

Out of the Ordinary®



Specialist Bank and  
Asset Manager

## **Investec Bank (Mauritius) Limited**

Unaudited financial reports for the quarter ended 30 June 2021

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





## Unaudited financial report for the quarter ended 30 June 2021

The unaudited financial report for the quarter ended 30 June 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 decreased by 15% from US\$8.6 million for the quarter ended 30 June 2020 to US\$7.3 million for the quarter ended 30 June 2021 as a result of margin contraction following a decrease in asset yields.
- Net fee and commission income increased from US\$1.4 million for the quarter ended 30 June 2020 to US\$2.4 million for the quarter 30 June 2021 mainly due to higher level of deal activity.
- Expected credit loss of US\$1.5 million was reversed for the quarter under review, as a non-performing loan settled and some stage 1 PD's revised, compared to a charge of US\$0.1 million for the comparative quarter.
- Operating costs increased by 5% from US\$2.6 million for the quarter ended 30 June 2020 to US\$2.8 million for the quarter ended 30 June 2021.

Profit after tax increased by 11% from 7.1 million for the quarter ended 30 June 2020 to US\$7.8 million for the quarter ended 30 June 2021.

Loans and advances to customers decreased by 7% to US\$824 million while external deposits decreased by 8% to US\$911 million during the quarter ended 30 June 2021.

The capital adequacy ratio stood at 33.0% as at 30 June 2021. The group remains well capitalised with a capital adequacy ratio well in excess of regulatory requirements.



### **Related party transactions, policies and practices**

The bank adheres to the Bank of Mauritius Guideline on Related Party Transactions. All transactions with a related party are carried out on terms and conditions that were at least as favourable to the bank as the market conditions prevailing for prime clients at that time.

The conduct review committee which consists of three non-executive directors, approves, reviews and monitors the related party transactions. The committee meets at least once every quarter to review all the related party transactions. After each meeting the matters approved and reviewed by the conduct review committee are reported to the board of directors. The bank reports on the proceedings of the conduct review committee during the year to the Bank of Mauritius on a yearly basis.

At 30 June 2021, the total on- and off-balance sheet credit exposure to related parties amounted to US\$281.2 million (31 March 2021 – US\$192.3 million) representing 17.2% (31 March 2021 – 11.3%) of the bank’s total exposure. The credit exposure to the six related parties with the highest exposure amounted to US\$281.2 million (31 March 2021 – US\$192.3 million) representing 71.7% (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 global economic environment for the period under review has improved as the vaccine roll-out allowed the gradual easing of sanitary restrictions in the major economies. The bank continues to remain prudent and hold healthy liquidity and capital levels.

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David M Lawrence  
**Chairman**  
**Board of directors**

Handwritten signature of Pierre de Chasteigner du Mée in black ink.

Pierre de Chasteigner du Mée  
**Director**

Handwritten signature of Grant Michael Parsons in black ink.

Grant Michael Parsons  
**Chief executive officer/Director**

Dated: 13 August 2021



## Balance sheets

As at US\$'000	Group			Bank		
	30 June 2021	31 March 2021	30 June 2020	30 June 2021	31 March 2021	30 June 2020
<b>Assets</b>						
Cash and balances at central bank	20,669	20,367	14,969	20,669	20,367	14,969
Due from banks	618,144	610,979	572,511	618,144	610,979	572,511
Reverse repurchase agreements	100,011	100,004	89,987	100,011	100,004	89,987
Bank debt securities	33,256	33,637	31,654	33,256	33,637	31,654
Other debt securities	19,961	19,960	22,578	19,961	19,960	22,578
Derivative financial instruments	3,573	1,604	3,007	3,573	1,604	3,007
Investment portfolio	2,664	2,663	2,405	2,664	2,663	2,405
Loans and advances to customers	823,716	883,832	832,261	823,716	883,832	832,261
Investment in associate	1,975	2,130	2,856	1,975	2,130	2,856
Deferred taxation asset	498	498	421	498	498	421
Current taxation asset	-	256	-	-	256	-
Other assets	4,194	19,684	3,824	4,055	19,525	3,668
Property, plant and equipment	664	962	1,103	660	958	1,102
Amount due from group companies	1,652	1,835	5,637	1,821	1,853	5,764
Investment in subsidiary	-	-	-	467	467	467
<b>Total assets</b>	<b>1,630,977</b>	<b>1,698,411</b>	<b>1,583,213</b>	<b>1,631,470</b>	<b>1,698,733</b>	<b>1,583,650</b>
<b>Liabilities</b>						
Derivative financial instruments	2,992	4,665	3,674	2,992	4,665	3,674
Customer deposits	911,320	986,918	897,273	913,425	988,793	898,694
Debt securities in issue	263,029	262,027	258,334	263,029	262,027	258,334
Amount due to group companies	27,985	26,480	23,015	27,983	26,480	22,987
Current taxation liabilities	262	4	1,514	254	-	1,502
Other liabilities	6,750	8,300	6,750	6,661	8,154	6,689
<b>Total liabilities</b>	<b>1,212,338</b>	<b>1,288,394</b>	<b>1,190,560</b>	<b>1,214,344</b>	<b>1,290,119</b>	<b>1,191,880</b>
<b>Equity</b>						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	73,956	70,835	67,599	73,956	70,835	67,599
Retained income	288,205	282,704	268,576	286,692	281,301	267,693
<b>Shareholder's equity</b>	<b>418,639</b>	<b>410,017</b>	<b>392,653</b>	<b>417,126</b>	<b>408,614</b>	<b>391,770</b>
<b>Total liabilities and equity</b>	<b>1,630,977</b>	<b>1,698,411</b>	<b>1,583,213</b>	<b>1,631,470</b>	<b>1,698,733</b>	<b>1,583,650</b>



## Income statements

For the period / year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2021	Year 31 March 2021	Quarter ended 30 June 2020	Quarter ended 30 June 2021	Year 31 March 2021	Quarter ended 30 June 2020
Interest income	10,817	47,243	13,435	10,817	47,245	13,435
Interest expense	(3,530)	(16,435)	(4,835)	(3,530)	(16,435)	(4,835)
<b>Net interest income</b>	<b>7,287</b>	<b>30,808</b>	<b>8,600</b>	<b>7,287</b>	<b>30,810</b>	<b>8,600</b>
Fee income	2,759	7,186	1,625	2,535	6,259	1,488
Fee expense	(353)	(1,122)	(200)	(353)	(1,122)	(200)
<b>Net fee income</b>	<b>2,406</b>	<b>6,064</b>	<b>1,425</b>	<b>2,182</b>	<b>5,137</b>	<b>1,288</b>
Investment income	4	6	50	4	6	50
Trading income / (loss)	62	496	(28)	59	481	(29)
Other operating loss	-	(286)	-	-	(286)	-
<b>Total operating income before impairment</b>	<b>9,759</b>	<b>37,088</b>	<b>10,047</b>	<b>9,532</b>	<b>36,148</b>	<b>9,909</b>
Expected credit loss impairment reversal / (charge)	1,496	(1,671)	141	1,496	(1,671)	141
<b>Operating income</b>	<b>11,255</b>	<b>35,417</b>	<b>10,188</b>	<b>11,028</b>	<b>34,477</b>	<b>10,050</b>
Operating costs	(2,754)	(12,230)	(2,623)	(2,636)	(11,891)	(2,548)
<b>Operating profit</b>	<b>8,501</b>	<b>23,187</b>	<b>7,565</b>	<b>8,392</b>	<b>22,586</b>	<b>7,502</b>
Share of loss in associate	(101)	(482)	-	(101)	(482)	-
<b>Profit before taxation</b>	<b>8,400</b>	<b>22,705</b>	<b>7,565</b>	<b>8,291</b>	<b>22,104</b>	<b>7,502</b>
Taxation	(514)	(1,349)	(450)	(510)	(1,330)	(450)
<b>Profit after taxation</b>	<b>7,886</b>	<b>21,356</b>	<b>7,115</b>	<b>7,781</b>	<b>20,774</b>	<b>7,052</b>
<b>Analysed as follows:</b>						
Transfer to regulatory general risk reserve	2,423	938	703	2,423	938	703
Transfer to retained earnings	5,463	20,418	6,412	5,358	19,836	6,349
<b>Profit attributable to equity holder of the bank</b>	<b>7,886</b>	<b>21,356</b>	<b>7,115</b>	<b>7,781</b>	<b>20,774</b>	<b>7,052</b>

## Statements of other comprehensive income

For the period/ year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2020	Year 31 March 2020	Quarter ended 30 June 2019	Quarter ended 30 June 2020	Year 31 March 2021	Quarter ended 30 June 2020
<b>Profit after taxation</b>	<b>7,886</b>	<b>21,356</b>	<b>7,115</b>	<b>7,781</b>	<b>20,774</b>	<b>7,052</b>
<b>Other comprehensive income:</b>						
<b>Items reclassified to the income statement</b>						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	753	4,550	1,305	753	4,550	1,305
-Foreign currency adjustments on translating investment in associate	(55)	(244)	-	(55)	(244)	-
-Other comprehensive income	-	9	9	-	9	9
<b>Items that will never be reclassified to income statement</b>						
Employee benefit liability adjustment	38	130	8	33	135	14
<b>Total other comprehensive income</b>	<b>736</b>	<b>4,445</b>	<b>1,322</b>	<b>731</b>	<b>4,450</b>	<b>1,328</b>
<b>Total comprehensive income attributable to equity holder of the bank</b>	<b>8,622</b>	<b>25,801</b>	<b>8,437</b>	<b>8,512</b>	<b>25,224</b>	<b>8,380</b>





## 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	
<b>US\$'000</b>							
<b>Group</b>							
<b>At 1 April 2021</b>	56,478	(705)	609	14,453	56,478	282,704	410,017
<b>Movement in reserves 1 April 2021 - 30 June 2021</b>							
Profit after taxation	-	-	-	-	-	7,886	7,886
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	753	-	-	-	753
Foreign currency adjustments on translating investment in associate	-	(55)	-	-	-	-	(55)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	38	38
<b>Total comprehensive income</b>	-	(55)	753	-	-	7,924	8,622
Transfer to regulatory general risk reserve	-	-	-	2,423	-	(2,423)	-
<b>At 30 June 2021</b>	<b>56,478</b>	<b>(760)</b>	<b>1,362</b>	<b>16,876</b>	<b>56,478</b>	<b>288,205</b>	<b>418,639</b>
<b>At 1 April 2020</b>	56,478	(461)	(3,941)	13,506	56,478	262,156	384,216
<b>Movement in reserves 1 April 2020 - 31 March 2021</b>							
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
<b>Total comprehensive income</b>	-	(244)	4,550	9	-	21,486	25,801
Transfer to regulatory general risk reserve	-	-	-	938	-	(938)	-
Ordinary dividend paid	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>56,478</b>	<b>(705)</b>	<b>609</b>	<b>14,453</b>	<b>56,478</b>	<b>282,704</b>	<b>410,017</b>
<b>At 1 April 2020</b>	56,478	(461)	(3,941)	13,506	56,478	262,156	384,216
<b>Movement in reserves 1 April 2020 - 30 June 2020</b>							
Profit after taxation	-	-	-	-	-	7,115	7,115
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	1,305	-	-	-	1,305
Foreign currency adjustments on translating investment in associate	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	9	-	-	9
Employee benefit liability adjustment	-	-	-	-	-	8	8
<b>Total comprehensive income</b>	-	-	1,305	9	-	7,123	8,437
Transfer to regulatory general risk reserve	-	-	-	703	-	(703)	-
<b>Balance at 30 June 2020</b>	<b>56,478</b>	<b>(461)</b>	<b>(2,636)</b>	<b>14,219</b>	<b>56,478</b>	<b>268,576</b>	<b>392,653</b>
<b>Bank</b>							
<b>At 1 April 2021</b>	56,478	(705)	609	14,453	56,478	281,301	408,614
<b>Movement in reserves 1 April 2021 - 30 June 2021</b>							
Profit after taxation	-	-	-	-	-	7,781	7,781
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	753	-	-	-	753
Foreign currency adjustments on translating investment in associate	-	(55)	-	-	-	-	(55)
Employee benefit liability adjustment	-	-	-	-	-	33	33
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	(55)	753	-	-	7,814	8,512
Transfer to regulatory general risk reserve	-	-	-	2,423	-	(2,423)	-
<b>At 30 June 2021</b>	<b>56,478</b>	<b>(760)</b>	<b>1,362</b>	<b>16,876</b>	<b>56,478</b>	<b>286,692</b>	<b>417,126</b>
<b>At 1 April 2020</b>	56,478	(461)	(3,941)	13,506	56,478	261,330	383,390
<b>Movement in reserves 1 April 2020 - 31 March 2021</b>							
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
<b>Total comprehensive income</b>	-	(244)	4,550	9	-	20,909	25,225
Transfer to regulatory general risk reserve	-	-	-	938	-	(938)	-
Ordinary dividends	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>56,478</b>	<b>(705)</b>	<b>609</b>	<b>14,453</b>	<b>56,478</b>	<b>281,301</b>	<b>408,614</b>
<b>At 1 April 2020</b>	56,478	(461)	(3,941)	13,506	56,478	261,330	383,390
<b>Movement in reserves 1 April 2020 - 30 June 2020</b>							
Profit after taxation	-	-	-	-	-	7,052	7,052
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	1,305	-	-	-	1,305
Foreign currency adjustments on translating investment in associate	-	-	-	-	-	14	14
Other comprehensive income	-	-	-	9	-	-	9
Employee benefit liability adjustment	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	1,305	9	-	7,066	8,380
Transfer to regulatory general risk reserve	-	-	-	703	-	(703)	-
<b>Balance at 30 June 2020</b>	<b>56,478</b>	<b>(461)</b>	<b>(2,636)</b>	<b>14,219</b>	<b>56,478</b>	<b>267,692</b>	<b>391,770</b>



## Cash flow statements

For the period / year ended US\$'000	Group			Bank		
	Quarter ended 30 June 2021	Year 31 March 2021	Quarter ended 30 June 2020	Quarter ended 30 June 2021	Year 31 March 2021	Quarter 30 June 2020
Profit before tax	8,400	22,705	7,565	8,291	22,104	7,502
Adjustment for non cash items	2,434	16,546	2,985	2,429	16,545	2,991
<b>Profit before taxation adjusted for non-cash items</b>	<b>10,834</b>	<b>39,251</b>	<b>10,550</b>	<b>10,720</b>	<b>38,649</b>	<b>10,493</b>
Taxation paid	-	(2,742)	-	-	(2,715)	-
Decrease in operating assets	71,006	(23,687)	64,563	70,835	(23,670)	64,469
Decrease in operating liabilities	(77,241)	31,987	(64,066)	(76,956)	32,541	(63,916)
<b>Net cash inflow from operating activities</b>	<b>4,599</b>	<b>44,809</b>	<b>11,047</b>	<b>4,599</b>	<b>44,805</b>	<b>11,046</b>
Purchase of debt securities	-	(260)	-	-	(260)	-
Proceeds from disposal of debt securities	-	7,560	3,000	-	7,560	3,000
Acquisition of equipment	(1)	(160)	(11)	(1)	(156)	(11)
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(1)</b>	<b>7,140</b>	<b>2,989</b>	<b>(1)</b>	<b>7,144</b>	<b>2,989</b>
<b>Cash flow from financing activities</b>						
Reverse repurchase agreement	-	-	10,000	-	-	10,000
Payment of lease liabilities	(76)	(241)	-	(76)	(241)	-
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(76)</b>	<b>(241)</b>	<b>10,000</b>	<b>(76)</b>	<b>(241)</b>	<b>10,000</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>97</b>	<b>(7,192)</b>	<b>915</b>	<b>97</b>	<b>(7,192)</b>	<b>915</b>
Net increase in cash and cash equivalents	4,619	44,516	24,951	4,619	44,516	24,950
Cash and cash equivalents at beginning of the period / year	583,546	539,030	539,030	583,546	539,030	539,030
<b>Cash and cash equivalents at end of the quarter / year</b>	<b>588,165</b>	<b>583,546</b>	<b>563,981</b>	<b>588,165</b>	<b>583,546</b>	<b>563,980</b>
<b>Cash and cash equivalents is defined as including:</b>						
Cash in hand	5	5	5	5	5	5
Cash and balances at central bank (unrestricted balance)	7,724	7,631	9,010	7,724	7,631	9,010
Due from banks (excluding placements with maturity greater than 3 months)	580,350	575,844	554,910	580,350	575,844	554,910
Expected credit loss on cash and cash equivalents	86	66	55	86	66	55
<b>Cash and cash equivalents at end of the quarter / year</b>	<b>588,165</b>	<b>583,546</b>	<b>563,980</b>	<b>588,165</b>	<b>583,546</b>	<b>563,980</b>



## Notes to the unaudited financial accounts for the quarter ended 30 June 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 quarter ended 30 June 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 quarter ended 30 June 2021

### 3. Related party transactions

As at US\$'000	Group			Bank		
	30 June 2021	31 March 2021	30 June 2020	30 June 2021	31 March 2021	30 June 2020
Interest income	1,723	9,223	2,753	1,723	9,223	2,753
Interest expense	(2,408)	(11,685)	(3,547)	(2,409)	(11,687)	(3,548)
Net fair value of derivatives held with group companies	(175)	(2,867)	1,327	(175)	(2,867)	1,327
Reverse repurchase agreements	25,031	25,016	25,006	25,031	25,016	25,006
Loans and advances to customers	1,837	1,746	2,039	1,837	1,746	2,039
Customer deposits	(3,368)	(2,456)	(2,886)	(3,368)	(4,331)	(2,886)
Amount due from holding bank	246,095	158,801	241,712	246,095	158,801	241,712
Amount due from other group companies	353	248	524	521	248	651
Amount due to holding bank	(22,173)	(20,684)	(17,776)	(22,173)	(20,684)	(17,776)
Amount due to other group companies	(5,812)	(5,796)	(5,239)	(5,810)	(5,796)	(5,211)
Debt securities in issue	(263,029)	(262,027)	(258,334)	(263,029)	(262,027)	(258,334)

#### Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. As at 30 June 2021, loans and advances amounting to US\$ 35k were unsecured (31 March 2021: US\$ 63k and 30 June 2020: US\$ 95k). For the three months ended 30 June 2020, the bank has not made any write-off relating to amounts owed by related parties (31 March 2021: Nil and 30 June 2020: Nil).



**Credit and counterparty risk information**

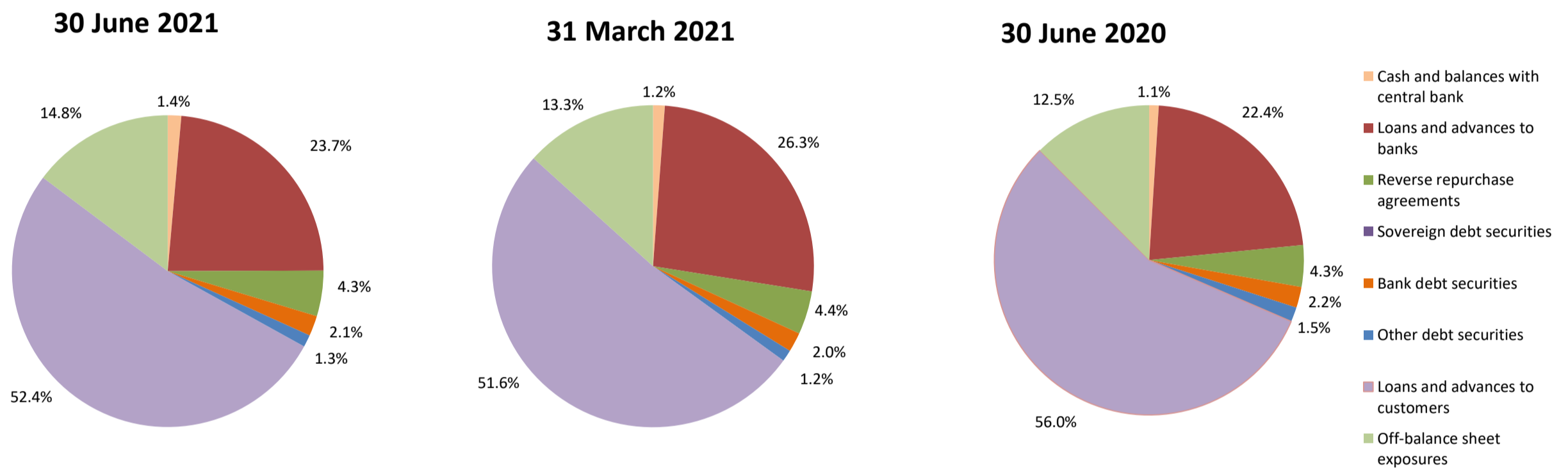
The table that follows provides an analysis of gross credit and counterparty exposures

**Group and Bank**

US\$'000	30 June 2021	31 March 2021	30 June 2020	30 June 2021 vs 31 March 2021 % change	Average*
<b>On-balance sheet exposures</b>	<b>1,350,465</b>	<b>1,494,472</b>	<b>1,309,815</b>	<b>(9.6)</b>	<b>1,422,468</b>
Balances at central bank	20,663	20,362	14,964	1.5	20,513
Due from banks	373,434	453,830	335,967	(17.7)	413,632
Bank debt securities	33,256	33,637	32,578	(1.1)	33,447
Other debt securities	20,057	20,056	22,674	0.0	20,056
Reverse repurchase agreements	75,000	75,000	65,000	(0.0)	75,000
Loans and advances to customers	828,054	891,587	838,632	(7.1)	859,820
<b>Off-balance sheet exposures</b>	<b>234,199</b>	<b>229,425</b>	<b>186,856</b>	<b>2.1</b>	<b>231,812</b>
Guarantees^	26,964	28,081	28,871	(4.0)	27,522
Committed facilities	207,235	201,344	157,985	2.9	204,290
<b>Total gross credit and counterparty exposures pre-collateral or other credit enhancements</b>	<b>1,584,664</b>	<b>1,723,897</b>	<b>1,496,671</b>	<b>(8.1)</b>	<b>1,654,280</b>

\*Where the average is based on a straight line average for period 1 April 2021 to 30 June 2021.

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





## Asset quality and impairments

### Group and Bank

US\$'000	30 June 2021	31 March 2021	30 June 2020
<b>Gross core loans and advances to customers</b>	<b>828,054</b>	<b>891,587</b>	<b>838,632</b>
Stage 1	770,360	815,332	787,029
Stage 2	43,980	57,378	43,312
Stage 3	13,714	18,877	8,285
<b>Expected credit loss on loans and advances to customers</b>	<b>(4,338)</b>	<b>(7,755)</b>	<b>(6,371)</b>
Stage 1	(3,030)	(3,886)	(2,784)
Stage 2	(147)	(173)	(354)
Stage 3	(1,161)	(3,696)	(3,232)
<b>Net core loans and advances to customers</b>	<b>823,716</b>	<b>883,832</b>	<b>832,261</b>
<b>Average gross core loans and advances to customers</b>	<b>859,820</b>	<b>970,055</b>	<b>868,796</b>
Current loans and advances to customers	759,821	812,166	714,724
Special mention loans and advances to customers	41,672	57,378	43,312
Past due loans and advances to customers (1-60 days)	12,847	3,166	72,311
Default loans and advances to customers	13,714	18,877	8,285
<b>Gross core loans and advances to customers</b>	<b>828,054</b>	<b>891,587</b>	<b>838,632</b>
Current loans and advances to customers	801,493	869,544	758,036
Gross core loans and advances to customers that are past due but not impaired	12,847	3,166	72,311
Gross core loans and advances to customers that are impaired	13,714	18,877	8,285
<b>Gross core loans and advances to customers</b>	<b>828,054</b>	<b>891,587</b>	<b>838,632</b>
<b>Total income statement expected credit loss reversals / (impairments) on core loans and advances</b>	<b>(1,496)</b>	<b>(1,435)</b>	<b>116</b>
Gross default loans and advances to customers	13,714	18,877	8,285
Expected credit loss	(4,338)	(7,755)	(6,371)
<b>Defaults net of impairments</b>	<b>9,376</b>	<b>11,122</b>	<b>1,914</b>
Collateral and other credit enhancements	12,552	27,639	12,728
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>			
Total impairments as a % of gross core loans and advances to customers	0.52%	0.87%	0.76%
Total impairments as a % of gross default loans	31.63%	41.08%	76.90%
Gross defaults as a % of gross core loans and advances to customers	1.66%	2.12%	0.99%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.14%	1.26%	0.23%
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.70%	0.15%	(0.05%)



## Capital structure

As at	Group			Bank		
	30 June 2021	31 March 2021	30 June 2020	30 June 2021	31 March 2021	30 June 2020
<b>US\$'000</b>						
<b>Common equity tier 1 capital: instruments and reserves</b>						
Ordinary shares	56,478	56,478	56,478	56,478	56,478	56,478
Retained earnings	281,938	282,704	260,638	280,425	281,301	259,753
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	55,720	56,382	53,301	55,720	56,382	53,301
<b>Common equity tier 1 capital before regulatory adjustments</b>	<b>394,136</b>	<b>395,564</b>	<b>370,417</b>	<b>392,623</b>	<b>394,161</b>	<b>369,532</b>
<b>Common equity tier 1 capital: regulatory adjustments</b>						
Deferred tax assets	498	498	421	498	498	421
<b>Total regulatory adjustments to common equity tier 1 capital</b>	<b>498</b>	<b>498</b>	<b>421</b>	<b>498</b>	<b>498</b>	<b>421</b>
<b>Common equity tier 1 capital (CET1)</b>	<b>393,638</b>	<b>395,066</b>	<b>369,996</b>	<b>392,125</b>	<b>393,663</b>	<b>369,111</b>
<b>Tier 2 capital: instruments and provisions</b>						
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)	14,490	14,924	15,313	14,499	14,936	15,326
<b>Tier 2 capital before regulatory adjustments</b>	<b>14,490</b>	<b>14,924</b>	<b>15,313</b>	<b>14,499</b>	<b>14,936</b>	<b>15,326</b>
<b>Total capital (capital base) (TC = T1 + T2)</b>	<b>408,128</b>	<b>409,990</b>	<b>385,309</b>	<b>406,624</b>	<b>408,599</b>	<b>384,437</b>
<b>Risk-weighted assets</b>						
Risk-weighted on-balance sheet assets	1,055,258	1,089,943	1,131,315	1,056,275	1,090,941	1,132,321
Non-market related off-balance sheet risk-weighted assets	99,203	100,190	85,971	99,203	100,190	85,971
Market related off-balance sheet risk-weighted assets	4,747	3,752	7,755	4,747	3,752	7,755
Operational risk	71,314	71,314	78,608	71,314	71,314	78,608
Aggregate net open foreign exchange position	4,599	7,010	4,668	4,599	7,010	4,668
<b>Total risk-weighted assets</b>	<b>1,235,121</b>	<b>1,272,210</b>	<b>1,308,318</b>	<b>1,236,137</b>	<b>1,273,208</b>	<b>1,309,324</b>
<b>Capital adequacy ratio (%)</b>	<b>33.0%</b>	<b>32.2%</b>	<b>29.5%</b>	<b>32.9%</b>	<b>32.1%</b>	<b>29.4%</b>
<b>Tier 1 ratio</b>	<b>31.9%</b>	<b>31.1%</b>	<b>28.3%</b>	<b>31.7%</b>	<b>30.9%</b>	<b>28.2%</b>

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

As at 30 June 2021	Group		Bank	
	Balance sheet amount	Amounts included for regulatory purposes	Balance sheet amount	Amounts included for regulatory purposes
<b>US\$'000</b>				
Paid in capital and qualifying capital instruments	56,478	56,478	56,478	56,478
Retained earnings	288,205	281,938	286,692	280,425
Other reserves	73,956	55,720	73,956	55,720
<b>Qualifying common equity tier 1 capital before regulatory adjustments</b>	<b>418,639</b>	<b>394,136</b>	<b>417,126</b>	<b>392,623</b>
Deferred tax assets	-	(498)	-	(498)
<b>Tier 1 capital</b>	<b>418,639</b>	<b>393,638</b>	<b>417,126</b>	<b>392,125</b>
<b>Qualifying tier 1 capital</b>	<b>418,639</b>	<b>393,638</b>	<b>417,126</b>	<b>392,125</b>
Tier 2 capital after regulatory adjustments and general allowance for credit impairments (T2)	-	14,490	-	14,499
<b>Total qualifying capital</b>	<b>418,639</b>	<b>408,128</b>	<b>417,126</b>	<b>406,624</b>



Risk-weighted assets

US\$'000	Group and Bank		Group			Bank			
	30 June 2021	30 June 2021	31 March 2021	30 June 2020	30 June 2021	31 March 2021	30 June 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
<b>Risk-weighted on-balance sheet assets</b>									
Cash items	0%	6	-	-	-	6	-	-	-
Claims on sovereigns	0%-50%	4,357	9,391	21,442	22,482	14,425	9,391	21,442	22,482
Claims on central banks and international institutions	0%-50%	20,663	1,444,431	566	-	23,552	1,444,431	566	-
Claims on banks	20%-100%	753,169	264,379	217,049	359,915	663,198	264,379	217,049	359,915
Claims on corporates	20%-100%	539,849	467,094	517,028	472,399	467,094	467,094	517,028	472,399
Claims secured by residential property	35%-125%	45,948	36,376	48,210	32,536	45,633	36,376	48,210	32,536
Claims secured by commercial real estate	100%-125%	244,586	249,817	237,962	229,239	244,516	249,817	237,962	229,239
Past due claims	50%-150%	11,451	17,177	21,913	4,331	11,451	17,177	21,913	4,331
Other assets	100%-250%	9,579	9,579	25,773	10,413	9,900	10,596	26,771	11,419
<b>Total on-balance sheet credit risk-weighted exposures</b>			<b>1,055,258</b>	<b>1,089,943</b>	<b>1,131,315</b>		<b>1,056,275</b>	<b>1,090,941</b>	<b>1,132,321</b>



## Risk-weighted assets

### Group and Bank

US\$'000	30 June 2021				31 March 2021	30 June 2020
	Notional principal amount	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
<b>Non-market related off-balance sheet risk-weighted assets</b>						
Direct credit substitutes	31,504	100%	10,822	10,822	10,471	10,565
Transaction-related contingent items	2,659	50%	1,330	1,330	1,951	3,296
Total other commitments	205,491	20%-50%	86,746	86,702	87,768	72,111
<b>Total off-balance sheet credit risk-weighted exposures</b>				<b>98,854</b>	<b>100,189</b>	<b>85,971</b>

### Group and Bank

US\$'000	30 June 2021				31 March 2021	30 June 2020
	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets
<b>Market related off-balance sheet risk-weighted assets</b>						
Interest rate contracts	119,392	448	560	1,008	1,008	985
Foreign exchange and gold contracts	413,022	4,467	-	7,273	3,739	2,767
Credit derivative contracts	9,175	-	-	-	-	-
<b>Total market-related off-balance sheet risk-weighted credit exposures</b>					<b>4,747</b>	<b>3,752</b>





## Balance sheet risk management

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

### With respect to the contractual liquidity mismatch:

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

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

### With respect to the behavioural liquidity mismatch:

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

### Contractual liquidity

At 30 June 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	361	215	145	10	8	-	-	739
Investment/trading assets	5	-	-	-	-	52	-	57
Advances	5	12	131	135	93	447	-	823
Other assets	-	-	-	5	-	-	-	5
<b>Assets</b>	<b>371</b>	<b>227</b>	<b>276</b>	<b>150</b>	<b>101</b>	<b>499</b>	<b>-</b>	<b>1,624</b>
Deposits - non-banks	(543)	(75)	(137)	(85)	(55)	(19)	-	(914)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(7)	-	-	-	(7)
<b>Liabilities</b>	<b>(543)</b>	<b>(75)</b>	<b>(137)</b>	<b>(92)</b>	<b>(55)</b>	<b>(19)</b>	<b>-</b>	<b>(921)</b>
Intercompany loans	(5)	-	(58)	(24)	-	(72)	(129)	(288)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(417)</b>	<b>(417)</b>
<b>Balance sheet</b>	<b>(177)</b>	<b>152</b>	<b>81</b>	<b>34</b>	<b>46</b>	<b>408</b>	<b>(546)</b>	<b>(2)</b>
Off-balance sheet	-	4	-	(2)	-	-	-	2
<b>Contractual liquidity gap</b>	<b>(177)</b>	<b>156</b>	<b>81</b>	<b>32</b>	<b>46</b>	<b>408</b>	<b>(546)</b>	<b>-</b>
Cumulative liquidity gap	(177)	(21)	60	91	138	546	-	-

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
<b>Assets</b>	<b>326</b>	<b>336</b>	<b>209</b>	<b>142</b>	<b>181</b>	<b>499</b>	<b>-</b>	<b>1,693</b>
Deposits - non-banks	(601)	(104)	(157)	(46)	(71)	(10)	-	(989)
Other liabilities	-	-	-	(8)	-	-	-	(8)
<b>Liabilities</b>	<b>(601)</b>	<b>(104)</b>	<b>(157)</b>	<b>(54)</b>	<b>(71)</b>	<b>(10)</b>	<b>-</b>	<b>(997)</b>
Intercompany loans	(4)	-	-	(186)	(23)	(72)	-	(285)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(409)</b>	<b>(409)</b>
<b>Balance sheet</b>	<b>(279)</b>	<b>232</b>	<b>52</b>	<b>(98)</b>	<b>87</b>	<b>417</b>	<b>(409)</b>	<b>2</b>
Off-balance sheet	-	-	-	-	(2)	-	-	(2)
<b>Contractual liquidity gap</b>	<b>(279)</b>	<b>232</b>	<b>52</b>	<b>(98)</b>	<b>85</b>	<b>417</b>	<b>(409)</b>	<b>-</b>
Cumulative liquidity gap	(279)	(47)	5	(93)	(8)	409	-	-

At 30 June 2020 US\$ million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
Cash and short-term funds - banks	373	185	100	8	10	-	-	675
Investment/trading assets	6	3	-	-	-	31	20	60
Advances	3	29	69	88	104	522	17	832
Other assets	-	-	-	5	-	-	-	5
<b>Assets</b>	<b>382</b>	<b>217</b>	<b>169</b>	<b>101</b>	<b>114</b>	<b>553</b>	<b>37</b>	<b>1,574</b>
Deposits - non-banks	(583)	(123)	(81)	(49)	(48)	(14)	-	(899)
Securities sold under repurchase agreement	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	(8)	-	-	-	(8)
<b>Liabilities</b>	<b>(583)</b>	<b>(123)</b>	<b>(81)</b>	<b>(57)</b>	<b>(48)</b>	<b>(14)</b>	<b>-</b>	<b>(907)</b>
Intercompany loans	-	-	-	-	-	(275)	-	(275)
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(392)</b>	<b>(392)</b>
<b>Balance sheet</b>	<b>(201)</b>	<b>94</b>	<b>87</b>	<b>44</b>	<b>67</b>	<b>264</b>	<b>(355)</b>	<b>1</b>
Off-balance sheet	-	2	-	-	-	(3)	-	(1)
<b>Contractual liquidity gap</b>	<b>(201)</b>	<b>96</b>	<b>87</b>	<b>44</b>	<b>67</b>	<b>262</b>	<b>(355)</b>	<b>-</b>
Cumulative liquidity gap	(200)	(104)	(17)	28	95	355	-	-



### Unaudited financial reports for the period ended 30 June 2020

At 30 June 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
<b>Behavioural liquidity gap</b>	<b>267</b>	<b>(17)</b>	<b>59</b>	<b>89</b>	<b>39</b>	<b>(9)</b>	<b>(428)</b>	-
Cumulative	267	250	309	398	437	428	-	-

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
<b>Behavioural liquidity gap</b>	<b>208</b>	<b>148</b>	<b>27</b>	<b>(180)</b>	<b>(32)</b>	<b>125</b>	<b>(295)</b>	-
Cumulative	208	356	383	204	171	295	-	-

At 30 June 2020 US\$*million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> five years	Total
<b>Behavioural liquidity gap</b>	<b>286</b>	<b>113</b>	<b>56</b>	<b>(31)</b>	<b>18</b>	<b>(191)</b>	<b>(252)</b>	-
Cumulative	286	399	456	425	443	252	-	-

### Liquidity coverage ratio (LCR)

As at 30 June 2021, the bank's LCR stood at 152%.  
Additional information is available on our website [www.investec.com](http://www.investec.com)

### Repricing - all currencies

#### Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, is the impact on net interest earnings and sensitivity to economic value, as a result of unexpected adverse movements in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of interest rate risk include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Optionality:** the bank is not materially exposed to optionality risk, as contract breakage penalties on fixed-rate advances specifically cover this risk, while prepayment optionality is restricted to variable rate contracts and has no impact on interest rate risk.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity.

#### Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affected the interest rate margin realised between lending income and borrowing costs assuming no management intervention. The bank's assets and liabilities are included at carrying amount and are categorised by earlier of contractual repricing or maturity date.

At 30 June 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	729	10	-	-	-	-	739
Investment/trading assets	20	-	-	31	-	6	57
Advances	694	59	11	59	-	-	823
Other assets	-	-	-	-	-	5	5
<b>Assets</b>	<b>1,443</b>	<b>69</b>	<b>11</b>	<b>90</b>	-	<b>11</b>	<b>1,624</b>
Deposits - non-banks	(779)	(79)	(56)	-	-	-	(914)
Other liabilities	-	-	-	-	-	(7)	(7)
<b>Liabilities</b>	<b>(779)</b>	<b>(79)</b>	<b>(56)</b>	-	-	<b>(7)</b>	<b>(921)</b>
Intercompany loans	(288)	-	-	-	-	-	(288)
<b>Shareholders' funds</b>	-	-	-	-	-	(417)	(417)
<b>Balance sheet</b>	<b>376</b>	<b>(10)</b>	<b>(45)</b>	<b>90</b>	-	<b>(413)</b>	<b>(2)</b>
Off balance sheet	110	(21)	(1)	(86)	-	-	2
<b>Repricing gap</b>	<b>486</b>	<b>(31)</b>	<b>(46)</b>	<b>4</b>	-	<b>(413)</b>	-
Cumulative repricing gap	486	455	409	413	413	-	-

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
<b>Assets</b>	<b>1,476</b>	<b>77</b>	<b>24</b>	<b>90</b>	-	<b>29</b>	<b>1,696</b>
Deposits - non-banks	(872)	(49)	(68)	-	-	-	(989)
Other liabilities	-	-	-	-	-	(8)	(8)
<b>Liabilities</b>	<b>(872)</b>	<b>(49)</b>	<b>(68)</b>	-	-	<b>(8)</b>	<b>(997)</b>
Intercompany loans	(287)	-	-	-	-	-	(287)
<b>Shareholders' funds</b>	-	-	-	-	-	(409)	(409)
<b>Balance sheet</b>	<b>317</b>	<b>28</b>	<b>(44)</b>	<b>90</b>	-	<b>(388)</b>	<b>3</b>
Off-balance sheet	106	-	(20)	(89)	-	-	(3)
<b>Repricing gap</b>	<b>423</b>	<b>28</b>	<b>(64)</b>	<b>1</b>	-	<b>(388)</b>	-
Cumulative repricing gap	423	451	387	388	388	-	-



At 30 June 2020 US\$'million	< Three months	Three to six months	Six months to one year	One to five years	> five years	Non rate	Total
Cash and short-term funds - banks	670	8	-	-	-	-	677
Investment/trading assets	23	-	-	31	-	6	59
Advances	639	107	11	76	-	-	832
Other assets	-	-	-	-	-	5	5
<b>Assets</b>	<b>1,331</b>	<b>114</b>	<b>11</b>	<b>107</b>	<b>-</b>	<b>11</b>	<b>1,574</b>
Deposits - non-banks	(807)	(52)	(39)	(1)	-	-	(899)
Other liabilities	-	-	-	-	-	(8)	(8)
<b>Liabilities</b>	<b>(807)</b>	<b>(52)</b>	<b>(39)</b>	<b>(1)</b>	<b>-</b>	<b>(8)</b>	<b>(907)</b>
Intercompany loans	(275)	-	-	-	-	-	(275)
Shareholders' funds	-	-	-	-	-	(392)	(392)
<b>Balance sheet</b>	<b>249</b>	<b>62</b>	<b>(28)</b>	<b>107</b>	<b>-</b>	<b>(389)</b>	<b>-</b>
Off balance sheet	107	(5)	4	(106)	-	-	-
<b>Repricing gap</b>	<b>356</b>	<b>57</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>(389)</b>	<b>-</b>
Cumulative repricing gap	356	413	389	389	389	-	-

### 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	
<b>30 June 2021</b>						
200bp down	(0.08)	0.44	0.21	0.35	(0.00)	<b>0.92</b>
200bp up	0.08	(0.44)	(0.21)	(0.35)	0.00	<b>(0.92)</b>
<b>At 31 March 2021</b>						
<b>US\$'million</b>						
200bp down	(0.04)	0.50	0.36	0.54	(0.01)	<b>1.35</b>
200bp up	0.04	(0.50)	(0.36)	(0.54)	0.01	<b>(1.35)</b>
<b>30 June 2020</b>						
200bp down	(0.03)	0.34	0.23	0.08	(0.02)	<b>0.58</b>
200bp up	0.03	(0.34)	(0.22)	(0.06)	0.02	<b>(0.56)</b>

### 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
<b>30 June 2021</b>					
Long/(short) position	1,881	2,587	(255)	(798)	<b>4,599</b>
<b>At 31 March 2021</b>					
<b>US\$'million</b>					
Long/(short) position	2,921	3,404	(250)	(1,019)	<b>7,010</b>
<b>30 June 2020</b>					
Long/(short) position	2,952	1,608	(468)	(788)	<b>4,668</b>