0.04%	0.05%



Capital structure

As at	Group			Bank		
	31 December 2020	31 March 2020	31 December 2019	31 December 2020	31 March 2020	31 December 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	258,894	262,156	229,020	257,559	261,330	228,786
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	55,765	52,076	55,878	55,765	52,076	55,878
Common equity tier 1 capital before regulatory adjustments	371,137	370,710	341,377	369,803	369,884	341,143
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)	370,716	370,289	341,081	369,382	369,463	340,847
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)	14,240	16,148	15,824	14,252	16,161	15,837
Tier 2 capital before regulatory adjustments	14,240	16,148	15,824	14,252	16,161	15,837
Total capital (capital base) (TC = T1 + T2)	384,956	386,437	356,905	383,634	385,624	356,684
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,024,299	1,208,122	1,166,634	1,025,291	1,209,163	1,167,646
Non-market related off-balance sheet risk-weighted assets	111,597	77,602	94,880	111,597	77,602	94,880
Market related off-balance sheet risk-weighted assets	3,305	6,104	4,399	3,305	6,104	4,399
Operational risk	78,608	78,608	75,925	78,608	78,608	75,925
Aggregate net open foreign exchange position	2,875	3,164	2,809	2,875	3,164	2,809
Total risk-weighted assets	1,220,684	1,373,600	1,344,646	1,221,676	1,374,641	1,345,659
Capital adequacy ratio (%)	31.5%	28.1%	26.5%	31.4%	28.1%	26.5%
Tier 1 ratio	30.4%	27.0%	25.4%	30.2%	26.9%	25.3%

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	277,448	258,894	276,114	257,559
Other reserves	71,201	55,765	71,201	55,765
Qualifying common equity tier 1 capital before regulatory adjustments	405,127	371,137	403,793	369,803
Deferred tax assets	-	(421)	-	(421)
Tier 1 capital	405,127	370,716	403,793	369,382
Qualifying tier 1 capital	405,127	370,716	403,793	369,382
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	14,240	-	14,252
Total qualifying capital	405,127	384,956	403,793	383,634



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	31 December 2020	31 December 2020	31 March 2020	31 December 2019	31 December 2020	31 March 2020	31 December 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%-50%	41,309	35,560	22,612	14,565	41,309	35,560	22,612	14,565
Claims on central banks and international institutions	0%-50%	19,522	-	5,177	6,737	19,522	-	5,177	6,737
Claims on banks	20%-100%	664,515	241,769	384,859	314,980	664,515	241,769	384,859	314,980
Claims on corporates	20%-100%	441,621	441,621	500,455	497,807	441,621	441,621	500,455	497,807
Claims secured by residential property	35%-125%	44,788	34,936	24,144	34,108	44,788	34,936	24,144	34,108
Claims secured by commercial real estate	100%-125%	231,816	237,641	258,758	279,000	231,816	237,641	258,758	279,000
Past due claims	100%-150%	15,112	22,054	2,347	4,699	15,112	22,054	2,347	4,699
Other assets	100%-250%	10,718	10,718	9,770	14,737	11,013	11,710	10,811	15,750
Total on-balance sheet credit risk-weighted exposures			1,024,299	1,208,122	1,166,634		1,025,291	1,209,163	1,167,646



Risk-weighted assets

Group and Bank

US\$'000	31 December 2020				31 March 2020	31 December 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	32,357	100%	11,792	11,792	11,820	13,314
Transaction-related contingent items	5,696	50%	2,848	2,848	2,967	4,604
Total other commitments	214,419	20%-50%	98,439	96,957	62,815	76,962
Total off-balance sheet credit risk-weighted exposures				111,597	77,602	94,880

Group and Bank

US\$'000	31 December 2020				31 March 2020	31 December 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	136,870	458	739	1,197	1,197	1,961
Foreign exchange and gold contracts	370,543	4,033	-	4,033	2,108	4,947
Credit derivative contracts	9,516	-	-	-	-	-
Other market-related contracts	-	-	-	-	-	541
Total market-related off-balance sheet risk-weighted credit exposures				3,305	6,104	4,399



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 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	343	245	135	-	14	-	-	736
Investment/trading assets	5	-	-	-	-	53	-	58
Advances	-	106	48	85	146	430	7	821
Other assets	-	-	-	6	-	-	-	6
Assets	348	351	183	91	159	482	7	1,621
Deposits - non-banks	(483)	(126)	(144)	(56)	(92)	(8)	-	(909)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(10)	-	-	-	(9)
Liabilities	(483)	(126)	(144)	(66)	(92)	(8)	-	(918)
Intercompany loans	(3)	-	-	-	(212)	(73)	-	(288)
Shareholders' funds	-	-	-	-	-	-	(404)	(404)
Balance sheet	(138)	225	39	25	(145)	402	(397)	11
Off-balance sheet	-	(8)	-	-	-	-	-	(8)
Contractual liquidity gap	(138)	217	39	25	(148)	402	(397)	-
Cumulative liquidity gap	(138)	78	117	145	(3)	398	-	-

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 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	50	27	288	(353)	5
Off-balance sheet	-	(4)	-	-	-	(1)	-	(5)
Contractual liquidity gap	(651)	569	70	50	27	287	(353)	-
Cumulative liquidity gap	(651)	(80)	(9)	40	66	353	-	-



Unaudited financial reports for the period ended 30 September 2020

At 31 December 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	259	115	115	(11)	(222)	16	(273)	-
Cumulative	259	374	490	479	257	273	-	-

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 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	-	-

Liquidity coverage ratio (LCR)

As at 31 December 2020, the bank's LCR stood at 166% (31 March 2020: 128% and 31 December 2019: 93%) and NSFR stood at 140% (31 March 2020: 136% and 31 December 2019: 146%).

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 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	723	14	-	-	-	-	736
Investment/trading assets	19	-	-	33	-	5	58
Advances	636	103	20	61	-	-	820
Other assets	-	-	-	-	-	6	6
Assets	1,379	117	20	93	-	11	1,620
Deposits - non-banks	(776)	(47)	(85)	(0)	-	-	(909)
Other liabilities	-	-	-	-	-	(9)	(9)
Liabilities	(776)	(47)	(85)	(0)	-	(9)	(918)
Intercompany loans	(289)	-	-	-	-	-	(289)
Shareholders' funds	-	-	-	-	-	(404)	(404)
Balance sheet	315	70	-	93	-	(402)	11
Off balance sheet	111	(11)	(20)	(90)	-	-	(10)
Repricing gap	426	59	(86)	3	-	(402)	-
Cumulative repricing gap	426	484	399	402	402	-	-

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 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	(61)	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	-	-

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 2020						
200bp down	(0.08)	0.48	0.12	0.44	0.11	1.08
200bp up	0.08	(0.47)	(0.11)	(0.42)	(0.11)	(1.04)
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)
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)

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
31 December 2020					
Long/(short) position	767	1,807	(354)	(345)	2,875
31 March 2020					
Long/(short) position	1,930	1,200	(125)	(524)	3,164
31 December 2019					
Long/(short) position	1,311	1,443	(375)	(1,981)	2,809