

Creating enduring worth

Investec Bank (Mauritius) Limited

Unaudited financial report for
the period ended 30 June 2023



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Unaudited financial report for the quarter ended 30 June 2023

The unaudited financial report for the quarter ended 30 June 2023 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 79% from US\$12.1 million for the quarter ended 30 June 2022 to US\$21.6 million for the quarter ended 30 June 2023 as a result of increases in interest earning assets and net interest margin.
- Net fee income decreased from US\$3.2 million for the quarter ended 30 June 2022 to US\$2.0 million for the quarter 30 June 2023 due to lower origination fees and higher fee expense.
- Expected credit losses of US\$0.3 million were provided for the quarter under review following an increase in the lending book.
- Operating costs increased by 12%, from US\$3.4 million for the quarter ended 30 June 2022 to US\$3.8 million for the quarter ended 30 June 2023. The cost-to-income ratio remains low at 15.4%.

Profit after tax increased by 57% from US\$11.2 million for the quarter ended 30 June 2022 to US\$17.7 million for the quarter ended 30 June 2023 mainly due to higher net interest income.

Total assets decreased by 4% to US\$2,396 million and liabilities decreased by 6% to US\$1,880 million during the quarter ended 30 June 2023.

The group remains well capitalised with a capital adequacy ratio of 30.7% as at 30 June 2023.

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 June 2023, the total on- and off-balance sheet credit exposure to related parties amounted to US\$48.9 million (31 March 2023 – US\$61.9 million) representing 2.0% of the group's total exposure (31 March 2023 – 2.5%). The credit exposure to the six related parties with the highest exposure amounted to US\$48.9 million (31 March 2023 – US\$61.9 million) representing 10.4% (31 March 2023 – 12.9%) 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 continued to face some uncertainty during the period. The Russia – Ukraine war is still ongoing with no visibility of a peace agreement. While global inflation has been decreasing as rates increased, inflation remains above target levels and interest rates are likely to remain high for the foreseeable future.

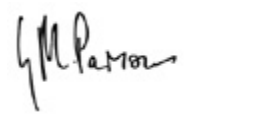
The group's operating income before expected credit losses has greatly improved and increased by 55% mainly due to the higher interest rate environment. The group remains prudent in its growth strategy and continues to hold high levels of liquidity and capital.



Lourens van Rensburg
Chairman
Board of directors



Ramdeo (Dev) Erriah
Director



Grant Michael Parsons
Chief executive officer/Director

Consolidated and separate balance sheets

US\$'000	GROUP			BANK		
	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022
Assets						
Cash and balances at central bank	19,028	33,862	26,826	19,028	33,862	26,826
Due from banks	344,373	386,907	612,873	344,373	386,907	612,873
Reverse repurchase agreements	325,669	375,490	200,082	325,669	375,490	200,082
Sovereign debt securities	392,598	416,856	105,223	392,598	416,856	105,223
Bank debt securities	63,467	51,751	34,857	63,467	51,751	34,857
Other debt securities	77,021	76,036	63,346	77,021	76,036	63,346
Derivative financial instruments	9,480	5,690	10,031	9,480	5,690	10,031
Investment portfolio	4,130	4,130	3,812	3,814	3,814	3,812
Loans and advances to customers	1,154,664	1,128,269	947,939	1,154,664	1,128,269	947,939
Investment in associate	1,036	1,882	2,274	1,036	1,882	2,274
Deferred taxation asset	328	328	451	328	328	451
Other assets	3,961	7,419	5,349	3,692	7,296	5,048
Property, plant and equipment	202	299	316	202	298	314
Amount due from group companies	137	522	—	137	540	173
Investment in subsidiary	—	—	—	467	467	467
Total assets	2,396,095	2,489,441	2,013,379	2,395,976	2,489,486	2,013,716
Liabilities						
Derivative financial instruments	2,499	6,992	1,042	2,499	6,992	1,042
Repurchase agreements	—	53,048	—	—	53,048	—
Borrowings from banks	210,986	246,190	—	210,986	246,190	—
Deposits (customers)	1,376,806	1,408,462	1,264,562	1,380,107	1,411,573	1,267,407
Debt securities in issue	257,120	257,074	254,676	257,120	257,074	254,676
Amount due to group companies	7,912	5,404	31,800	7,774	5,404	31,800
Current taxation liabilities	8,293	5,910	1,725	8,266	5,898	1,691
Other liabilities	16,813	8,753	6,285	16,580	8,444	6,179
Total liabilities	1,880,429	1,991,833	1,560,090	1,883,332	1,994,623	1,562,795
Equity						
Ordinary share capital	56,478	56,478	56,478	56,478	56,478	56,478
Other reserves	74,979	73,534	67,572	74,979	73,534	67,572
Retained income	384,209	367,596	329,239	381,187	364,851	326,871
Shareholder's equity	515,666	497,608	453,289	512,644	494,863	450,921
Total liabilities and equity	2,396,095	2,489,441	2,013,379	2,395,976	2,489,486	2,013,716

Consolidated and separate income statements

FOR THE PERIOD / YEAR ENDED US\$'000	GROUP			BANK		
	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022
Interest income	49,250	128,820	18,063	49,250	128,823	18,063
Interest income calculated using effective interest rate	35,409	95,243	13,239	35,409	95,246	13,239
Other interest income	13,841	33,577	4,824	13,841	33,577	4,824
Interest expense	(27,633)	(62,313)	(5,986)	(27,657)	(62,378)	(5,991)
Net interest income	21,617	66,507	12,077	21,593	66,445	12,072
Fee income	2,467	11,837	3,584	2,094	10,664	3,220
Fee expense	(506)	(1,743)	(347)	(506)	(1,743)	(347)
Net fee income	1,961	10,094	3,237	1,588	8,921	2,873
Investment income	—	(9)	(1)	—	15	(1)
Trading income	402	854	200	396	873	205
Total operating income before expected credit loss	23,980	77,446	15,513	23,576	76,254	15,149
Expected credit loss (charge) / reversal	(268)	2,054	(337)	(268)	2,054	(337)
Operating income	23,712	79,500	15,176	23,308	78,308	14,812
Operating costs	(3,752)	(16,062)	(3,351)	(3,635)	(15,513)	(3,263)
Operating profit	19,960	63,438	11,825	19,673	62,795	11,549
Share of profit / (loss) in associate	127	(166)	155	127	(166)	155
Profit before taxation	20,087	63,272	11,980	19,800	62,629	11,704
Taxation	(2,383)	(7,233)	(731)	(2,368)	(7,209)	(717)
Profit after taxation	17,705	56,039	11,249	17,432	55,420	10,987
Analysed as follows:						
Transfer to regulatory general risk reserve	1,135	7,767	1,178	1,135	7,767	1,178
Transfer to retained earnings	16,569	48,272	10,071	16,297	47,653	9,808
Profit attributable to equity holder of the bank	17,705	56,039	11,249	17,432	55,420	10,987

Consolidated and separate statements of other comprehensive income

FOR THE PERIOD / YEAR ENDED US\$'000	GROUP			BANK		
	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022
Profit after taxation	17,705	56,039	11,249	17,432	55,420	10,987
Other comprehensive income: Items reclassified to the income statement						
• Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	368	(2,699)	(2,143)	368	(2,699)	(2,143)
• Foreign currency adjustments on translation of investment in associate	(58)	(72)	(1)	(58)	(72)	(1)
Items that will never be reclassified to income statement						
Employee benefit liability adjustment	43	296	140	39	276	140
Total other comprehensive income	352	(2,475)	(2,004)	349	(2,495)	(2,004)
Total comprehensive income attributable to equity holder of the bank	18,057	53,564	9,245	17,781	52,925	8,983

Consolidated and separate statements of changes in equity

US\$'000	ORDINARY SHARE CAPITAL	OTHER RESERVES				RETAINED INCOME	TOTAL EQUITY
		FOREIGN CURRENCY RESERVE	FAIR VALUE RESERVE	REGULATORY GENERAL RISK RESERVE	STATUTORY RESERVE		
GROUP							
At 1 April 2023	56,478	(942)	(1,248)	19,246	56,478	367,596	497,608
Movement in reserves							
1 April 2023 – 30 June 2023							
Profit after taxation	—	—	—	—	—	17,705	17,705
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	368	—	—	—	368
Foreign currency adjustments on translation of investment in associate	—	(58)	—	—	—	—	(58)
Employee benefit liability adjustment	—	—	—	—	—	43	43
Total comprehensive income	—	(58)	368	—	—	17,748	18,058
Transfer to regulatory general risk reserve	—	—	—	1,135	—	(1,135)	—
At 30 June 2023	56,478	(1,000)	(880)	20,381	56,478	384,209	515,666
At 1 April 2022	56,478	(870)	1,451	11,479	56,478	319,028	444,044
Movement in reserves							
1 April 2022 – 31 March 2023							
Profit after taxation	—	—	—	—	—	56,039	56,039
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2,699)	—	—	—	(2,699)
Foreign currency adjustments on translation of investment in associate	—	(1)	—	—	—	—	(1)
Employee benefit liability adjustment	—	—	—	—	—	296	296
Total comprehensive income	—	(72)	(2,699)	—	—	56,336	53,564
Transfer to regulatory general risk reserve	—	—	—	7,767	—	(7,767)	—
At 31 March 2023	56,478	(942)	(1,248)	19,246	56,478	367,596	497,608
At 1 April 2022	56,478	(870)	1,451	11,479	56,478	319,028	444,044
Movement in reserves							
1 April 2022 – 30 June 2022							
Profit after taxation	—	—	—	—	—	11,249	11,249
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2,143)	—	—	—	(2,143)
Foreign currency adjustments on translation of investment in associate	—	(1)	—	—	—	—	(1)
Employee benefit liability adjustment	—	—	—	—	—	140	140
Total comprehensive income	—	(1)	(2,143)	—	—	11,390	9,245
Transfer to regulatory general risk reserve	—	—	—	1,178	—	(1,178)	—
At 30 June 2022	56,478	(871)	(692)	12,657	56,478	329,239	453,289

Consolidated and separate statements of changes in equity

US\$'000	ORDINARY SHARE CAPITAL	OTHER RESERVES				RETAINED INCOME	TOTAL EQUITY
		FOREIGN CURRENCY RESERVE	FAIR VALUE RESERVE	REGULATORY GENERAL RISK RESERVE	STATUTORY RESERVE		
BANK							
At 1 April 2023	56,478	(942)	(1,248)	19,246	56,478	364,851	494,863
Movement in reserves							
1 April 2023 – 30 June 2023							
Profit after taxation	—	—	—	—	—	17,432	17,432
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	368	—	—	—	368
Foreign currency adjustments on translation of investment in associate	—	(58)	—	—	—	—	(58)
Employee benefit liability adjustment	—	—	—	—	—	39	39
Total comprehensive income	—	(58)	368	—	—	17,471	17,781
Transfer to regulatory general risk reserve	—	—	—	1,135	—	(1,135)	—
At 30 June 2023	56,478	(1,000)	(880)	20,381	56,478	381,187	512,644
At 1 April 2022	56,478	(870)	1,452	11,479	56,478	316,922	441,938
Movement in reserves							
1 April 2022 – 31 March 2023							
Profit after taxation	—	—	—	—	—	55,420	55,420
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2,699)	—	—	—	(2,699)
Foreign currency adjustments on translation of investment in associate	—	(72)	—	—	—	—	(72)
Other comprehensive income	—	—	—	—	—	—	—
Employee benefit liability adjustment	—	—	—	—	—	276	276
Total comprehensive income	—	(72)	(2,699)	—	—	55,695	52,925
Transfer from regulatory general risk reserve	—	—	—	7,767	—	(7,767)	—
At 31 March 2023	56,478	(942)	(1,248)	19,246	56,478	364,851	494,863
At 1 April 2022	56,478	(870)	1,452	11,479	56,478	316,922	441,938
Movement in reserves							
1 April 2022 – 30 June 2022							
Profit after taxation	—	—	—	—	—	10,987	10,987
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2,143)	—	—	—	(2,143)
Foreign currency adjustments on translation of investment in associate	—	(1)	—	—	—	—	(1)
Other comprehensive income	—	—	—	—	—	—	—
Employee benefit liability adjustment	—	—	—	—	—	140	140
Total comprehensive income	—	(1)	(2,143)	—	—	11,128	8,983
Transfer to regulatory general risk reserve	—	—	—	1,178	—	(1,178)	—
At 30 June 2022	56,478	(871)	(692)	12,657	56,478	326,871	450,921

Consolidated and separate cash flow statements

FOR THE PERIOD / YEAR ENDED US\$'000	GROUP			BANK		
	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022
Profit before tax	20,087	63,272	11,980	19,800	62,629	11,704
Adjustment for non-cash items	(11,084)	(9,464)	5,597	(11,088)	(9,465)	5,597
Profit before taxation adjusted for non-cash items	9,003	53,808	17,577	8,712	53,164	17,301
Taxation paid	—	(2,196)	—	—	(2,162)	—
Increase in operating assets	(12,442)	(18,622)	58,710	(12,278)	(18,718)	58,638
Decrease in operating liabilities	(21,016)	286,194	160,014	(20,891)	286,583	160,346
Net cash (outflow) / inflow from operating activities	(24,455)	319,184	236,301	(24,457)	318,867	236,285
Proceeds from associate	915	(317)	—	915	—	—
Acquisition of bank debt securities	(10,000)	(39,624)	(10,257)	(10,000)	(39,624)	(10,257)
Disposal / (acquisition) of sovereign debt securities	30,000	(417,809)	(106,827)	30,000	(417,809)	(106,827)
Acquisition of equipment	—	(45)	(9)	—	(45)	(9)
Net cash inflow / (outflow) from investing activities	20,915	(457,795)	(117,093)	20,915	(457,478)	(117,093)
Repurchase agreement	(53,048)	55,107	—	(53,048)	55,107	—
Borrowings from banks	(35,000)	245,000	—	(35,000)	245,000	—
Reverse repurchase agreement	50,000	(250,000)	(75,000)	50,000	(250,000)	(75,000)
Payment of lease liabilities	(69)	(283)	(72)	(69)	(283)	(72)
Net cash (outflow) / inflow from financing activities	(38,117)	49,824	(75,072)	(38,117)	49,824	(75,072)
Effects of exchange rates on cash and cash equivalents	(1,670)	5,702	(7,539)	(1,670)	5,702	(7,539)
Net (decrease) / increase in cash and cash equivalents	(43,329)	(83,085)	36,596	(43,329)	(83,085)	36,579
Cash and cash equivalents at beginning of the period / year	326,253	409,338	395,467	326,253	409,338	395,467
Cash and cash equivalents at end of the period / year	282,924	326,253	432,063	282,924	326,253	432,046
Cash and cash equivalents is defined as including:						
Cash in hand	—	—	1	—	—	1
Cash and balances at central bank	19,028	33,862	16,319	19,028	33,862	16,319
Due from banks (excluding placements with maturity greater than 3 months)	263,577	292,208	415,720	263,577	292,208	415,720
Expected credit loss on cash and cash equivalents	319	183	6	319	183	6
Cash and cash equivalents at end of the period / year	282,924	326,253	432,046	282,924	326,253	432,046

Notes to the unaudited financial accounts for the period ended 30 June 2023

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 June 2023 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 2023.

(c) Functional currency of the group and the bank

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

Related party transactions

US\$'000	GROUP			BANK		
	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022
Interest income	14,532	33,338	3,492	14,532	33,337	3,497
Interest expense	(14,227)	(30,566)	(4,349)	(14,251)	(30,632)	(4,349)
Net fair value of derivatives held with group companies	7,124	284	9,771	7,124	284	9,771
Reverse repurchase agreements	25,349	25,039	25,092	25,349	25,039	25,092
Loans and advances to customers	454	555	1,337	—	—	1,337
Customer deposits	(3,130)	(5,103)	(5,251)	(6,431)	(8,214)	(8,096)
Amount due from holding bank	13,807	27,786	19,024	13,807	27,786	19,024
Amount due from other group companies	—	—	—	137	18	173
Amount due to holding bank	(564)	(183)	(18,699)	(564)	(183)	(18,699)
Amount due to other group companies	(7,347)	(5,221)	(13,101)	(7,210)	(5,221)	(13,101)
Debt securities in issue	(257,120)	(253,662)	(254,676)	(257,120)	(253,662)	(254,676)

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 2023, loans and advances amounting to US\$ 37k were unsecured (31 March 2023: US\$ 57k and 30 June 2022: US\$ 134k). For the period ended 30 June 2023, the bank has not made any write-off relating to amounts owed by related parties (31 March 2023: Nil and 31 December 2021: Nil).

Credit and counterparty risk information

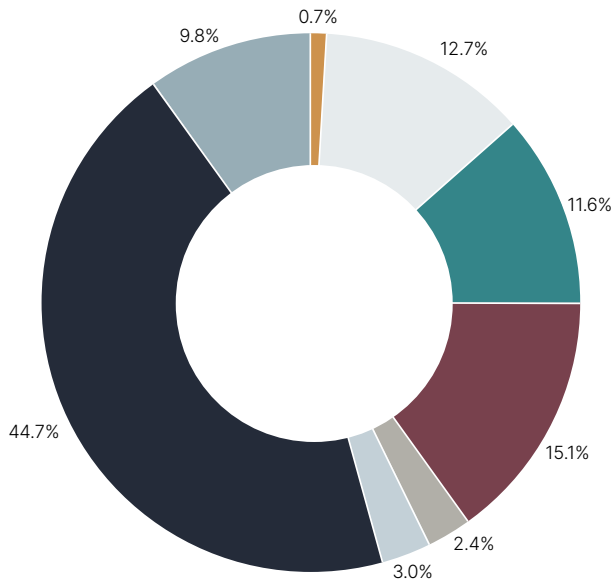
The table that follows provides an analysis of gross credit and counterparty exposures

GROUP AND BANK US\$'000	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022	30 JUNE 2023 VS 31 MARCH 2023 % CHANGE	AVERAGE*
On-balance sheet exposures	2,342,743	2,419,485	1,921,964	(3.2)	2,381,114
Balances at central bank	19,028	33,862	26,825	(43.8)	26,445
Due from banks	330,884	359,304	593,856	(7.9)	345,094
Sovereign debt securities	392,598	416,856	74,967	(5.8)	404,727
Bank debt securities	63,467	51,751	34,857	22.6	57,609
Other debt securities	77,040	76,055	63,481	1.3	76,548
Derivative financial instruments	1,832	43	189	>100	938
Reverse repurchase agreements	300,326	350,466	175,031	(14.3)	325,396
Loans and advances to customers	1,157,566	1,131,148	952,758	2.3	1,144,357
Off-balance sheet exposures	255,047	249,793	231,104	2.1	252,421
Guarantees**	24,877	19,538	5,451	27.3	22,208
Committed facilities	230,170	230,255	225,653	(0.0)	230,213
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	2,597,790	2,669,278	2,153,068	(2.7)	2,633,535

*Where the average is based on a straight line average for period 1 April 2023 to 30 June 2023.

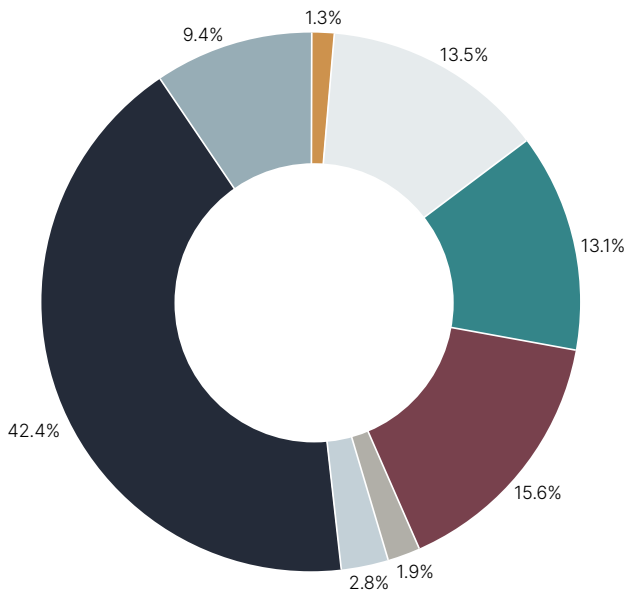
**Excludes guarantees provided to clients which are backed/secured by cash deposits

30 JUNE 2023

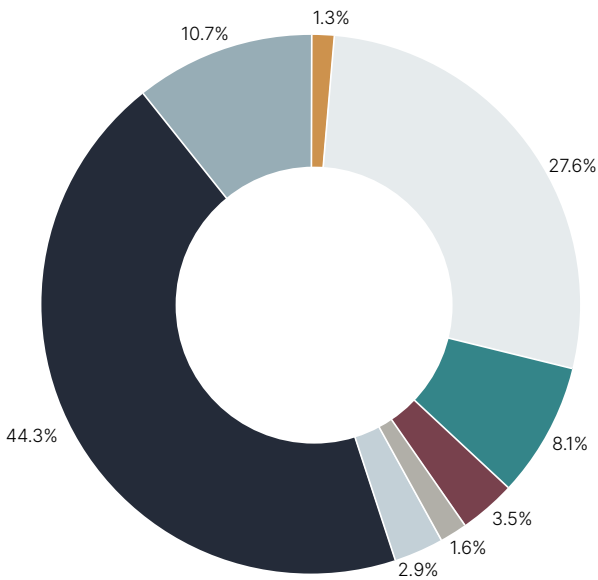


- Cash and balances with central bank
- Loans and advances to banks
- Reverse repurchase agreements
- Sovereign debt securities
- Bank debt securities
- Other debt securities
- Loans and advances to customers
- Off-balance sheet exposures

31 MARCH 2023



30 JUNE 2022



Asset quality and expected credit loss

GROUP AND BANK US\$'000	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022
Gross core loans and advances to customers	1,157,566	1,131,148	952,758
Stage 1	1,030,586	1,006,076	910,083
Stage 2	75,163	77,107	40,441
Stage 3	51,817	47,965	2,234
Expected credit loss on loans and advances to customers	(2,902)	(2,879)	(4,819)
Stage 1	(2,022)	(1,874)	(3,834)
Stage 2	(217)	(236)	(310)
Stage 3	(662)	(769)	(675)
Net core loans and advances to customers	1,154,664	1,128,269	947,939
Average gross core loans and advances to customers	1,144,357	1,098,316	1,009,121
Current loans and advances to customers	1,016,541	978,246	908,189
Special mention loans and advances to customers	53,908	75,386	40,133
Past due loans and advances to customers (1-60 days)	35,300	29,551	2,202
Default loans and advances to customers	51,817	47,965	2,234
Gross core loans and advances to customers	1,157,566	1,131,148	952,758
Current loans and advances to customers	1,070,450	1,053,631	948,322
Gross core loans and advances to customers that are past due but not impaired	35,300	29,551	2,202
Gross core loans and advances to customers that are impaired	51,817	47,965	2,234
Gross core loans and advances to customers	1,157,566	1,131,148	952,758
Total income statement expected credit loss reversal on core loans and advances	(24)	1,382	(559)
Gross default loans and advances to customers	51,817	47,965	2,234
Expected credit loss	(2,902)	(2,879)	(4,819)
Defaults net of expected credit loss	48,915	45,086	(2,585)
Collateral and other credit enhancements	84,267	57,095	8,269
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	0.25%	0.25%	0.51%
Total expected credit loss as a % of gross default loans	5.60%	6.00%	>100%
Gross defaults as a % of gross core loans and advances to customers	4.48%	4.24%	0.23%
Defaults (net of expected credit loss) as a % of net core loans and advances to customers	4.24%	4.00%	(0.27%)
Annualised credit loss ratio (i.e. expected credit loss as a % of average gross core loans and advances)	0.01%	(0.13%)	0.22%

Capital structure

US\$'000	GROUP			BANK		
	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022	PERIOD ENDED 30 JUNE 2023	YEAR ENDED 31 MARCH 2023	PERIOD ENDED 30 JUNE 2022
Common equity tier 1 capital: instruments and reserves						
Ordinary shares	56,478	56,478	56,478	56,478	56,478	56,478
Retained earnings	364,321	367,596	318,302	361,298	364,851	315,933
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	54,600	54,289	54,829	54,600	54,289	54,829
Common equity tier 1 capital before regulatory adjustments	475,399	478,363	429,609	472,376	475,618	427,241
Deferred tax asset	(328)	(328)	(451)	(328)	(328)	(451)
Total regulatory adjustments to common equity tier 1 capital	(328)	(328)	(451)	(328)	(328)	(451)
Common equity tier 1 capital (CET1)	475,071	478,035	429,158	472,048	475,290	426,790
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)	19,059	19,304	17,021	19,070	19,317	17,021
Tier 2 capital before regulatory adjustments	19,059	19,304	17,021	19,070	19,317	17,021
Total capital (capital base) (TC = T1 + T2)	494,130	497,339	446,179	491,118	494,607	443,811
Risk-weighted assets						
Risk-weighted on-balance sheet assets	1,414,036	1,417,619	1,269,001	1,414,924	1,418,662	1,269,942
Non-market related off-balance sheet risk-weighted assets	93,592	112,328	97,419	93,592	112,328	97,419
Market related off-balance sheet risk-weighted assets	17,067	14,361	11,158	17,067	14,361	11,158
Operational risk	82,538	82,538	70,291	82,538	82,538	70,291
Aggregate net open foreign exchange position	1,981	6,827	1,919	1,981	6,827	1,919
Total risk-weighted assets	1,609,214	1,633,673	1,449,788	1,610,103	1,634,716	1,450,729
Capital adequacy ratio (%)	30.7%	30.4%	30.8%	30.5%	30.3%	30.6%
Tier 1 ratio	29.5%	29.3%	29.6%	29.3%	29.1%	29.4%

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

AS AT 30 JUNE 2023 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	384,209	364,321	381,187	361,298
Other reserves	74,979	54,600	74,979	54,600
Qualifying common equity tier 1 capital before regulatory adjustments	515,666	475,399	512,644	472,376
Deferred tax assets	—	(328)	—	(328)
Tier 1 capital	515,666	475,071	512,644	472,048
Tier 2 capital after regulatory adjustments and general allowance for expected credit losses (T2)	—	19,059	—	19,070
Total qualifying capital	515,666	494,130	512,644	491,118

Risk-weighted assets

US\$'000	GROUP					BANK			
	30 JUNE 2023	30 JUNE 2023	31 MARCH 2023	30 JUNE 2022		30 JUNE 2023	31 MARCH 2023	30 JUNE 2022	
Risk-weighted on-balance sheet	Risk-weights %	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets	Exposure amount	Risk-weighted assets	Risk-weighted assets	Risk-weighted assets
Claims on sovereigns	0%-50%	421,373	32,066	32,070	18,480	421,373	32,066	32,070	18,480
Claims on central banks and international institutions	0%-50%	22,297	—	—	—	22,297	—	—	—
Claims on banks	20%-100%	417,548	216,163	241,339	312,769	417,548	216,163	241,339	312,769
Claims on corporates	20%-100%	957,683	944,954	965,374	687,292	957,683	944,954	965,374	687,292
Claims secured by residential property	35%-125%	30,058	19,537	19,877	26,705	30,058	19,537	19,877	26,705
Claims secured by commercial real estate	100%-125%	127,630	127,630	144,040	211,673	127,630	127,630	144,040	211,673
Past due claims	50%-150%	43,042	64,384	1,291	—	43,042	64,384	1,291	—
Other assets	100%-250%	9,302	9,302	13,628	12,082	9,495	10,190	14,671	13,023
Total on-balance sheet credit risk-weighted exposures			1,414,036	1,417,619	1,269,001		1,414,924	1,418,662	1,269,942

GROUP AND BANK		30 JUNE 2023			31 MARCH 2023	30 JUNE 2022
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		26,976	100%	24,085	20,912	9,225
Total other commitments		230,170	20%-50%	71,786	72,680	88,194
Total off-balance sheet credit risk-weighted exposures					93,592	97,419

GROUP AND BANK		30 JUNE 2023			31 MARCH 2023	30 JUNE 2022
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		168,392	635	6,316	6,952	5,901
Foreign exchange contracts		748,405	7,755	—	8,945	5,257
Credit derivative contracts		8,290	—	—	—	—
Total market-related off-balance sheet risk-weighted credit exposures					17,067	11,158

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:

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 2023 US\$'000	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	233	350	56	30	20	—	—	689
Investment/trading assets	5	43	237	79	34	141	—	539
Advances	—	228	96	103	189	462	77	1,154
Other assets	—	—	—	4	—	—	—	4
Assets	238	621	389	216	243	602	77	2,386
Deposits – banks	—	—	(25)	(35)	(150)	—	—	(210)
Deposits – non-banks	(694)	(307)	(189)	(112)	(74)	(4)	—	(1,380)
Investment/trading liabilities	—	—	—	—	—	—	—	—
Securities sold under repurchase agreement	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	(25)	—	—	—	(25)
Liabilities	(694)	(307)	(214)	(172)	(224)	(4)	—	(1,615)
Intercompany loans	(7)	(45)	(50)	—	(76)	(86)	—	(265)
Shareholders' funds	—	—	—	—	—	—	(513)	(513)
Balance sheet	(463)	269	125	44	(57)	512	(436)	(6)
Off-balance sheet	—	9	—	—	—	(3)	—	6
Contractual liquidity gap	(463)	278	125	44	(57)	509	509	—
Cumulative liquidity gap	(463)	(186)	(60)	(16)	(74)	436	(436)	—

AT 31 MARCH 2023 US\$'000	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	289	394	244	211	30	45	—	1,213
Investment/trading assets	6	—	—	—	22	106	—	134
Advances	2	139	178	169	121	437	82	1,128
Other assets	—	—	—	—	—	—	—	8
Assets	297	533	422	388	173	588	82	2,483
Deposits – non-banks	(840)	(168)	(265)	(61)	(78)	—	—	(1,412)
Other liabilities	—	—	—	(14)	—	—	—	(14)
Liabilities	(838)	(188)	(371)	(100)	(78)	(150)	—	(1,725)
Intercompany loans	(5)	—	(1)	(93)	—	(163)	—	(262)
Shareholders' funds	—	—	—	—	—	—	(495)	(495)
Balance sheet	(546)	345	50	195	95	275	(413)	1
Off-balance sheet	—	—	—	—	—	(1)	—	(1)
Contractual liquidity gap	(546)	345	50	195	95	274	(413)	—
Cumulative liquidity gap	(546)	(201)	(151)	44	139	413	—	—

AT 30 JUNE 2022 US\$'000	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	298	320	94	30	97	—	—	840
Investment/trading assets	6	105	—	1	—	97	—	209
Advances	5	55	86	109	208	434	51	948
Other assets	—	—	—	6	—	—	—	6
Assets	309	480	181	146	305	531	51	2,003
Deposits – non-banks	(925)	(64)	(94)	(114)	(62)	(9)	—	(1,267)
Other liabilities	—	—	—	(8)	—	—	—	(8)
Liabilities	(925)	(64)	(94)	(122)	(62)	(9)	—	(1,276)
Intercompany loans	(13)	(0)	(80)	—	—	(192)	—	(287)
Shareholders' funds	—	—	—	—	—	—	(452)	(451)
Balance sheet	(629)	416	7	23	243	330	(400)	(11)
Off-balance sheet	(0)	10	—	—	—	(1)	—	9
Contractual liquidity gap	(629)	426	7	23	243	329	(400)	—
Cumulative liquidity gap	(629)	(203)	(196)	(172)	71	400	—	—

AT 30 JUNE 2023 US\$'000	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	113	385	186	36	(191)	(115)	(416)	—
Cumulative	113	499	684	722	531	416	—	—

AT 31 MARCH 2023 US\$'000	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	132	549	(69)	(21)	35	(422)	(204)	—
Cumulative	132	681	612	591	626	204	—	—

AT 30 JUNE 2022 US\$'000	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	149	213	(70)	(18)	74	(125)	(225)	—
Cumulative	149	362	292	276	350	225	—	—

Liquidity coverage ratio (LCR)

As at 30 June 2023, the bank's LCR stood at 170% (31 March 2023: 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. profile and attrition based on history, is applied to term deposits in the normal course of business.

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.

30 JUNE 2023 US\$'000	< 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	669	20	—	—	—	—	689
Investment/trading assets	300	79	34	121	—	5	539
Advances	1,059	31	25	35	—	5	1,154
Other assets	—	—	—	—	—	4	4
Assets	2,028	130	59	156	—	14	2,386
Deposits – banks	(210)	—	—	—	—	—	(210)
Deposits – non-banks	(1,221)	(88)	(67)	(4)	—	—	(1,380)
Repurchase agreements with banks	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	(25)	(25)
Liabilities	(1,431)	(88)	(67)	(4)	—	(25)	(1,615)
Intercompany loans	(265)	—	—	—	—	—	(265)
Shareholders' funds	—	—	—	—	—	(512)	(512)
Balance sheet	332	42	(8)	152	—	(524)	(6)
Off balance sheet	168	(8)	(35)	(119)	—	—	6
Repricing gap	500	34	(43)	33	—	(524)	—
Cumulative repricing gap	500	534	491	524	524	—	—

AT 31 MARCH 2023 US\$'000	< 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	977	191	—	45	—	—	1,213
Investment/trading assets	20	—	22	86	—	6	134
Advances	1,032	57	2	37	—	—	1,128
Other assets	—	—	—	—	—	8	8
Assets	2,029	248	24	168	—	14	2,483
Deposits – non-banks	(1,282)	(59)	(71)	—	—	—	(1,412)
Other liabilities	—	—	—	—	—	(14)	(14)
Liabilities	(1,581)	(59)	(71)	—	—	(14)	(1,725)
Intercompany loans	(262)	—	—	—	—	—	(262)
Shareholders' funds	—	—	—	—	—	(495)	(495)
Balance sheet	186	189	(47)	168	—	(495)	1
Off balance sheet	142	5	(23)	(125)	—	—	(1)
Repricing gap	328	194	(70)	43	—	(495)	—
Cumulative repricing gap	328	522	452	495	495	—	—

AT 30 JUNE 2022 US\$'000	< 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	770	25	45	—	—	—	840
Investment/trading assets	125	—	—	77	—	7	208
Advances	796	70	51	31	—	—	948
Other assets	—	—	—	—	—	6	6
Assets	1,691	95	96	108	—	13	2,002
Deposits – non-banks	(1,102)	(105)	(60)	—	—	—	(1,267)
Other liabilities	—	—	—	—	—	(8)	(8)
Liabilities	(1,102)	(105)	(59)	—	—	(8)	(1,274)
Intercompany loans	(285)	—	—	—	—	—	(285)
Shareholders' funds	—	—	—	—	—	(451)	(451)
Balance sheet	303	(10)	36	108	—	(446)	(9)
Off balance sheet	147	—	(30)	(108)	—	—	9
Repricing gap	450	(10)	6	—	—	(446)	—
Cumulative repricing gap	450	440	446	446	445	—	—

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.

US\$ MILLION	SENSITIVITY TO THE FOLLOWING INTEREST RATES					ALL (USD)
	ZAR	GBP	USD	EUR	AUD	
At 30 June 2023						
200bp down	(0.02)	1.42	2.99	0.91	(0.08)	5.23
200bp up	0.02	(1.42)	(2.99)	(0.91)	0.08	(5.23)
At 31 March 2023						
200bp down	(0.05)	3.09	4.25	1.00	0.00	8.29
200bp up	0.04	(3.09)	(4.25)	(1.00)	(0.00)	(8.30)
At 30 June 2022						
200bp down	(0.47)	1.43	2.22	0.51	—	3.62
200bp up	0.35	(1.43)	(2.22)	(0.51)	—	(3.81)

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)	ZAR	GBP	USD	EUR	AUD	AGGREGATE NET OPEN FOREIGN EXCHANGE POSITION
30 June 2023						
Long/(short) position	141	51	(589)	1,789	(46)	1,981
31 March 2023						
Long/(short) position	(26)	1,778	2,820	2,227	(45)	6,825
30 June 2022						
Long/(short) position	438	1,280	(1,055)	202	(1,000)	1,919