

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Mauritius) Limited

Unaudited financial report for the period ended 31 December 2021

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 2021

The unaudited financial report for the period ended 31 December 2021 has been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information. The annexed unaudited report including the explanatory notes are in conformity with International Financial Reporting Standards (IFRS).

An overview of the group's performance

- Net interest income increased by 3% from US\$23.7 million for the period ended 31 December 2020 to US\$24.4 million for the period ended 31 December 2021 as a result of an increase in the loan book.
- Net fee and commission income increased from US\$4.7 million for the period ended 31 December 2020 to US\$8.7 million for the period 31 December 2021 mainly due to higher levels of deal activity.
- Expected credit losses of US\$1.0 million were reversed for the period under review, mainly due to the settlement of non-performing loans, compared to a charge of US\$1.7 million for the comparative period.
- Operating costs increased by 3% from US\$8.8 million for the period ended 31 December 2020 to US\$9.0 million for the period ended 31 December 2021. The cost-to-income ratio remains low at 27%.

Profit after tax increased by 42% from US\$16.7 million for the period ended 31 December 2020 to US\$23.7 million for the period ended 31 December 2021 mainly due to higher fee income and the reversal of expected credit loss.

Loans and advances to customers increased by 18% to US\$1,046 million while external deposits increased by 16% to US\$1,143 million during the period ended 31 December 2021.

The group remains well capitalised with a capital adequacy ratio of 28.5% as at 31 December 2021.



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 2021, the total on- and off-balance sheet credit exposure to related parties amounted to US\$53.9 million (31 March 2021 – US\$192.3 million) representing 2.9% of the bank's total exposure (31 March 2021 – 11.3%). The credit exposure to the six related parties with the highest exposure amounted to US\$53.8 million (31 March 2021 – US\$192.3 million) representing 13.8% (31 March 2021 – 52.2%) 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 operating environment during the period under review improved and resulted in higher activity levels compared to the period ended 31 December 2020. Easing of the sanitary restrictions worldwide as a result of a higher vaccine coverage and the emergence of Omnicron, a more contagious but less severe variant, is encouraging. The bank's operating income before expected credit losses has increased by 15%. The bank expects its asset base and operating income to continue growing over the next quarter.

Lourens van Rensburg
Chairman
Board of directors

Pierre de Chasteigner du Mée
Director

Grant Michael Parsons
Chief executive officer/Director

Dated: 15 February 2022



Balance sheets

As at US\$'000	Group			Bank		
	31 December 2021	31 March 2021	31 December 2020	31 December 2021	31 March 2021	31 December 2020
Assets						
Cash and balances at central bank	35,469	20,367	19,526	35,469	20,367	19,526
Due from banks	601,784	610,979	611,622	601,784	610,979	611,622
Reverse repurchase agreements	124,993	100,004	104,997	124,993	100,004	104,997
Bank debt securities	32,818	33,637	33,274	32,818	33,637	33,274
Other debt securities	19,921	19,960	19,965	19,921	19,960	19,965
Derivative financial instruments	1,254	1,604	970	1,254	1,604	970
Investment portfolio	3,813	2,663	2,603	3,813	2,663	2,603
Loans and advances to customers	1,046,051	883,832	820,869	1,046,051	883,832	820,869
Investment in associate	1,885	2,130	2,151	1,885	2,130	2,151
Deferred taxation asset	498	498	421	498	498	421
Current taxation asset	-	256	-	-	256	-
Other assets	4,661	19,684	4,988	4,467	19,525	4,820
Property, plant and equipment	468	962	839	465	958	835
Amount due from group companies	1,301	1,835	3,538	1,370	1,853	3,599
Investment in subsidiary	-	-	-	467	467	467
Total assets	1,874,916	1,698,411	1,625,764	1,875,256	1,698,733	1,626,119
Liabilities						
Derivative financial instruments	4,175	4,665	12,016	4,175	4,665	12,016
Customer deposits	1,143,389	986,918	907,310	1,145,750	988,793	909,118
Debt securities in issue	259,251	262,027	264,890	259,251	262,027	264,890
Amount due to group companies	26,308	26,480	27,229	26,308	26,480	27,229
Current taxation liabilities	788	4	6	782	-	-
Other liabilities	7,005	8,300	9,185	6,902	8,154	9,074
Total liabilities	1,440,916	1,288,394	1,220,636	1,443,168	1,290,119	1,222,326
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	74,005	70,835	71,201	74,005	70,835	71,201
Retained income	303,517	282,704	277,448	301,606	281,301	276,114
Shareholder's equity	434,000	410,017	405,127	432,089	408,614	403,793
Total liabilities and equity	1,874,916	1,698,411	1,625,764	1,875,256	1,698,733	1,626,119



Income statements

For the period / year ended US\$'000	Group			Bank		
	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020
Interest income	34,869	47,243	36,497	34,869	47,245	36,499
Interest income calculated using effective interest rate	34,869	39,017	30,085	34,869	39,019	30,087
Other interest income	-	8,226	6,412	-	8,226	6,412
Interest expense	(10,485)	(16,435)	(12,772)	(10,491)	(16,435)	(12,772)
Net interest income	24,384	30,808	23,725	24,378	30,810	23,727
Fee income	9,489	7,186	5,303	8,671	6,259	4,563
Fee expense	(927)	(1,122)	(640)	(927)	(1,122)	(640)
Net fee income	8,562	6,064	4,663	7,744	5,137	3,923
Investment income	1	6	44	1	6	44
Trading income	481	496	534	491	481	513
Other operating loss	-	(286)	-	-	(286)	-
Total operating income before expected credit loss	33,428	37,088	28,966	32,613	36,148	28,207
Expected credit loss reversal / (charge)	968	(1,671)	(1,733)	968	(1,671)	(1,733)
Operating income	34,396	35,417	27,233	33,581	34,477	26,474
Operating costs	(9,028)	(12,230)	(8,776)	(8,732)	(11,891)	(8,545)
Operating profit	25,368	23,187	18,457	24,849	22,586	17,929
Share of loss in associate	(84)	(482)	(453)	(84)	(482)	(453)
Profit before taxation	25,284	22,705	18,004	24,765	22,103	17,476
Taxation	(1,556)	(1,349)	(1,264)	(1,540)	(1,330)	(1,250)
Profit after taxation	23,728	21,356	16,740	23,225	20,774	16,226
Analysed as follows:						
Transfer to regulatory general risk reserve	3,068	938	1,484	3,068	938	1,484
Transfer to retained earnings	20,660	20,418	15,256	20,157	19,836	14,742
Profit attributable to equity holder of the bank	23,728	21,356	16,740	23,225	20,774	16,226

Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020
Profit after taxation	23,728	21,356	16,740	23,225	20,774	16,226
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	264	4,550	4,378	264	4,550	4,378
-Foreign currency adjustments on translating investment in associate	(161)	(244)	(253)	(161)	(244)	(253)
-Other comprehensive income	-	9	10	-	9	10
Items that will never be reclassified to income statement						
Employee benefit liability adjustment	152	130	36	147	135	42
Total other comprehensive income	255	4,445	4,171	250	4,450	4,177
Total comprehensive income attributable to equity holder of the bank	23,983	25,801	20,911	23,475	25,224	20,403



Statements of changes in equity

As at	Other reserves						Total equity
	Ordinary share capital	Foreign currency reserve	Available for sale/ Fair value reserve	Regulatory general risk reserve	Statutory reserve	Retained income	
US\$'000							
Group							
At 1 April 2021	56,478	(705)	609	14,453	56,478	282,704	410,017
Movement in reserves 1 April 2021 - 31 December 2021							
Profit after taxation	-	-	-	-	-	23,728	23,728
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	264	-	-	-	264
Foreign currency adjustments on translating investment in associate	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	152	152
Total comprehensive income	-	(161)	264	-	-	23,880	23,983
Transfer to regulatory general risk reserve	-	-	-	3,068	-	(3,068)	-
At 31 December 2021	56,478	(866)	873	17,521	56,478	303,516	434,000
At 1 April 2020	56,478	(461)	(3,941)	13,506	56,478	262,156	384,216
Movement in reserves 1 April 2020 - 31 March 2021							
Profit after taxation	-	-	-	-	-	21,356	21,356
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	4,550	-	-	-	4,550
Foreign currency adjustments on translating investment in associate	-	(244)	-	-	-	-	(244)
Other comprehensive income	-	-	-	9	-	-	9
Employee benefit liability adjustment	-	-	-	-	-	130	130
Total comprehensive income	-	(244)	4,550	9	-	21,486	25,801
Transfer to regulatory general risk reserve	-	-	-	938	-	(938)	-
Ordinary dividend paid	-	-	-	-	-	-	-
At 31 March 2021	56,478	(705)	609	14,453	56,478	282,704	410,017
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 investment in associate	-	(253)	-	-	-	-	(253)
Other comprehensive income	-	-	-	10	-	-	10
Employee benefit liability adjustment	-	-	-	-	-	36	36
Total comprehensive income	-	(253)	4,378	10	-	16,775	20,911
Transfer to regulatory general risk reserve	-	-	-	1,484	-	(1,484)	-
Balance at 31 December 2020	56,478	(714)	437	15,000	56,478	277,448	405,127
Bank							
At 1 April 2021	56,478	(705)	609	14,453	56,478	281,301	408,614
Movement in reserves 1 April 2021 - 31 December 2021							
Profit after taxation	-	-	-	-	-	23,225	23,225
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	264	-	-	-	264
Foreign currency adjustments on translating investment in associate	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	147	147
Total comprehensive income	-	(161)	264	-	-	23,372	23,475
Transfer to regulatory general risk reserve	-	-	-	3,068	-	(3,068)	-
At 31 December 2021	56,478	(866)	873	17,521	56,478	301,605	432,089
At 1 April 2020	56,478	(461)	(3,941)	13,506	56,478	261,330	383,390
Movement in reserves 1 April 2020 - 31 March 2021							
Profit after taxation	-	-	-	-	-	20,774	20,774
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	4,550	-	-	-	4,550
Foreign currency adjustments on translating investment in associate	-	(244)	-	-	-	-	(244)
Other comprehensive income	-	-	-	9	-	-	9
Employee benefit liability adjustment	-	-	-	-	-	135	135
Total comprehensive income	-	(244)	4,550	9	-	20,909	25,225
Transfer to regulatory general risk reserve	-	-	-	938	-	(938)	-
Ordinary dividends	-	-	-	-	-	-	-
At 31 March 2021	56,478	(705)	609	14,453	56,478	281,301	408,614
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 investment in associate	-	(253)	-	-	-	-	(253)
Other comprehensive income	-	-	-	10	-	-	10
Employee benefit liability adjustment	-	-	-	-	-	42	42
Total comprehensive income	-	(253)	4,378	10	-	16,268	20,403
Transfer to regulatory general risk reserve	-	-	-	1,484	-	(1,484)	-
Balance at 31 December 2020	56,478	(713)	437	15,000	56,478	276,114	403,793



Cash flow statements

For the period / year ended US\$'000	Group			Bank		
	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020	Period ended 31 December 2021	Year 31 March 2021	Period ended 31 December 2020
Profit before tax	25,284	22,705	18,004	24,765	22,104	17,476
Adjustment for non cash items	755	16,546	7,319	750	16,545	7,325
Profit before taxation adjusted for non-cash items	26,039	39,251	25,323	25,515	38,649	24,800
Taxation paid	(521)	(2,742)	(2,654)	(507)	(2,715)	(2,634)
Decrease in operating assets	(218,626)	(23,687)	65,302	(218,641)	(23,670)	65,288
Decrease in operating liabilities	154,745	31,987	(42,739)	155,271	32,541	(42,225)
Net cash (outflow)/ inflow from operating activities	(38,363)	44,809	45,232	(38,362)	44,805	45,230
Purchase of debt securities	(1,150)	(260)	(200)	(1,150)	(260)	(200)
Proceeds from disposal of debt securities	-	7,560	7,500	-	7,560	7,500
Acquisition of equipment	(1)	(160)	(90)	(1)	(156)	(88)
Net cash (outflow) / inflow from investing activities	(1,151)	7,140	7,210	(1,151)	7,144	7,212
Cash flow from financing activities						
Reverse repurchase agreement	(25,000)	-	(5,000)	(25,000)	-	(5,000)
Payment of lease liabilities	(222)	(241)	-	(222)	(241)	-
Net cash (outflow) / inflow from financing activities	(25,222)	(241)	(5,000)	(25,222)	(241)	(5,000)
Effects of exchange rates on cash and cash equivalents	(1,624)	(7,192)	8,944	(1,624)	(7,192)	8,944
Net increase in cash and cash equivalents	(66,359)	44,516	56,386	(66,359)	44,516	56,386
Cash and cash equivalents at beginning of the period / year	583,546	539,030	539,030	583,546	539,030	539,030
Cash and cash equivalents at end of the period / year	517,187	583,546	595,416	517,187	583,546	595,416
Cash and cash equivalents is defined as including:						
Cash in hand	1	5	4	1	5	4
Cash and balances at central bank (unrestricted balance)	22,760	7,631	7,308	22,760	7,631	7,308
Due from banks (excluding placements with maturity greater than 3 months)	494,314	575,844	588,063	494,314	575,844	588,063
Expected credit loss on cash and cash equivalents	112	66	41	112	66	41
Cash and cash equivalents at end of the period / year	517,187	583,546	595,416	517,187	583,546	595,416



Notes to the unaudited financial accounts for the period ended 31 December 2021

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 period ended 31 December 2021 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 2021.

(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 2021

3. Related party transactions

As at US\$'000	Group			Bank		
	31 December 2021	31 March 2021	31 December 2020	31 December 2021	31 March 2021	31 December 2020
Interest income	5,172	9,223	6,443	5,178	9,223	6,443
Interest expense	(7,340)	(11,685)	(9,131)	(7,340)	(11,687)	(9,132)
Net fair value of derivatives held with group companies	(2,447)	(2,867)	(11,325)	(2,447)	(2,867)	(11,325)
Reverse repurchase agreements	25,044	25,016	25,019	25,044	25,016	25,019
Loans and advances to customers	3,959	1,746	1,832	3,959	1,746	1,832
Customer deposits	(4,142)	(2,456)	(2,673)	(4,142)	(4,331)	(2,673)
Amount due from holding bank	21,411	158,801	200,035	21,411	158,801	200,035
Amount due from other group companies	-	248	2,047	69	262	2,108
Amount due to holding bank	(20,080)	(20,684)	(21,416)	(20,080)	(20,684)	(21,416)
Amount due to other group companies	(6,228)	(5,796)	(5,813)	(6,228)	(5,796)	(5,813)
Debt securities in issue	(259,251)	(262,027)	(264,890)	(259,251)	(262,027)	(264,890)

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 2021, loans and advances amounting to US\$ 153k were unsecured (31 March 2021: US\$ 63k and 31 December 2020: US\$ 79k). For the period ended 31 December 2021, the bank has not made any write-off relating to amounts owed by related parties (31 March 2021: Nil and 31 December 2020: Nil).



Credit and counterparty risk information

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

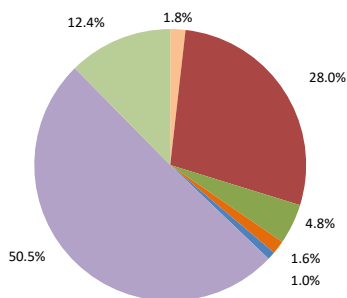
Group and Bank

US\$'000	31 December 2021	31 March 2021	31 December 2020	30 December 2021 vs 31 March 2021 % change	Average*
On-balance sheet exposures	1,820,385	1,494,472	1,394,820	21.8	1,657,429
Balances at central bank	35,468	20,362	19,522	74.2	27,915
Due from banks	581,785	453,830	413,119	28.2	517,808
Bank debt securities	32,818	33,637	33,274	(2.4)	33,228
Other debt securities	20,056	20,056	20,061	0.0	20,056
Reverse repurchase agreements	100,005	75,000	80,010	33.3	87,503
Loans and advances to customers	1,050,252	891,587	828,834	17.8	970,919
Off-balance sheet exposures	257,593	229,425	242,453	12.3	243,509
Guarantees^	31,077	28,081	30,342	10.7	29,579
Committed facilities	226,516	201,344	212,112	12.5	213,930
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	2,077,978	1,723,897	1,637,274	20.5	1,900,938

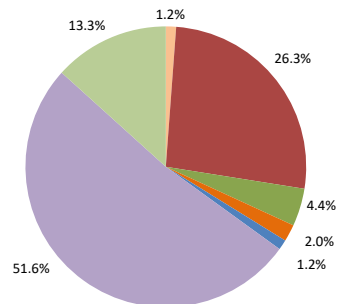
*Where the average is based on a straight line average for period 1 April 2021 to 31 December 2021.

^Excludes guarantees provided to clients which are backed/secured by cash deposits with the bank.

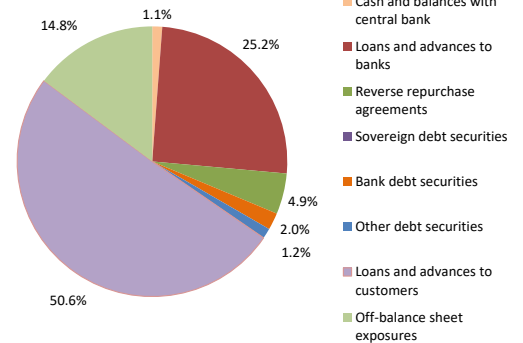
31 December 2021



31 March 2021



31 December 2020





Asset quality and expected credit loss

Group and Bank

US\$'000	31 December 2021	31 March 2021	31 December 2020
Gross core loans and advances to customers	1,050,252	891,587	828,834
Stage 1	967,731	815,332	765,285
Stage 2	69,203	57,378	44,218
Stage 3	13,318	18,877	19,331
Expected credit loss on loans and advances to customers	(4,201)	(7,755)	(7,965)
Stage 1	(3,515)	(3,886)	(3,759)
Stage 2	(106)	(173)	(192)
Stage 3	(580)	(3,696)	(4,015)
Net core loans and advances to customers	1,046,051	883,832	820,869
Average gross core loans and advances to customers	970,919	970,055	863,897
Current loans and advances to customers	966,230	812,166	759,004
Special mention loans and advances to customers	69,237	57,378	44,218
Past due loans and advances to customers (1-60 days)	1,467	3,166	6,280
Default loans and advances to customers	13,318	18,877	19,331
Gross core loans and advances to customers	1,050,252	891,587	828,834
Current loans and advances to customers	1,035,467	869,544	803,222
Gross core loans and advances to customers that are past due but not impaired	1,467	3,166	6,280
Gross core loans and advances to customers that are impaired	13,318	18,877	19,331
Gross core loans and advances to customers	1,050,252	891,587	828,834
Total income statement expected credit losses on core loans and advances	1,566	(1,435)	(1,682)
Gross default loans and advances to customers	13,318	18,877	19,331
Expected credit loss	(4,201)	(7,755)	(7,965)
Defaults net of expected credit loss	9,117	11,122	11,366
Collateral and other credit enhancements	27,924	27,639	26,403
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total expected credit loss as a % of gross core loans and advances to customers	0.40%	0.87%	0.96%
Total expected credit loss as a % of gross default loans	31.54%	41.08%	41.20%
Gross defaults as a % of gross core loans and advances to customers	1.27%	2.12%	2.33%
Defaults (net of expected credit loss) as a % of net core loans and advances to customers	0.87%	1.26%	1.38%
Annualised credit loss ratio (i.e. expected credit loss as a % of average gross core loans and advances)	(0.22%)	0.15%	0.39%



Capital structure

As at	Group			Bank		
	31 December 2021	31 March 2021	31 December 2020	31 December 2021	31 March 2021	31 December 2020
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	280,364	282,704	258,894	278,453	281,301	257,559
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	55,612	56,382	55,765	55,612	56,382	55,765
Common equity tier 1 capital before regulatory adjustments	392,454	395,564	371,137	390,543	394,161	369,803
Common equity tier 1 capital: regulatory adjustments						
Deferred tax assets	498	498	421	498	498	421
Total regulatory adjustments to common equity tier 1 capital	498	498	421	498	498	421
Common equity tier 1 capital (CET1)	391,956	395,066	370,716	390,045	393,663	369,382
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)	16,941	14,924	14,240	16,953	14,936	14,252
Tier 2 capital before regulatory adjustments	16,941	14,924	14,240	16,953	14,936	14,252
Total capital (capital base) (TC = T1 + T2)	408,897	409,990	384,956	406,998	408,599	383,634
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,240,244	1,089,943	1,024,299	1,241,207	1,090,941	1,025,291
Non-market related off-balance sheet risk-weighted assets	110,400	100,190	111,597	110,400	100,190	111,597
Market related off-balance sheet risk-weighted assets	4,651	3,752	3,305	4,651	3,752	3,305
Operational risk	71,314	71,314	78,608	71,314	71,314	78,608
Aggregate net open foreign exchange position	1,923	7,010	2,875	1,923	7,010	2,875
Total risk-weighted assets	1,428,532	1,272,210	1,220,684	1,429,495	1,273,207	1,221,676
Capital adequacy ratio (%)	28.6%	32.2%	31.5%	28.5%	32.1%	31.4%
Tier 1 ratio	27.4%	31.1%	30.4%	27.3%	31.0%	30.2%

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

As at 31 December 2021	Group		Bank	
	Balance sheet amount	Amounts included for regulatory purposes	Balance sheet amount	Amounts included for regulatory purposes
US\$'000				
Paid in capital and qualifying capital instruments	56,478	56,478	56,478	56,478
Retained earnings	303,517	280,364	301,606	278,453
Other reserves	74,005	55,612	74,005	55,612
Qualifying common equity tier 1 capital before regulatory adjustments	434,000	392,454	432,089	390,543
Deferred tax assets	-	(498)	-	(498)
Tier 1 capital	434,000	391,956	432,089	390,045
Qualifying tier 1 capital	434,000	391,956	432,089	390,045
Tier 2 capital after regulatory adjustments and general allowance for expected credit losses (T2)	-	16,941	-	16,953
Total qualifying capital	434,000	408,897	432,089	406,998



Risk-weighted assets

US\$'000	Group and Bank		Group				Bank			
	31 December 2021	31 December 2021	31 March 2021	31 December 2020	31 December 2021	31 December 2021	31 March 2021	31 December 2020		
	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%	3	-	-	-	3	-	-	-	
Claims on sovereigns	0%-50%	26,585	26,585	21,442	35,560	26,585	26,585	21,442	35,560	
Claims on central banks and international institutions	0%-50%	35,468	-	566	-	35,468	-	566	-	
Claims on banks	20%-100%	761,061	240,503	217,049	241,769	648,411	240,503	217,049	241,769	
Claims on corporates	20%-100%	737,105	658,048	517,028	441,621	658,048	658,048	517,028	441,621	
Claims secured by residential property	35%-125%	43,131	31,645	48,210	34,936	42,895	31,645	48,210	34,936	
Claims secured by commercial real estate	100%-125%	250,505	255,230	237,962	237,641	250,505	255,230	237,962	237,641	
Past due claims	50%-150%	11,449	17,172	21,913	22,054	11,449	17,172	21,913	22,054	
Other assets	100%-250%	11,061	11,061	25,773	10,718	11,329	12,024	26,771	11,710	
Total on-balance sheet credit risk-weighted exposures			1,240,244	1,089,943	1,024,299		1,241,207	1,090,941	1,025,291	



Risk-weighted assets

Group and Bank

US\$'000	31 December 2021				31 March 2021	31 December 2020
	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	35,980	100%	24,579	24,245	10,471	11,792
Transaction-related contingent items	2,012	50%	1,006	1,006	1,951	2,848
Total other commitments	226,516	20%-50%	91,748	85,149	87,768	96,957
Total off-balance sheet credit risk-weighted exposures				110,400	100,189	111,597

Group and Bank

US\$'000	31 December 2021				31 March 2021	31 December 2020
	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	167,029	586	1,077	1,663	1,629	985
Foreign exchange contracts	574,207	6,042	-	6,042	3,022	2,767
Credit derivative contracts	8,747	-	-	-	-	-
Total market-related off-balance sheet risk-weighted credit exposures				4,651	3,752	3,305



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 2021 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	56	599	39	28	40	-	-	762
Investment/trading assets	6	-	-	-	-	52	-	58
Advances	-	80	109	157	182	502	16	1,046
Other assets	-	-	-	6	-	-	-	6
Assets	62	679	148	191	222	554	16	1,872
Deposits - non-banks	(756)	(95)	(152)	(58)	(71)	(14)	-	(1,146)
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(756)	(95)	(152)	(66)	(71)	(14)	-	(1,154)
Intercompany loans	(7)	-	-	-	(80)	(197)	-	(284)
Shareholders' funds	-	-	-	-	-	-	(432)	(432)
Balance sheet	(701)	584	(4)	125	71	343	(416)	2
Off-balance sheet	-	(2)	-	-	-	-	-	(2)
Contractual liquidity gap	(701)	582	(4)	125	71	343	(416)	-
Cumulative liquidity gap	(701)	(119)	(123)	2	73	416	-	-

At 31 March 2021 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	311	285	125	-	10	-	-	731
Investment/trading assets	5	1	-	-	-	52	-	58
Advances	10	50	84	121	171	447	-	883
Other assets	-	-	-	21	-	-	-	21
Assets	326	336	209	142	181	499	-	1,693
Deposits - non-banks	(601)	(104)	(157)	(46)	(71)	(10)	-	(989)
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(601)	(104)	(157)	(54)	(71)	(10)	-	(997)
Intercompany loans	(4)	-	-	(186)	(23)	(72)	-	(285)
Shareholders' funds	-	-	-	-	-	-	(409)	(409)
Balance sheet	(279)	232	52	(98)	87	417	(409)	2
Off-balance sheet	-	-	-	-	(2)	-	-	(2)
Contractual liquidity gap	(279)	232	52	(98)	85	417	(409)	-
Cumulative liquidity gap	(279)	(47)	5	(93)	(8)	409	-	-

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)
Other liabilities	-	-	-	(10)	-	-	-	(9)
Liabilities	(483)	(126)	(144)	(66)	(92)	(8)	-	(918)
Intercompany loans	(3)	-	-	-	(212)	(73)	-	(288)
Shareholders' funds	-	-	-	-	-	-	(405)	(405)
Balance sheet	(138)	225	39	25	(145)	402	(398)	8
Off-balance sheet	-	(8)	-	-	-	-	-	(8)
Contractual liquidity gap	(138)	217	39	25	(148)	402	(398)	-
Cumulative liquidity gap	(138)	78	117	145	(3)	398	-	-



At 31 December 2021 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	(71)	470	(70)	103	22	(185)	(269)	-
Cumulative	(71)	399	329	432	454	269	-	-
At 31 March 2021 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	208	148	27	(180)	(32)	125	(295)	-
Cumulative	208	356	383	204	171	295	-	-
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	-	-

Liquidity coverage ratio (LCR)

As at 31 December 2021, the bank's LCR stood at 123%. 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 2021 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	713	49	-	-	-	-	762
Investment/trading assets	20	-	-	32	-	6	58
Advances	840	119	1	86	-	-	1,046
Other assets	-	-	-	-	-	6	6
Assets	1,573	168	1	118	-	12	1,872
Deposits - non-banks	(1,026)	(58)	(62)	-	-	-	(1,146)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(1,026)	(58)	(62)	-	-	(8)	(1,154)
Intercompany loans	(284)	-	-	-	-	-	(284)
Shareholders' funds	-	-	-	-	-	(432)	(432)
Balance sheet	263	110	(61)	118	-	(428)	2
Off-balance sheet	154	(1)	(40)	(115)	-	-	(2)
Repricing gap	417	109	(101)	3	-	(428)	-
Cumulative repricing gap	417	526	425	428	428	-	-

At 31 March 2021 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	731	-	-	-	-	-	731
Investment/trading assets	21	-	-	30	-	8	59
Advances	724	77	24	60	-	-	885
Other assets	-	-	-	-	-	21	21
Assets	1,476	77	24	90	-	29	1,696
Deposits - non-banks	(872)	(49)	(68)	-	-	-	(989)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(872)	(49)	(68)	-	-	(8)	(997)
Intercompany loans	(287)	-	-	-	-	-	(287)
Shareholders' funds	-	-	-	-	-	(409)	(409)
Balance sheet	317	28	(44)	90	-	(388)	3
Off-balance sheet	106	-	(20)	(89)	-	-	(3)
Repricing gap	423	28	(64)	1	-	(388)	-
Cumulative repricing gap	423	451	387	388	388	-	-



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	57
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	(65)	93	-	(402)	10
Off balance sheet	111	(11)	(20)	(90)	-	-	(10)
Repricing gap	426	59	(85)	3	-	(402)	-
Cumulative repricing gap	426	484	399	402	402	-	-

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)					
	ZAR	GBP	USD	EUR	AUD	All (USD)
31 December 2021						
200bp down	(0.07)	1.06	1.17	0.58	-	2.65
200bp up	0.07	(1.06)	(1.17)	(0.58)	-	(2.65)
At 31 March 2021						
US\$'million						
200bp down	(0.04)	0.50	0.36	0.54	(0.01)	1.35
200bp up	0.04	(0.50)	(0.36)	(0.54)	0.01	(1.35)
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)

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 2021					
Long/(short) position	605	1,258	(21)	(267)	1,923
At 31 March 2021					
US\$'million					
Long/(short) position	2,921	3,404	(250)	(1,019)	7,010
31 December 2020					
Long/(short) position	767	1,807	(354)	(345)	2,875