

Investec Bank (Mauritius) Limited

Unaudited financial report for the period ended 31 December 2022



Unaudited financial report for the period ended 31 December 2022

The unaudited financial report for the period ended 31 December 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 86% from US\$24.4 million for the period ended 31 December 2021 to US\$45.3 million for the period ended 31 December 2022 due to the growth in interest-earning assets and an increase in net interest margins.
- Net fee income increased from US\$8.6 million for the period ended 31 December 2021 to US\$8.8 million for the period 31 December 2022.
- Expected credit losses of US\$1.1 million were reversed for the period under review as a result of a decrease in the probability of defaults.
- Operating costs increased by 18%, as some activities which were reduced or stopped due to the sanitary restrictions resumed, from US\$9.0 million for the period ended 31 December 2021 to US\$10.7 million for the period ended 31 December 2022. The cost-to-income ratio remains low at 19.1%.

Profit after tax increased by 79% from US\$23.7 million for the period ended 31 December 2021 to US\$42.4 million for the period ended 31 December 2022 mainly due to higher interest income.

Total assets increased by 24% to US\$2,297 million while liabilities increased by 29% to US\$1,812 million during the period ended 31 December 2022.

The group remains well capitalised with a capital adequacy ratio of 26.7% as at 31 December 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 31 December 2022, the total on- and off-balance sheet credit exposure to related parties amounted to US\$66.5 million (31 March 2022 – US\$63.4 million) representing 2.9% 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\$64.1 million (31 March 2022 – US\$63.4 million) representing 15.1% (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

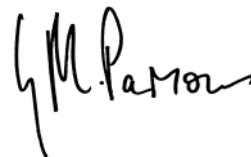
The operating environment during the period was marked by the increase in interest rates as inflation increased globally following the pandemic and the Russia-Ukraine war. The bank's operating income before expected credit losses has greatly improved and increased by 65% mainly due to the higher rate environment and higher activity levels. The bank remains prudent in its growth strategy and continues to hold high level of liquidity and capital.



Lourens van Rensburg
Chairman
Board of directors



Ramdeo (Dev) Erriah
Director



Grant Michael Parsons
Chief executive officer/Director

Dated: 15 February 2023

CONSOLIDATED AND SEPARATE BALANCE SHEETS

US\$'000	Group			Bank		
	31 December 2022	31 March 2022	31 December 2021	31 December 2022	31 March 2022	31 December 2021
Assets						
Cash and balances at central bank	39,946	36,553	35,469	39,946	36,553	35,469
Due from banks	455,230	516,427	601,784	455,230	516,427	601,784
Reverse repurchase agreements	201,112	125,011	124,993	201,112	125,011	124,993
Sovereign debt securities	275,077	-	-	275,077	-	-
Bank debt securities	41,113	31,962	32,818	41,113	31,962	32,818
Other debt securities	63,354	59,078	19,921	63,354	59,078	19,921
Derivative financial instruments	7,290	5,175	1,254	7,290	5,175	1,254
Investment portfolio	4,152	3,813	3,813	3,812	3,813	3,813
Loans and advances to customers	1,201,669	1,061,222	1,046,051	1,201,669	1,061,222	1,046,051
Investment in associate	1,880	2,120	1,885	1,880	2,120	1,885
Deferred taxation asset	451	451	498	451	451	498
Other assets	5,689	4,105	4,661	5,425	3,891	4,467
Property, plant and equipment	392	404	468	391	402	465
Amount due from group companies	-	1,293	1,301	23	1,308	1,370
Investment in subsidiary	-	-	-	467	467	467
Total assets	2,297,355	1,847,614	1,874,916	2,297,240	1,847,880	1,875,256
Liabilities						
Deposits (banks)	220,976	-	-	220,976	-	-
Derivative financial instruments	4,577	2,512	4,175	4,577	2,512	4,175
Repurchase agreements	53,668	-	-	53,668	-	-
Deposits (customers)	1,248,484	1,102,632	1,143,389	1,251,298	1,105,211	1,145,750
Debt securities in issue	256,444	258,814	259,251	256,444	258,814	259,251
Amount due to group companies	18,046	30,051	26,308	18,046	30,051	26,308
Current taxation liabilities	1,844	994	788	1,819	974	782
Other liabilities	8,394	8,567	7,005	8,181	8,380	6,902
Total liabilities	1,812,433	1,403,570	1,440,916	1,815,009	1,405,942	1,443,168
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	71,127	68,538	74,005	71,127	68,538	74,005
Retained income	357,317	319,028	303,517	354,626	316,922	301,606
Shareholder's equity	484,922	444,044	434,000	482,231	441,938	432,089
Total liabilities and equity	2,297,355	1,847,614	1,874,916	2,297,240	1,847,880	1,875,256

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the period / year ended US\$'000	Group			Bank		
	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021
Interest income	83,412	48,965	34,869	83,412	48,952	34,869
Interest income calculated using effective interest rate	63,009	42,305	30,045	63,009	42,292	30,045
Other interest income	20,403	6,660	4,824	20,403	6,660	4,824
Interest expense	(38,135)	(14,402)	(10,485)	(38,178)	(14,400)	(10,491)
Net interest income	45,276	34,563	24,384	45,234	34,552	24,378
Fee income	10,054	11,931	9,489	9,099	10,767	8,671
Fee expense	(1,261)	(1,350)	(927)	(1,261)	(1,350)	(927)
Net fee income	8,793	10,581	8,562	7,838	9,417	7,744
Investment income	3	942	1	3	942	1
Trading income	638	1,567	481	664	1,574	491
Other operating income	-	25	-	-	25	-
Total operating income before expected credit loss	54,711	47,678	33,428	53,739	46,510	32,613
Expected credit loss reversal/ (charge)	1,065	444	968	1,065	444	968
Operating income	55,776	48,122	34,396	54,804	46,954	33,581
Operating costs	(10,654)	(12,915)	(9,028)	(10,277)	(12,479)	(8,732)
Operating profit	45,122	35,207	25,368	44,527	34,475	24,849
Share of (loss)/ profit in associate	(168)	155	(84)	(168)	155	(84)
Profit before taxation	44,954	35,362	25,284	44,359	34,630	24,765
Taxation	(2,579)	(2,174)	(1,556)	(2,549)	(2,139)	(1,540)
Profit after taxation	42,375	33,188	23,728	41,810	32,491	23,225
Analysed as follows:						
Transfer to regulatory general risk reserve	4,215	(2,974)	3,068	4,215	(2,974)	3,068
Transfer to retained earnings	38,160	36,162	20,660	37,595	35,466	20,157
Profit attributable to equity holder of the bank	42,375	33,188	23,728	41,810	32,491	23,225

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the period/ year ended US\$'000	Group			Bank		
	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021
Profit after taxation	42,375	33,188	23,728	41,810	32,491	23,225
Other comprehensive income:						
Items reclassified to the income statement						
-Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(1,554)	842	264	(1,554)	842	264
-Foreign currency adjustments on translation of investment in associate	(72)	(165)	(161)	(72)	(165)	(161)
statement						
Employee benefit liability adjustment	129	162	152	109	156	147
Total other comprehensive income	(1,497)	839	255	(1,517)	833	250
Total comprehensive income attributable to equity holder of the bank	40,878	34,027	23,983	40,293	33,324	23,475

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 - 31 December 2022							
Profit after taxation	-	-	-	-	-	42,375	42,375
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(1,554)	-	-	-	(1,554)
Foreign currency adjustments on translation of investment in associate	-	(72)	-	-	-	-	(72)
Employee benefit liability adjustment	-	-	-	-	-	129	129
Total comprehensive income	-	(72)	(1,554)	-	-	42,504	40,878
Transfer to regulatory general risk reserve	-	-	-	4,215	-	(4,215)	-
At 31 December 2022	56,478	(942)	(103)	15,694	56,478	357,317	484,922
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 - 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 translation of investment in associate	-	(161)	-	-	-	-	(161)
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)	-
Balance at 31 December 2021	56,478	(868)	873	17,521	56,478	303,516	434,000
Bank							
At 1 April 2022	56,478	(870)	1,451	11,479	56,478	316,922	441,938
Movement in reserves 1 April 2022 - 31 December 2022							
Profit after taxation	-	-	-	-	-	41,810	41,810
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	-	-	(1,554)	-	-	-	(1,554)
Foreign currency adjustments on translation of investment in associate	-	(72)	-	-	-	-	(72)
Employee benefit liability adjustment	-	-	-	-	-	109	109
Total comprehensive income	-	(72)	(1,554)	-	-	41,920	40,293
Transfer to regulatory general risk reserve	-	-	-	4,215	-	(4,215)	-
At 31 December 2022	56,478	(942)	(103)	15,694	56,478	354,626	482,231
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	(870)	1,451	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 - 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 translation of investment in associate	-	(161)	-	-	-	-	(161)
Other comprehensive income	-	-	-	-	-	-	-
Employee benefit liability adjustment	-	-	-	-	-	147	147
Total comprehensive income	-	(161)	264	-	-	23,373	23,475
Transfer to regulatory general risk reserve	-	-	-	3,068	-	(3,068)	-
Balance at 31 December 2021	56,478	(866)	873	17,521	56,478	301,605	432,089

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

For the period / year ended US\$'000	Group			Bank		
	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021	Period ended 31 December 2022	Year 31 March 2022	Period ended 31 December 2021
Profit before tax	44,954	35,362	25,284	44,359	34,630	24,765
Adjustment for non-cash items	1,102	(6,170)	755	1,082	(6,172)	750
Profit before taxation adjusted for non-cash items	46,056	29,192	26,039	45,441	28,458	25,515
Taxation paid	(1,729)	(948)	(521)	(1,704)	(929)	(507)
Increase in operating assets	(165,159)	(272,355)	(218,626)	(164,772)	(272,298)	(218,641)
Increase in operating liabilities	135,478	118,207	154,745	135,682	118,865	155,271
Net cash inflow / (outflow) from operating activities	14,646	(125,904)	(38,363)	14,646	(125,904)	(38,362)
Purchase of sovereign debt securities	(273,827)	-	-	(273,827)	-	-
Purchase of bank debt securities	(10,032)	-	-	(10,032)	-	-
Purchase of other debt securities	(5,234)	(38,000)	(1,150)	(5,234)	(38,000)	(1,150)
Purchase of investment securities	-	(1,150)	-	-	(1,150)	-
Acquisition of equipment	(43)	(35)	(1)	(43)	(35)	(1)
Net cash outflow from investing activities	(289,136)	(39,185)	(1,151)	(289,136)	(39,185)	(1,151)
Repurchase agreement	54,668	-	-	54,668	-	-
Borrowings from banks	70,000	-	-	70,000	-	-
Syndicated funding	150,000	-	-	150,000	-	-
Reverse repurchase agreement	(75,000)	(25,000)	(25,000)	(75,000)	(25,000)	(25,000)
Payment of lease liabilities	(213)	(294)	(222)	(213)	(294)	(222)
Net cash inflow / (outflow) from financing activities	199,455	(25,294)	(25,222)	199,455	(25,294)	(25,222)
Effects of exchange rates on cash and cash equivalents	(6,954)	2,304	(1,624)	(6,954)	2,304	(1,624)
Net decrease in cash and cash equivalents	(81,989)	(188,079)	(66,359)	(81,989)	(188,079)	(66,359)
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	313,478	395,467	517,187	313,478	395,467	517,187
Cash and cash equivalents is defined as including:						
Cash in hand	-	1	1	-	1	1
Cash and balances at central bank (unrestricted balance)	29,862	22,681	22,760	29,862	22,681	22,760
Due from banks (excluding placements with maturity greater than 3 months)	283,615	372,547	494,314	283,615	372,547	494,314
Expected credit loss on cash and cash equivalents	1	238	112	1	238	112
Cash and cash equivalents at end of the period / year	313,478	395,467	517,187	313,478	395,467	517,187

NOTES TO THE UNAUDITED FINANCIAL ACCOUNTS FOR THE PERIOD ENDED 31 December 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 31 December 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		
	31 December 2022	31 March 2022	31 December 2021	31 December 2022	31 March 2022	31 December 2021
Interest income	22,330	7,159	5,172	22,330	7,157	5,178
Interest expense	(20,828)	(10,311)	(7,340)	(20,871)	(10,324)	(7,340)
Net fair value of derivatives held with group companies	3,787	2,582	(2,447)	3,787	2,582	(2,447)
Reverse repurchase agreements	25,456	25,043	25,044	25,456	25,043	25,044
Loans and advances to customers	4	1,666	3,959	4	1,591	3,959
Customer deposits	(4,297)	(5,022)	(4,142)	(7,110)	(7,602)	(4,142)
Amount due from holding bank	31,433	1,293	21,411	31,433	1,293	21,411
Amount due from other group companies	-	-	-	23	15	69
Amount due to holding bank	(1,068)	(20,937)	(20,080)	(1,068)	(20,937)	(20,080)
Amount due to other group companies	(16,978)	(9,114)	(6,228)	(16,978)	(9,114)	(6,228)
Debt securities in issue	(256,444)	(258,814)	(259,251)	(256,444)	(258,814)	(259,251)

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 2022, loans and advances amounting to US\$ 52k were unsecured (31 March 2022: US\$ 109k and 31 December 2021: US\$ 153k). For the period ended 31 December 2022, the bank has not made any write-off relating to amounts owed by related parties (31 March 2022: Nil and 31 December 2021: Nil).

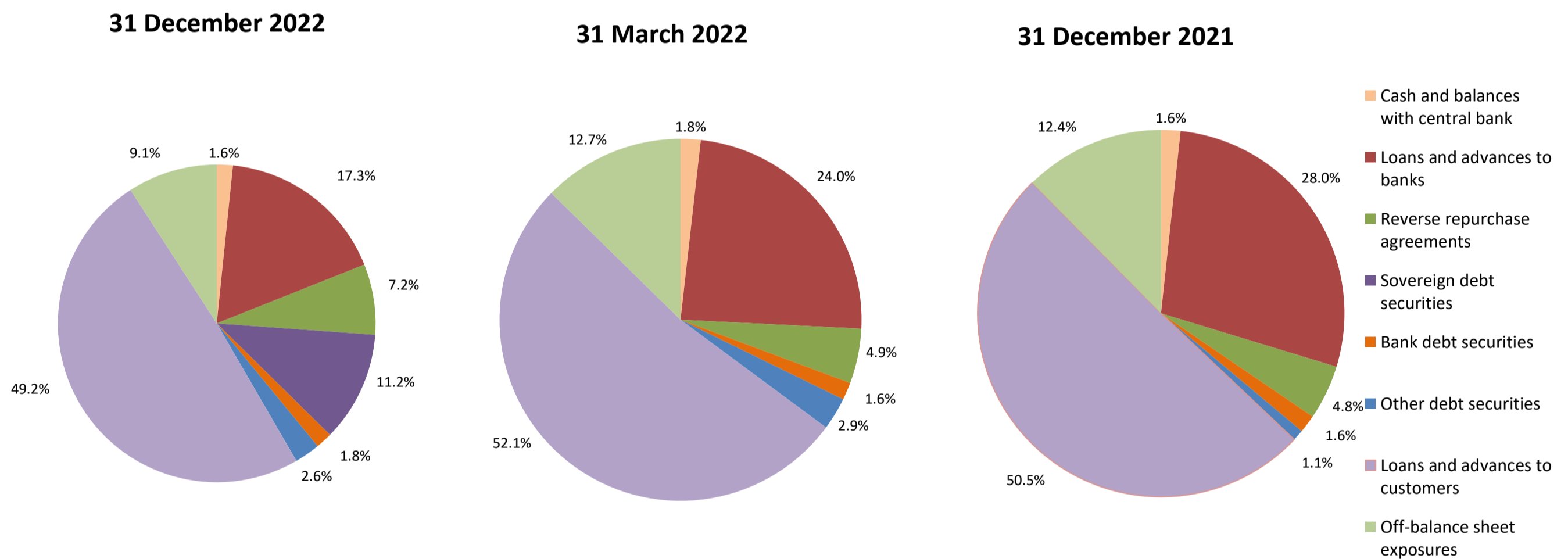
Credit and counterparty risk information

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

Group and Bank US\$'000	31 December 2022	31 March 2022	31 December 2021	31 December 2022 vs 31 March 2022 % change	Average*
On-balance sheet exposures	2,225,138	1,783,020	1,820,385	24.8	2,004,076
Balances at central bank	39,945	36,551	35,468	9.3	38,248
Due from banks	424,606	489,675	581,785	(13.3)	457,140
Sovereign debt securities	275,078	-	-	100.0	137,539
Bank debt securities	41,113	31,962	32,818	28.6	36,537
Other debt securities	63,374	59,213	20,056	7.0	61,293
Derivative financial instruments	176	133	-	32.1	154
Reverse repurchase agreements	175,662	100,003	100,005	75.7	137,832
Loans and advances to customers	1,205,184	1,065,483	1,050,252	13.1	1,135,333
Off-balance sheet exposures	223,735	258,392	257,593	(13.4)	241,063
Guarantees^	1,594	21,740	31,077	(92.7)	11,667
Committed facilities	222,141	236,652	226,516	(6.1)	229,396
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	2,448,873	2,041,412	2,077,978	20.0	2,245,139

*Where the average is based on a straight line average for period 1 April 2022 to 31 December 2022.

^Excludes guarantees provided to clients which are backed/secured by cash deposits



Asset quality and expected credit loss

Group and Bank			
US\$'000	31 December 2022	31 March 2022	31 December 2021
Gross core loans and advances to customers	1,205,184	1,065,483	1,050,252
Stage 1	1,126,921	996,550	967,731
Stage 2	75,977	67,073	69,203
Stage 3	2,285	1,860	13,318
Expected credit loss on loans and advances to customers	(3,515)	(4,261)	(4,201)
Stage 1	(2,650)	(3,586)	(3,515)
Stage 2	(201)	(88)	(106)
Stage 3	(664)	(587)	(580)
Net core loans and advances to customers	1,201,669	1,061,222	1,046,051
Average gross core loans and advances to customers	1,135,333	978,535	970,919
Current loans and advances to customers	1,126,911	989,846	966,230
Special mention loans and advances to customers	51,971	66,829	69,237
Past due loans and advances to customers (1-60 days)	24,016	6,948	1,467
Default loans and advances to customers	2,285	1,860	13,318
Gross core loans and advances to customers	1,205,184	1,065,483	1,050,252
Current loans and advances to customers	1,178,882	1,056,675	1,035,467
Gross core loans and advances to customers that are past due but not impaired	24,016	6,948	1,467
Gross core loans and advances to customers that are impaired	2,285	1,860	13,318
Gross core loans and advances to customers	1,205,184	1,065,483	1,050,252
Total income statement expected credit loss reversal on core loans and advances	746	1,507	1,566
Gross default loans and advances to customers	2,285	1,860	13,318
Expected credit loss	(3,515)	(4,261)	(4,201)
Defaults net of expected credit loss	(1,230)	(2,401)	9,117
Collateral and other credit enhancements	8,195	6,844	27,924
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	0.29%	0.40%	0.40%
Total expected credit loss as a % of gross default loans	>100%	>100%	31.54%
Gross defaults as a % of gross core loans and advances to customers	0.19%	0.17%	1.27%
Defaults (net of expected credit loss) as a % of net core loans and advances to customers	(0.10%)	(0.23%)	0.87%
Annualised credit loss ratio (i.e. expected credit loss as a % of average gross core loans and advances)	(0.09%)	(0.15%)	(0.22%)

Capital structure

US\$'000	Group			Bank		
	31 December 2022	31 March 2022	31 December 2021	31 December 2022	31 March 2022	31 December 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	314,666	319,028	280,364	311,975	316,922	278,453
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building)	55,228	57,059	55,612	55,228	57,059	55,612
Common equity tier 1 capital before regulatory adjustments	426,372	432,565	392,454	423,681	430,459	390,543
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)	425,921	432,114	391,956	423,230	430,008	390,045
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)	19,359	15,153	16,941	19,359	15,153	16,953
Tier 2 capital before regulatory adjustments	19,359	15,153	16,941	19,359	15,153	16,953
Total capital (capital base) (TC = T1 + T2)	445,280	447,267	408,897	442,589	445,161	406,998
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,494,270	1,338,455	1,240,244	1,495,166	1,339,406	1,241,207
Non-market related off-balance sheet risk-weighted assets	84,252	109,204	110,400	84,252	109,204	110,400
Market related off-balance sheet risk-weighted assets	11,302	8,211	4,651	11,302	8,211	4,651
Operational risk	70,291	70,291	71,314	70,291	70,291	71,314
Aggregate net open foreign exchange position	4,861	3,945	1,923	4,861	3,945	1,923
Total risk-weighted assets	1,664,975	1,530,106	1,428,532	1,665,871	1,531,057	1,429,495
Capital adequacy ratio (%)	26.7%	29.2%	28.6%	26.6%	29.1%	28.5%
Tier 1 ratio	25.6%	28.3%	27.4%	25.4%	28.1%	27.3%

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

As at 31 December 2022 US\$'000	Group		Bank	
	Balance sheet amount	Amounts included for regulatory	Balance sheet amount	Amounts included for regulatory
Paid in capital and qualifying capital instruments	56,478	56,478	56,478	56,478
Retained earnings	357,317	314,666	354,626	311,975
Other reserves	71,127	55,228	71,127	55,228
Qualifying common equity tier 1 capital before regulatory adjustments	484,922	426,372	482,231	423,680
Deferred tax assets	-	(451)	-	(451)
Tier 1 capital	484,922	425,921	482,231	423,230
Qualifying tier 1 capital	484,922	425,921	482,231	423,230
Tier 2 capital after regulatory adjustments and general allowance for expected credit losses (T2)	-	19,359	-	19,359
Total qualifying capital	484,922	445,280	482,231	442,588

Risk-weighted assets

US\$'000	Group				Bank				
	31 December 2022	31 December 2022	31 March 2022	31 December 2021	31 December 2022	31 March 2022	31 December 2021		
	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%	-	-	-	-	-	-	-	-
Claims on sovereigns	0%-50%	306,840	31,763	16,765	26,585	306,840	31,763	16,765	26,585
Claims on central banks and international institutions	0%-50%	39,945	-	-	-	39,945	-	-	-
Claims on banks	20%-100%	662,004	252,917	259,592	240,503	470,276	252,917	259,592	240,503
Claims on corporates	20%-100%	1,064,901	1,000,457	744,976	658,048	1,021,142	1,000,457	744,976	658,048
Claims secured by residential property	35%-125%	29,877	20,464	31,105	31,645	29,877	20,464	31,105	31,645
Claims secured by commercial real estate	100%-125%	175,425	175,425	273,491	255,230	175,425	175,425	273,491	255,230
Past due claims	50%-150%	1,267	1,265	1,271	17,172	1,267	1,265	1,271	17,172
Other assets	100%-250%	11,980	11,980	11,255	11,061	12,181	12,876	12,206	12,024
Total on-balance sheet credit risk-weighted exposures			1,494,270	1,338,455	1,240,244		1,495,166	1,339,406	1,241,207

Risk-weighted assets

Group and Bank		31 December 2022			31 March 2022	31 December 2021
US\$'000		Notional principal amount	Credit conversion factor %	Credit equivalent amount	Risk-weighted assets	Risk-weighted assets
Non-market related off-balance sheet risk-weighted assets						
	Direct credit substitutes	7,369	100%	4,020	4,020	24,245
	Transaction-related contingent items	-	50%	-	-	1,006
	Total other commitments	222,141	20%-50%	81,386	80,232	85,149
	Total off-balance sheet credit risk-weighted exposures				84,252	110,400

Group and Bank		31 December 2022			31 March 2022	31 December 2021
US\$'000		Notional principal amount	Potential future exposure	Current exposure	Credit equivalent amount	Risk-weighted assets
Market related off-balance sheet risk-weighted assets						
	Interest rate contracts	194,394	722	7,232	7,954	7,777
	Foreign exchange contracts	704,884	7,049	-	7,049	3,524
	Credit derivative contracts	8,199	-	-	-	-
	Total market-related off-balance sheet risk-weighted credit exposures					11,302

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 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	234	266	142	25	29	-	-	696
Investment/trading assets	6	60	48	123	9	140	-	386
Advances	-	69	58	286	248	460	81	1,202
Other assets	-	-	-	6	-	-	-	6
Assets	240	394	248	441	286	599	81	2,290
Deposits - banks	-	-	-	(71)	-	(150)	-	(221)
Deposits - non-banks	(710)	(136)	(207)	(118)	(72)	(8)	-	(1,251)
Investment/trading liabilities	-	-	-	-	-	-	-	-
Securities sold under repurchase agreement	-	1	(55)	-	-	-	-	(54)
Other liabilities	-	-	-	(10)	-	-	-	(10)
Liabilities	(710)	(135)	(261)	(198)	(72)	(158)	-	(1,535)
Intercompany loans	(18)	-	(1)	-	(93)	(162)	-	(274)
Shareholders' funds	-	-	-	-	-	-	(481)	(481)
Balance sheet	(488)	259	(15)	242	122	279	(400)	-
Off-balance sheet	-	4	-	-	-	(4)	-	-
Contractual liquidity gap	(488)	263	(15)	242	122	275	(400)	-
Cumulative liquidity gap	(488)	(225)	(239)	3	125	400	-	-

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 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	1,045
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	-	-	-	-	-	-	(433)	(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 December 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	87	349	(6)	57	126	(128)	(485)	-
Cumulative	87	436	430	488	614	485	-	-

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 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	-	-

Liquidity coverage ratio (LCR)

As at 31 December 2022, the bank's LCR stood at 170% (31 March 2022: 131%).
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 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	696	-	-	-	-	-	696
Investment/trading assets	128	123	8	120	-	7	386
Advances	1,112	56	2	32	-	-	1,202
Other assets	-	-	-	-	-	6	6
Assets	1,936	179	10	152	-	13	2,290
Deposits - banks	(221)	-	-	-	-	-	(221)
Deposits - non-banks	(1,064)	(116)	(70)	-	-	-	(1,250)
Repurchase agreements with banks	(54)	-	-	-	-	-	(54)
Other liabilities	-	-	-	-	-	(10)	(10)
Liabilities	(1,339)	(116)	(70)	-	-	(10)	(1,535)
Intercompany loans	(274)	-	-	-	-	-	(274)
Shareholders' funds	-	-	-	-	-	(481)	(481)
Balance sheet	323	63	(60)	152	-	(478)	-
Off balance sheet	134	(13)	(9)	(112)	-	-	-
Repricing gap	457	50	(69)	40	-	(478)	-
Cumulative repricing gap	457	507	438	478	478	-	-

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 31 December 2021	Six					Non rate	Total
US\$'million	< Three months	Three to six months	months to one year	One to five years	> five years		
Cash and short-term funds - banks	713	49	-	-	-	-	762
Investment/trading assets	20	-	-	32	-	6	57
Advances	840	119	1	86	-	-	1,046
Other assets	-	-	-	-	-	6	6
Assets	1,573	168	1	118	-	12	1,871
Deposits - non-banks	(1,026)	(58)	(62)	-	-	-	(1,146)
Other liabilities	-	-	-	-	-	(8)	(8)
Liabilities	(1,026)	(58)	(61)	-	-	(8)	(1,153)
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	-	-

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					All (USD)
	ZAR	GBP	USD	EUR	AUD	
At 31 December 2022						
US\$'million						
200bp down	(0.07)	3.13	4.17	0.82	-	8.04
200bp up	0.07	(3.13)	(4.17)	(0.82)	-	(8.04)
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 31 December 2021						
US\$'million						
200bp down	(0.07)	1.06	1.17	0.58	-	2.65
200bp up	0.07	(1.06)	(1.17)	(0.58)	-	(2.65)

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 2022					
Long/(short) position	1,183	3,366	105	(1,332)	4,861
31 March 2022					
Long/(short) position	1,307	2,574	(248)	(1,000)	3,945
31 December 2021					
Long/(short) position	605	1,258	(21)	(267)	1,923