

Investec Bank (Mauritius) Limited

Unaudited financial report for the period ended 30 September 2022



Unaudited financial report for the period ended 30 September 2022

The unaudited financial report for the period ended 30 September 2022 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 76% from US\$15.1 million for the period ended 30 September 2021 to US\$26.5 million for the period ended 30 September 2022 due to the growth in interest-earning assets and an increase in net interest margins.
- Net fee income decreased from US\$5.6 million for the period ended 30 September 2021 to US\$5.2 million for the period 30 September 2022.
- Expected credit losses of US\$1.0 million were reversed for the period under review, as a result of a decrease in the probability of defaults, compared to a reversal of US\$0.5 million for the comparative period.
- Operating costs increased by 18% from US\$5.6 million for the period ended 30 September 2021, as some activities which were reduced or stopped due to the sanitary restrictions resumed, to US\$6.6 million for the period ended 30 September 2022. The cost-to-income ratio remains low at 21.5%.

Profit after tax increased by 71% from US\$14.5 million for the period ended 30 September 2021 to US\$24.8 million for the period ended 30 September 2022 mainly due to higher net interest income.

Total assets increased by 20% to US\$2,226 million while external deposits increased by 16% to US\$1,287 million during the period ended 30 September 2022.

The group remains well capitalised with a capital adequacy ratio of 27.6% as at 30 September 2022.

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.

Related party transactions are reported to and approved by the board of directors.

At 30 September 2022, the total on- and off-balance sheet credit exposure to related parties amounted to US\$59.3 million (31 March 2022 – US\$63.4 million) representing 2.7% of the bank's total exposure (31 March 2022 – 3.4%). The credit exposure to the six related parties with the highest exposure amounted to US\$59.3 million (31 March 2022 – US\$63.4 million) representing 14.0% (31 March 2022 – 14.5%) 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

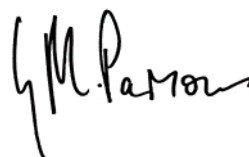
The global economic environment continues to face headwinds as a result of inflationary pressures, the Russia – Ukraine war and the slowdown of the Chinese economy. However, activity levels have increased during the period ended 30 September 2022 and the group's net profit after tax have increased by 71%. The bank expects its asset base and operating income to increase over the next quarter while remaining prudent in its growth strategy.



Lourens van Rensburg
Chairman
Board of directors



Ramdeo (Dev) Erriah
Director



Grant Michael Parsons
Chief executive officer/Director

Dated: 15 November 2022

CONSOLIDATED AND SEPARATE BALANCE SHEETS

US\$'000	Group			Bank		
	30 September 2022	31 March 2022	30 September 2021	30 September 2022	31 March 2022	30 September 2021
Assets						
Cash and balances at central bank	22,649	36,553	32,533	22,649	36,553	32,533
Due from banks	678,088	516,427	531,037	678,088	516,427	531,037
Reverse repurchase agreements	200,343	125,011	115,009	200,343	125,011	115,009
Sovereign debt securities	102,779	-	-	102,779	-	-
Bank debt securities	37,252	31,962	33,652	37,252	31,962	33,652
Other debt securities	63,451	59,078	19,921	63,451	59,078	19,921
Derivative financial instruments	6,593	5,175	7,215	6,593	5,175	7,215
Investment portfolio	3,812	3,813	2,813	3,812	3,813	2,813
Loans and advances to customers	1,102,857	1,061,222	1,057,468	1,102,857	1,061,222	1,057,468
Investment in associate	1,849	2,120	1,799	1,849	2,120	1,799
Deferred taxation asset	451	451	498	451	451	498
Other assets	4,906	4,105	4,235	4,767	3,891	4,093
Property, plant and equipment	225	404	565	224	402	562
Amount due from group companies	-	1,293	1,301	263	1,308	1,314
Investment in subsidiary	-	-	-	467	467	467
Total assets	2,225,255	1,847,614	1,808,046	2,225,845	1,847,880	1,808,381
Liabilities						
Syndicated funding	150,365	-	-	150,365	-	-
Derivative financial instruments	17,910	2,512	3,400	17,910	2,512	3,400
Repurchase agreements	16,249	-	-	16,249	-	-
Customer deposits	1,284,053	1,102,632	1,083,910	1,287,242	1,105,211	1,086,032
Debt securities in issue	250,777	258,814	260,938	250,777	258,814	260,938
Amount due to group companies	32,522	30,051	27,154	32,522	30,051	27,154
Current taxation liabilities	1,306	994	355	1,287	974	350
Other liabilities	6,438	8,567	7,216	6,280	8,380	7,141
Total liabilities	1,759,620	1,403,570	1,382,973	1,762,632	1,405,942	1,385,015
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	67,919	68,538	73,850	67,919	68,538	73,850
Retained income	341,238	319,028	294,745	338,816	316,922	293,038
Shareholder's equity	465,635	444,044	425,073	463,213	441,938	423,366
Total liabilities and equity	2,225,255	1,847,614	1,808,046	2,225,845	1,847,880	1,808,381

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the period / year ended US\$'000	Group			Bank		
	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021
Interest income	44,961	48,965	22,026	44,961	48,952	22,023
Interest income calculated using effective interest rate	44,345	42,305	18,925	44,345	42,292	18,922
Other interest income	616	6,660	3,101	616	6,660	3,101
Interest expense	(18,413)	(14,402)	(6,957)	(18,430)	(14,400)	(6,953)
Net interest income	26,548	34,563	15,069	26,531	34,552	15,070
Fee income	6,578	11,931	6,719	6,012	10,767	6,206
Fee expense	(838)	(1,350)	(631)	(838)	(1,350)	(631)
Net fee income	5,740	10,581	6,088	5,174	9,417	5,575
Investment income	2	942	2	2	942	2
Trading income	470	1,567	83	481	1,574	86
Other operating income	-	25	-	-	25	-
Total operating income before expected credit loss	32,760	47,678	21,242	32,188	46,510	20,733
Expected credit loss reversal/ (charge)	1,036	444	517	1,036	444	517
Operating income	33,796	48,122	21,759	33,224	46,954	21,250
Operating costs	(6,897)	(12,915)	(5,813)	(6,644)	(12,479)	(5,612)
Operating profit	26,899	35,207	15,946	26,580	34,475	15,638
Share of (loss)/ profit in associate	(202)	155	(175)	(202)	155	(175)
Profit before taxation	26,697	35,362	15,771	26,378	34,630	15,463
Taxation	(1,576)	(2,174)	(965)	(1,559)	(2,139)	(960)
Profit after taxation	25,121	33,188	14,806	24,819	32,491	14,503
Analysed as follows:						
Transfer to regulatory general risk reserve	3,053	(2,974)	2,908	3,053	(2,974)	2,908
Transfer to retained earnings	22,068	36,162	11,898	21,766	35,466	11,595
Profit attributable to equity holder of the bank	25,121	33,188	14,806	24,819	32,491	14,503

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the period/ year ended US\$'000	Group			Bank		
	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021
Profit after taxation	25,121	33,188	14,806	24,819	32,491	14,503
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(3,603)	842	264	(3,603)	842	264
-Foreign currency adjustments on translation of investment in associate	(69)	(165)	(157)	(69)	(165)	(157)
Items that will never be reclassified to income statement						
Employee benefit liability adjustment	141	162	143	128	156	142
Total other comprehensive income	(3,531)	839	250	(3,544)	833	249
Total comprehensive income attributable to equity holder of the bank	21,591	34,027	15,056	21,275	33,324	14,750

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

US\$'000	Other reserves					Retained income	Total equity
	Ordinary share capital	Foreign currency reserve	Fair value reserve	Regulatory general risk reserve	Statutory reserve		
Group							
At 1 April 2022	56,478	(870)	1,451	11,479	56,478	319,028	444,044
Movement in reserves 1 April 2022 - 30 September 2022							
Profit after taxation	-	-	-	-	-	25,121	25,121
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(3,603)	-	-	-	(3,603)
Foreign currency adjustments on translation of investment in associate	-	(69)	-	-	-	-	(69)
Employee benefit liability adjustment	-	-	-	-	-	141	141
Total comprehensive income	-	(69)	(3,603)	-	-	25,262	21,591
Transfer to regulatory general risk reserve	-	-	-	3,053	-	(3,053)	-
At 30 September 2022	56,478	(939)	(2,151)	14,531	56,478	341,237	465,635
At 1 April 2021	56,478	(705)	609	14,453	56,478	282,704	410,017
Movement in reserves 1 April 2021 - 31 March 2022							
Profit after taxation	-	-	-	-	-	33,188	33,188
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	842	-	-	-	842
Foreign currency adjustments on translation of investment in associate	-	(165)	-	-	-	-	(165)
Employee benefit liability adjustment	-	-	-	-	-	162	162
Total comprehensive income	-	(165)	842	-	-	33,350	34,027
Transfer from regulatory general risk reserve	-	-	-	(2,974)	-	2,974	-
At 31 March 2022	56,478	(870)	1,451	11,479	56,478	319,028	444,044
At 1 April 2021	56,478	(705)	609	14,453	56,478	282,704	410,017
Movement in reserves 1 April 2021 - 30 September 2021							
Profit after taxation	-	-	-	-	-	14,806	14,806
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	264	-	-	-	264
Foreign currency adjustments on translation of investment in associate	-	(157)	-	-	-	-	(157)
Employee benefit liability adjustment	-	-	-	-	-	143	143
Total comprehensive income	-	(157)	264	-	-	14,949	15,056
Transfer to regulatory general risk reserve	-	-	-	2,908	-	(2,908)	-
Balance at 30 September 2021	56,478	(863)	873	17,361	56,478	294,746	425,073
Bank							
At 1 April 2022	56,478	(871)	1,452	11,479	56,478	316,922	441,938
Movement in reserves 1 April 2022 - 30 September 2022							
Profit after taxation	-	-	-	-	-	24,819	24,819
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(3,603)	-	-	-	(3,603)
Foreign currency adjustments on translation of investment in associate	-	(69)	-	-	-	-	(69)
Employee benefit liability adjustment	-	-	-	-	-	128	128
Total comprehensive income	-	(69)	(3,603)	-	-	24,947	21,275
Transfer to regulatory general risk reserve	-	-	-	3,053	-	(3,053)	-
At 30 September 2022	56,478	(939)	(2,151)	14,531	56,478	338,816	463,213
At 1 April 2021	56,478	(705)	609	14,453	56,478	281,301	408,614
Movement in reserves 1 April 2021 - 31 March 2022							
Profit after taxation	-	-	-	-	-	32,491	32,491
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	842	-	-	-	842
Foreign currency adjustments on translation of investment in associate	-	(165)	-	-	-	-	(165)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	156	156
Total comprehensive income	-	(165)	842	-	-	32,647	33,324
Transfer from regulatory general risk reserve	-	-	-	(2,974)	-	2,974	-
At 31 March 2022	56,478	(871)	1,452	11,479	56,478	316,922	441,938
At 1 April 2021	56,478	(705)	609	14,453	56,478	281,301	408,614
Movement in reserves 1 April 2021 - 30 September 2021							
Profit after taxation	-	-	-	-	-	14,503	14,503
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	264	-	-	-	264
Foreign currency adjustments on translation of investment in associate	-	(157)	-	-	-	-	(157)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	142	142
Total comprehensive income	-	(157)	264	-	-	14,645	14,751
Transfer to regulatory general risk reserve	-	-	-	2,908	-	(2,908)	-
Balance at 30 September 2021	56,478	(862)	873	17,361	56,478	293,038	423,366

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

For the period / year ended US\$'000	Group			Bank		
	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021	Period ended 30 September 2022	Year 31 March 2022	Period ended 30 September 2021
Profit before tax	26,697	35,362	15,771	26,378	34,630	15,463
Adjustment for non-cash items	9,883	(6,170)	672	9,870	(6,172)	671
Profit before taxation adjusted for non-cash items	36,581	29,192	16,443	36,248	28,458	16,134
Taxation paid	(1,264)	(948)	(368)	(1,246)	(929)	(359)
Increase in operating assets	(78,357)	(272,355)	(175,870)	(78,681)	(272,298)	(175,883)
Increase in operating liabilities	197,302	118,207	95,480	197,941	118,865	95,794
Net cash inflow / (outflow) from operating activities	154,262	(125,904)	(64,314)	154,262	(125,904)	(64,314)
Purchase of sovereign debt securities	(106,827)	-	-	(106,827)	-	-
Purchase of bank debt securities	(9,015)	-	-	(9,015)	-	-
Purchase of other debt securities	(5,234)	(38,000)	-	(5,234)	(38,000)	-
Purchase of investment portfolio	-	(1,150)	-	-	(1,150)	-
Acquisition of equipment	(9)	(35)	(1)	(9)	(35)	(1)
Net cash (outflow) / inflow from investing activities	(121,085)	(39,185)	(1)	(121,085)	(39,185)	(1)
Cash flow from financing activities						
Reverse repurchase agreement	(75,000)	(25,000)	(15,000)	(75,000)	(25,000)	(15,000)
Repurchase agreement	16,236	-	-	16,236	-	-
Syndicated funding	150,000	-	-	150,000	-	-
Payment of lease liabilities	(142)	(294)	(148)	(142)	(294)	(148)
Net cash inflow / (outflow) from financing activities	91,094	(25,294)	(15,148)	91,094	(25,294)	(15,148)
Effects of exchange rates on cash and cash equivalents	(14,465)	2,304	(1,016)	(14,465)	2,304	(1,016)
Net increase / (decrease) in cash and cash equivalents	109,805	(188,079)	(80,479)	109,806	(188,079)	(80,479)
Cash and cash equivalents at beginning of the period / year	395,467	583,546	583,546	395,467	583,546	583,546
Cash and cash equivalents at end of the period / year	505,273	395,467	503,067	505,273	395,467	503,067
Cash and cash equivalents is defined as including:						
Cash in hand	1	1	2	1	1	2
Cash and balances at central bank (unrestricted balance)	12,911	22,681	19,821	12,911	22,681	19,821
Due from banks (excluding placements with maturity greater than 3 months)	492,356	372,547	483,174	492,356	372,547	483,174
Expected credit loss on cash and cash equivalents	5	238	70	5	238	70
Cash and cash equivalents at end of the period / year	505,273	395,467	503,067	505,273	395,467	503,067

NOTES TO THE UNAUDITED FINANCIAL ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 30 September 2022 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 2022.

(c) Functional currency of the group and the bank

The group's and the bank's functional currency is USD.

3. Related party transactions

US\$'000	Group			Bank		
	30 September 2022	31 March 2022	30 September 2021	30 September 2022	31 March 2022	30 September 2021
Interest income	10,821	7,159	3,351	10,821	7,157	3,347
Interest expense	(10,791)	(10,311)	(4,796)	(10,808)	(10,324)	(4,793)
Net fair value of derivatives held with group companies	(9,653)	2,582	3,946	(9,653)	2,582	3,946
Reverse repurchase agreements	25,226	25,043	25,038	25,226	25,043	25,038
Loans and advances to customers	1,879	1,666	1,835	1,879	1,591	1,835
Customer deposits	(4,581)	(5,022)	(3,929)	(7,770)	(7,602)	(3,929)
Amount due from holding bank	25,366	1,293	46,943	25,366	1,293	46,943
Amount due from other group companies	-	-	-	263	15	14
Amount due to holding bank	(14,818)	(20,937)	(21,110)	(14,818)	(20,937)	(21,110)
Amount due to other group companies	(17,705)	(9,114)	(6,043)	(17,705)	(9,114)	(6,043)
Debt securities in issue	(250,777)	(258,814)	(260,938)	(250,777)	(258,814)	(260,938)

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. As at 30 September 2022, loans and advances amounting to US\$ 79k were unsecured (31 March 2022: US\$ 109k and 30 September 2021: US\$ 32k). For the period ended 30 September 2022, the bank has not made any write-off relating to amounts owed by related parties (31 March 2022: Nil and 30 September 2021: Nil).

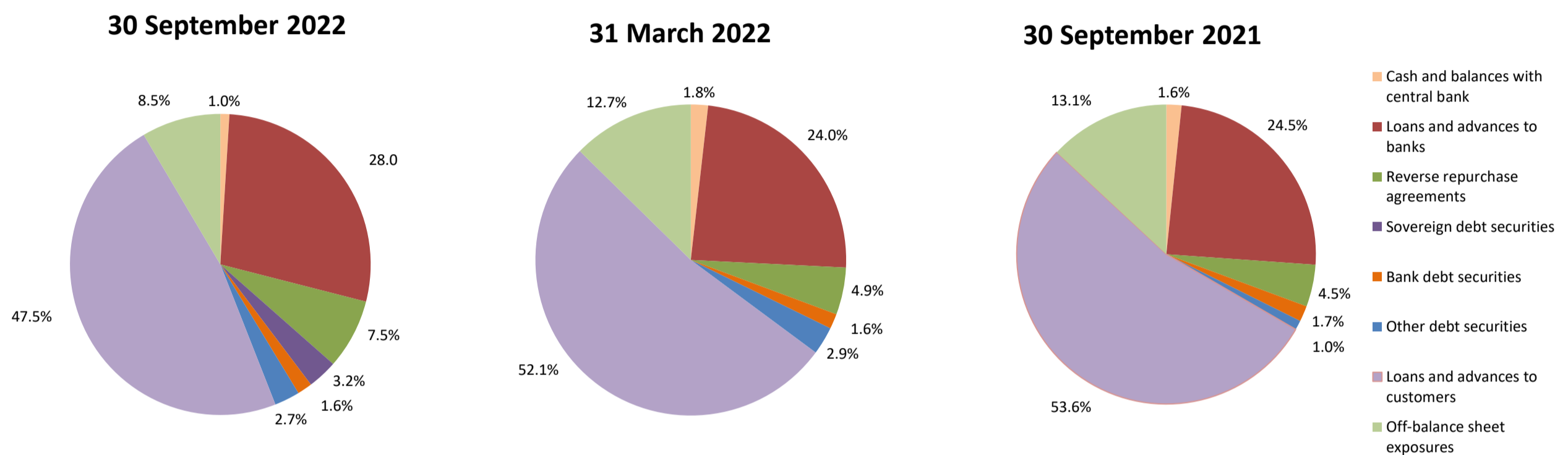
Credit and counterparty risk information

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

Group and Bank US\$'000	30 September 2022	31 March 2022	30 September 2021	30 September 2022 vs 31 March 2022 % change	Average*
On-balance sheet exposures	2,132,311	1,783,020	1,723,882	19.6	1,957,664
Balances at central bank	22,648	36,551	32,531	(38.0)	29,600
Due from banks	652,727	489,675	485,465	33.3	571,201
Bank debt securities	37,252	31,962	33,652	16.6	34,607
Other debt securities	63,470	59,213	20,056	7.2	61,341
Derivative financial instruments	17	133	-	(87.1)	75
Reverse repurchase agreements	175,120	100,003	90,000	75.1	137,561
Loans and advances to customers	1,106,172	1,065,483	1,062,178	3.8	1,085,827
Off-balance sheet exposures	198,162	258,392	259,477	(23.3)	228,277
Guarantees [^]	5,356	21,740	40,971	(75.4)	13,548
Committed facilities	192,805	236,652	218,506	(18.5)	214,729
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	2,330,473	2,041,412	1,983,359	14.2	2,185,941

*Where the average is based on a straight line average for period 1 April 2022 to 30 September 2022.

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



Asset quality and expected credit loss

Group and Bank			
US\$'000	30 September 2022	31 March 2022	30 September 2021
Gross core loans and advances to customers	1,106,172	1,065,483	1,062,178
Stage 1	1,061,380	996,550	967,141
Stage 2	42,710	67,073	81,933
Stage 3	2,082	1,860	13,104
Expected credit loss on loans and advances to customers	(3,315)	(4,261)	(4,710)
Stage 1	(2,580)	(3,586)	(3,920)
Stage 2	(101)	(88)	(247)
Stage 3	(634)	(587)	(543)
Net core loans and advances to customers	1,102,857	1,061,222	1,057,468
Average gross core loans and advances to customers	1,085,827	978,535	976,882
Current loans and advances to customers	1,030,915	989,846	965,034
Special mention loans and advances to customers	42,710	66,829	79,505
Past due loans and advances to customers (1-60 days)	30,465	6,948	4,534
Default loans and advances to customers	2,082	1,860	13,104
Gross core loans and advances to customers	1,106,172	1,065,483	1,062,178
Current loans and advances to customers	1,073,625	1,056,675	1,044,539
Gross core loans and advances to customers that are past due but not impaired	30,465	6,948	4,534
Gross core loans and advances to customers that are impaired	2,082	1,860	13,104
Gross core loans and advances to customers	1,106,172	1,065,483	1,062,178
Total income statement expected credit losses on core loans and advances	945	1,507	(516)
Gross default loans and advances to customers	2,082	1,860	13,106
Expected credit loss	(3,315)	(4,261)	(4,710)
Defaults net of expected credit loss	(1,233)	(2,401)	8,396
Collateral and other credit enhancements	7,915	6,844	22,895
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	0.30%	0.40%	0.44%
Total expected credit loss as a % of gross default loans	>100%	>100%	35.94%
Gross defaults as a % of gross core loans and advances to customers	0.19%	0.17%	1.23%
Defaults (net of expected credit loss) as a % of net core loans and advances to customers	(0.11%)	(0.23%)	0.79%
Annualised credit loss ratio (i.e. expected credit loss as a % of average gross core loans and advances)	(0.17%)	(0.15%)	0.11%

Capital structure

US\$'000	Group			Bank		
	30 September 2022	31 March 2022	30 September 2021	30 September 2022	31 March 2022	30 September 2021
Common equity tier 1 capital: instruments and reserves						
Ordinary shares	56,478	56,478	56,478	56,478	56,478	56,478
Retained earnings	316,691	319,028	281,016	314,268	316,922	279,309
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	53,173	57,059	55,617	53,173	57,059	55,617
Common equity tier 1 capital before regulatory adjustments	426,342	432,565	393,111	423,919	430,459	391,404
Deferred tax asset	(451)	(451)	(498)	(451)	(451)	(498)
Total regulatory adjustments to common equity tier 1 capital	(451)	(451)	(498)	(451)	(451)	(498)
Common equity tier 1 capital (CET1)	425,891	432,114	392,613	423,468	430,008	390,906
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)	18,287	15,153	16,670	18,287	15,153	16,677
Tier 2 capital before regulatory adjustments	18,287	15,153	16,670	18,287	15,153	16,677
Total capital (capital base) (TC = T1 + T2)	444,178	447,267	409,283	441,755	445,161	407,583
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,444,654	1,338,455	1,223,660	1,445,605	1,339,406	1,224,213
Non-market related off-balance sheet risk-weighted assets	84,261	109,204	102,423	84,261	109,204	102,423
Market related off-balance sheet risk-weighted assets	11,010	8,211	7,543	11,010	8,211	7,543
Operational risk	70,291	70,291	71,314	70,291	70,291	71,314
Aggregate net open foreign exchange position	1,436	3,945	2,979	1,436	3,945	2,979
Total risk-weighted assets	1,611,652	1,530,106	1,407,919	1,612,603	1,531,057	1,408,472
Capital adequacy ratio (%)	27.6%	29.2%	29.1%	27.4%	29.1%	28.9%
Tier 1 ratio	26.4%	28.3%	27.9%	26.3%	28.1%	27.8%

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

As at 30 September 2022 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	341,238	316,691	338,816	314,268
Other reserves	67,919	53,173	67,919	53,173
Qualifying common equity tier 1 capital before regulatory adjustments	465,635	426,342	463,213	423,919
Deferred tax assets	-	(451)	-	(451)
Tier 1 capital	465,635	425,891	463,213	423,468
Qualifying tier 1 capital	465,635	425,891	463,213	423,468
Tier 2 capital after regulatory adjustments and general allowance for expected credit losses (T2)	-	18,287	-	18,287
Total qualifying capital	465,635	444,178	463,213	441,755

Risk-weighted assets

US\$'000	Group					Bank			
	30 September 2022	30 September 2022	31 March 2022	30 September 2021		30 September 2022	31 March 2022	30 September 2021	
Risk-weighted on-balance sheet assets	Risk-weights %	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Cash items	0%	-	-	-	-	-	-	-	-
Claims on sovereigns	0%-50%	136,724	28,737	16,765	31,642	131,282	28,737	16,765	31,642
Claims on central banks and international institutions	0%-50%	22,648	-	-	-	22,648	-	-	-
Claims on banks	20%-100%	892,824	314,152	259,592	198,676	701,868	314,152	259,592	198,676
Claims on corporates	20%-100%	926,286	866,954	744,976	672,447	892,712	866,954	744,976	672,447
Claims secured by residential property	35%-125%	29,284	20,821	31,105	32,566	29,282	20,821	31,105	32,566
Claims secured by commercial real estate	100%-125%	201,550	201,550	273,491	259,771	201,550	201,550	273,491	259,771
Past due claims	50%-150%	1,112	1,112	1,271	18,641	1,112,300.00	1,112,300.00	1,271	18,641
Other assets	100%-250%	11,328	11,328	11,255	9,917	11,578	12,279	12,206	10,469
Total on-balance sheet credit risk-weighted exposures			1,444,654	1,338,455	1,223,660		1,445,605	1,339,406	1,224,213

Risk-weighted assets

Group and Bank US\$'000	30 September 2022			31 March 2022	30 September 2021	
Non-market related off-balance sheet risk-weighted assets	Notional principal amount	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Direct credit substitutes	11,176	100%	8,926	6,633	24,088	30,912
Transaction-related contingent items	-	50%	-	-	397	1,032
Total other commitments	192,799	20%-50%	80,615	77,628	84,719	70,903
Total off-balance sheet credit risk-weighted exposures				84,261	109,204	102,847

Group and Bank US\$'000	30 September 2022			31 March 2022	30 September 2021	
Market related off-balance sheet risk-weighted assets	Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets
Interest rate contracts	196,828	684	6,576	7,260	7,149	3,878
Foreign exchange contracts	670,887	6,976	-	6,976	3,483	4,333
Credit derivative contracts	7,522	-	-	-	379	-
Total market-related off-balance sheet risk-weighted credit exposures					11,010	8,211

Balance sheet risk management

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

With respect to the contractual liquidity mismatch:

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

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

With respect to the behavioural liquidity mismatch:

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

Contractual liquidity

At 30 September 2022 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	467	223	56	96	59	-	-	901
Investment/trading assets	6	103	1	-	1	98	-	209
Advances	-	72	65	91	392	448	34	1,102
Other assets	-	-	-	5	-	-	-	5
Assets	473	398	122	192	452	546	34	2,217
Syndicated funding	-	-	-	-	-	(150)	-	(150)
Deposits - non-banks	(806)	(101)	(208)	(85)	(79)	(7)	-	(1,286)
Investment/trading liabilities	-	-	-	-	-	-	-	-
Securities sold under repurchase agreement	-	-	(16)	-	-	-	-	(16)
Other liabilities	-	-	-	(8)	-	-	-	(8)
Liabilities	(806)	(101)	(224)	(93)	(79)	(157)	-	(1,460)
Intercompany loans	(18)	-	(1)	-	(107)	(157)	-	(283)
Shareholders' funds	-	-	-	-	-	-	(462)	(462)
Balance sheet	(351)	297	(103)	99	266	232	(428)	12
Off-balance sheet	7	(16)	-	-	-	(3)	-	(12)
Contractual liquidity gap	(344)	281	(103)	99	266	229	(428)	-
Cumulative liquidity gap	(344)	(63)	(166)	(67)	199	428	-	-

At 31 March 2022 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	347	163	53	50	66	-	-	679
Investment/trading assets	6	2	-	1	-	89	-	98
Advances	24	87	111	168	138	509	24	1,061
Other assets	-	-	-	5	-	-	-	5
Assets	377	252	164	224	204	598	24	1,843
Deposits - non-banks	(736)	(69)	(180)	(35)	(83)	(11)	-	(1,114)
Other liabilities	-	-	-	(9)	-	-	-	(9)
Liabilities	(736)	(69)	(180)	(35)	(83)	(11)	-	(1,114)
Intercompany loans	(9)	-	-	(80)	-	(200)	-	(289)
Shareholders' funds	-	-	-	-	-	-	(442)	(442)
Balance sheet	(368)	183	(16)	109	121	387	(418)	(2)
Off-balance sheet	-	2	-	-	-	-	-	2
Contractual liquidity gap	(368)	185	(16)	109	121	387	(418)	-
Cumulative liquidity gap	(368)	(183)	(199)	(90)	31	418	-	-

At 30 September 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	354	253	55	-	18	-	-	680
Investment/trading assets	5	1	-	-	-	53	-	59
Advances	15	48	209	131	141	500	13	1,057
Other assets	-	-	-	5	-	-	-	5
Assets	374	302	264	136	159	553	13	1,801
Deposits - non-banks	(729)	(85)	(167)	(33)	(51)	(21)	-	(1,086)
Other liabilities	-	-	-	(7)	-	-	-	(6)
Liabilities	(729)	(85)	(167)	(40)	(51)	(21)	-	(1,093)
Intercompany loans	(10)	-	(23)	-	(80)	(176)	-	(289)
Shareholders' funds	-	-	-	-	-	-	(424)	(423)
Balance sheet	(365)	217	74	96	28	356	(410)	(4)
Off-balance sheet	-	6	(2)	-	-	-	-	4
Contractual liquidity gap	(365)	223	72	96	28	356	(410)	-
Cumulative liquidity gap	(365)	(142)	(70)	26	54	410	-	-

At 30 September 2022 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	330	45	(71)	81	(47)	(12)	(327)	-
Cumulative	330	375	304	387	340	327	-	-

At 31 March 2022 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	222	58	45	78	44	(175)	(272)	-
Cumulative	222	280	325	403	447	272	-	-

At 30 September 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	230	124	(106)	31	(78)	74	(276)	-
Cumulative	230	354	249	279	202	276	-	-

Liquidity coverage ratio (LCR)

As at 30 September 2022, the bank's LCR stood at 184%.
Additional information is available on our website www.investec.com

Repricing - all currencies

Non-trading interest rate risk description

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

Sources of interest rate risk include:

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

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

Interest rate sensitivity gap

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

At 30 September 2022 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	900	1	-	-	-	-	901
Investment/trading assets	124	-	-	78	-	7	209
Advances	947	81	43	31	-	-	1,102
Other assets	-	-	-	-	-	5	5
Assets	1,971	82	43	109	-	12	2,217
Syndicated funding	(150)	-	-	-	-	-	(150)
Deposits - non-banks	(1,124)	(92)	(70)	-	-	-	(1,286)
Repurchase agreements with banks	(16)	-	-	-	-	-	(16)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(1,290)	(92)	(70)	-	-	(8)	(1,460)
Intercompany loans	(283)	-	-	-	-	-	(283)
Shareholders' funds	-	-	-	-	-	(462)	(462)
Balance sheet	398	(10)	(27)	109	-	(458)	12
Off balance sheet	130	-	(30)	(112)	-	-	(12)
Repricing gap	528	(10)	(57)	(3)	-	(458)	-
Cumulative repricing gap	528	518	461	458	458	-	-

At 31 March 2022 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	605	50	24	-	-	-	679
Investment/trading assets	22	1	-	69	-	6	98
Advances	950	59	4	55	-	(7)	1,061
Other assets	-	-	-	-	-	5	5
Assets	1,577	110	28	124	-	4	1,843
Deposits - non-banks	(1,006)	(25)	(74)	-	-	-	(1,105)
Other liabilities	-	-	-	-	-	(9)	(9)
Liabilities	(1,006)	(25)	(74)	-	-	(9)	(1,114)
Intercompany loans	(289)	-	-	-	-	-	(289)
Shareholders' funds	-	-	-	-	-	(442)	(442)
Balance sheet	282	85	(46)	124	-	(447)	(2)
Off-balance sheet	160	(39)	(0)	(119)	-	-	2
Repricing gap	442	46	(46)	5	-	(447)	-
Cumulative repricing gap	442	488	442	447	447	-	-

At 30 September 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	670	10	-	-	-	-	680
Investment/trading assets	22	-	-	31	-	6	59
Advances	913	55	31	58	-	-	1,057
Other assets	-	-	-	-	-	5	5
Assets	1,604	65	31	90	-	12	1,801
Deposits - non-banks	(999)	(33)	(51)	(3)	-	-	(1,086)
Other liabilities	-	-	-	-	-	(7)	(7)
Liabilities	(999)	(33)	(50)	(3)	-	(7)	(1,093)
Intercompany loans	(289)	-	-	-	-	-	(289)
Shareholders' funds	-	-	-	-	-	(423)	(423)
Balance sheet	317	33	(20)	87	-	(419)	(4)
Off balance sheet	92	-	(1)	(87)	-	-	4
Repricing gap	409	33	(21)	(1)	-	(419)	-
Cumulative repricing gap	409	441	420	419	419	-	-

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.

	Sensitivity to the following interest rates (expressed in original currencies)					All (USD)
	ZAR	GBP	USD	EUR	AUD	
At 30 September 2022						
US\$'million						
200bp down	(0.19)	2.17	1.78	1.01	-	4.77
200bp up	0.19	(2.17)	(1.78)	(1.01)	-	(4.77)
At 31 March 2022						
US\$'million						
200bp down	(0.47)	1.43	2.22	0.51	(0.06)	3.63
200bp up	0.46	(1.95)	(2.15)	(0.50)	0.05	(4.09)
At 30 September 2021						
US\$'million						
200bp down	0.06	1.00	0.41	0.57	-	2.04
200bp up	(0.05)	(0.99)	(0.41)	(0.56)	-	(2.02)

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.

	EUR	GBP	MUR	Other currencies	Aggregate net open foreign exchange position
Open position (USD'000)					
30 September 2022					
Long/(short) position	244	1,028	(337)	(425)	1,436
31 March 2022					
Long/(short) position	1,307	2,574	(248)	(1,000)	3,945
30 September 2021					
Long/(short) position	694	2,023	(144)	(399)	2,979