ANNUAL REPORT | 2020

Investec Bank (Mauritius) Limited annual financial statements

Investec

Cross reference tools

AUDITED INFORMATION
Denotes information in the risk and remuneration reports that forms part of the group's audited annual financial statements

PAGE REFERENCES
Refers readers to information elsewhere in this report

WEBSITE
Indicates that additional information is available on our website: www.investec.com

CORPORATE SUSTAINABILITY
Refers readers to further information in our 2020 group sustainability and ESG supplementary report available on our website: www.investec.com

REPORTING STANDARD
Denotes our consideration of a reporting standard

CONTENTS

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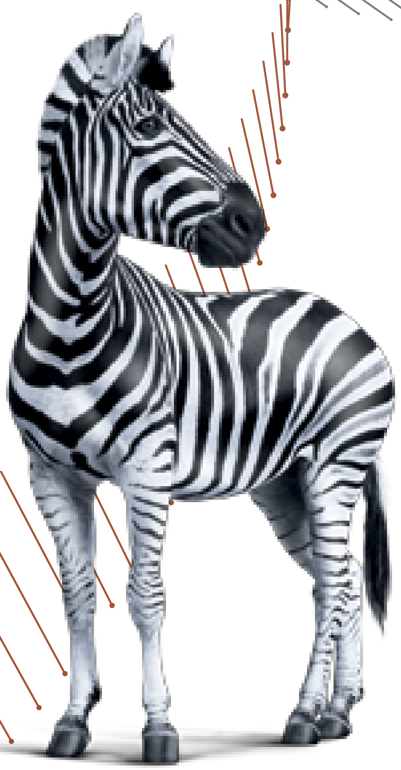
INVESTEC BANK (MAURITIUS) LIMITED IN PERSPECTIVE



Our purpose

Investec's purpose is to create and manage wealth for our stakeholders. Guided by our vision to create and preserve sustained long-term wealth, we seek to build resilient profitable businesses that support our clients to grow their businesses while contributing in a positive and responsible way to the health of our economy, our people, our communities and the environment to ensure a prosperous future for all.

Our mission

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

We focus on delivering profitable, impactful and sustainable solutions to our clients in two core areas of activity, Banking and Wealth & Investment.

The Investec distinction is embodied in our entrepreneurial culture which is balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Our values and philosophies

Distinctive performance

- We employ talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment
- We promote innovation and entrepreneurial freedom to operate within the context of risk consciousness, sound judgement and an obligation to do things properly
- We show concern for people, support our colleagues and encourage growth and development.

Client focus

- We break china for the client, having the tenacity and confidence to challenge convention
- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.

Cast-iron integrity

- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Dedicated partnership

- We believe that open and honest dialogue is the appropriate process to test decisions, seek consensus and accept responsibility
- We are creative individuals who co-operate and collaborate unselfishly in pursuit of group performance
- We respect the dignity and worth of the individual through encouraging openness and embracing difference and by the sincere, consistent and considerate manner in which we interact.

One Investec

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus:

- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.

Investec Distinction

CLIENT FOCUSED APPROACH

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High-tech, high-touch approach
- High level of service by being nimble, flexible and innovative.

SPECIALISED STRATEGY

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

SUSTAINABLE BUSINESS

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

STRONG CULTURE

- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

In order to deliver on our strategy we have identified five key strategic objectives outlined below:

THESE WILL ENABLE US TO SIMPLIFY, FOCUS AND GROW THE BUSINESS WITH DISCIPLINE.

Capital discipline	A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy
Growth initiatives	Focus on growing our client base and building new sources of revenue
Improved cost management	Heightened rigour in identifying efficiencies in all areas of the business
Digitalisation	Enhancing digital capabilities to continue delivering an advanced high-tech, high-touch proposition
Greater Connectivity	Enhancing links among and between the Banking and Wealth & Investment businesses, across geographies

We are a domestically relevant, internationally connected banking and wealth & investment group

2 principal geographies

2 core areas of activity

8 700+ employees

£24.9 billion Core loans

£32.2 billion Customer deposits

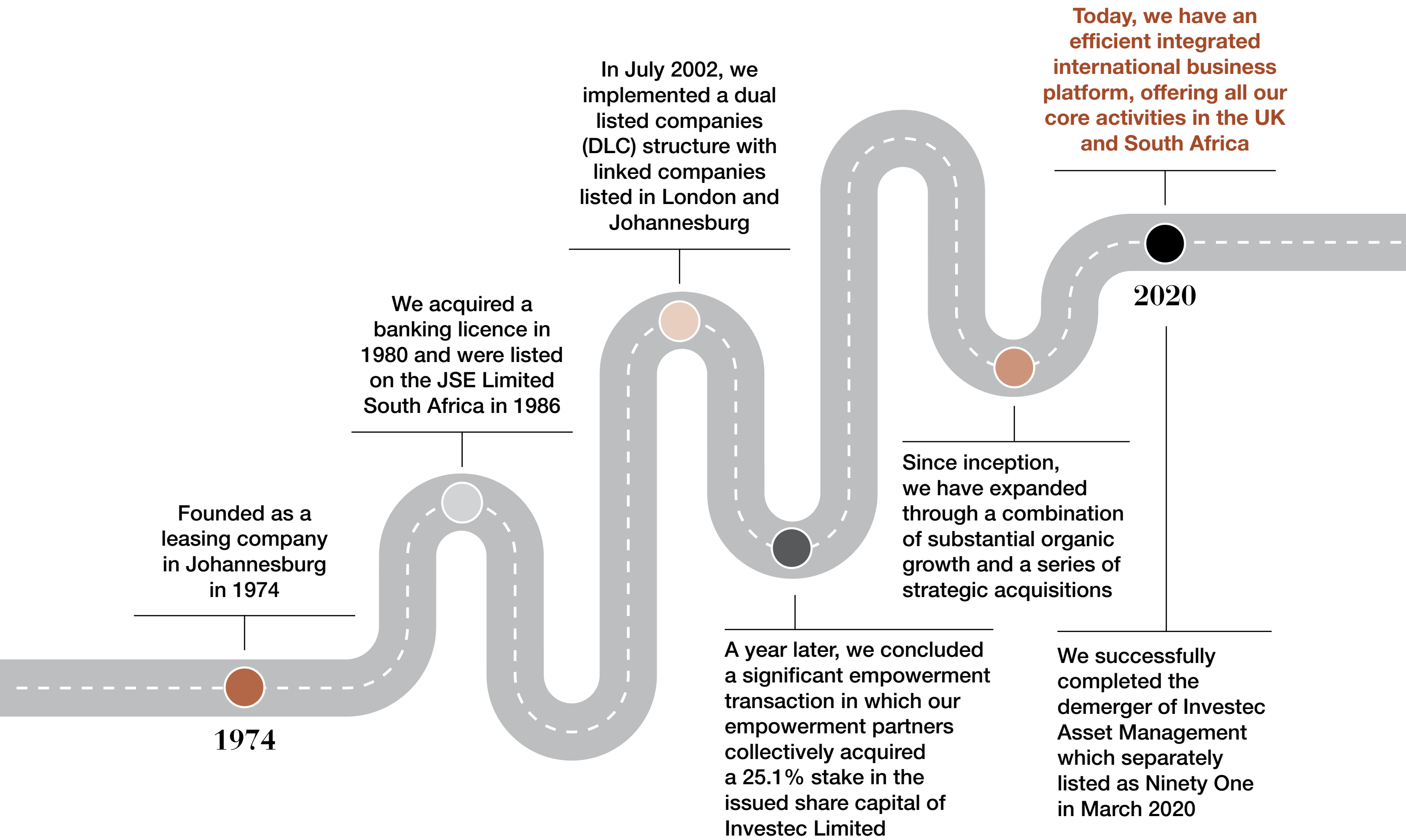
£45.0 billion Third party FUM

Corporate / Institutional / Government / Intermediary	Private client (HNW / high income) / charities / trusts
Specialist Banking	**Wealth & Investment**
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking / execution only
Investment activities	
Deposit raising activities	

We have market-leading distinctive client franchises

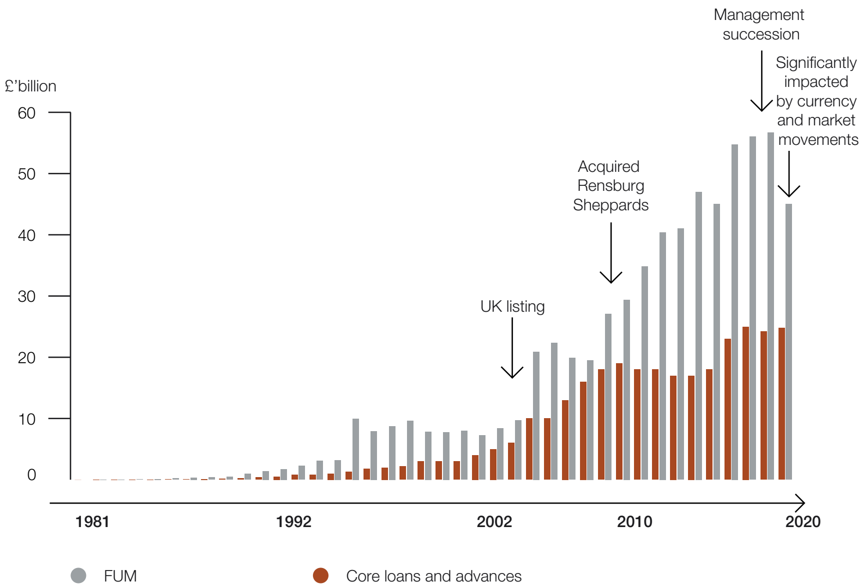
We provide a high level of client service enabled by advanced digital platforms

We are a people business backed by our out of the ordinary culture, and entrepreneurial spirit



A bank and investment manager with nearly 40 years of heritage

FUM and core loans and advances



- Focused on core markets
- Leading specialist client franchises
- Growing connectivity between the specialist bank and wealth business
- Well capitalised, lowly leveraged balance sheet
- Diversified mix of business by geography, income and business
- Highly scalable platform

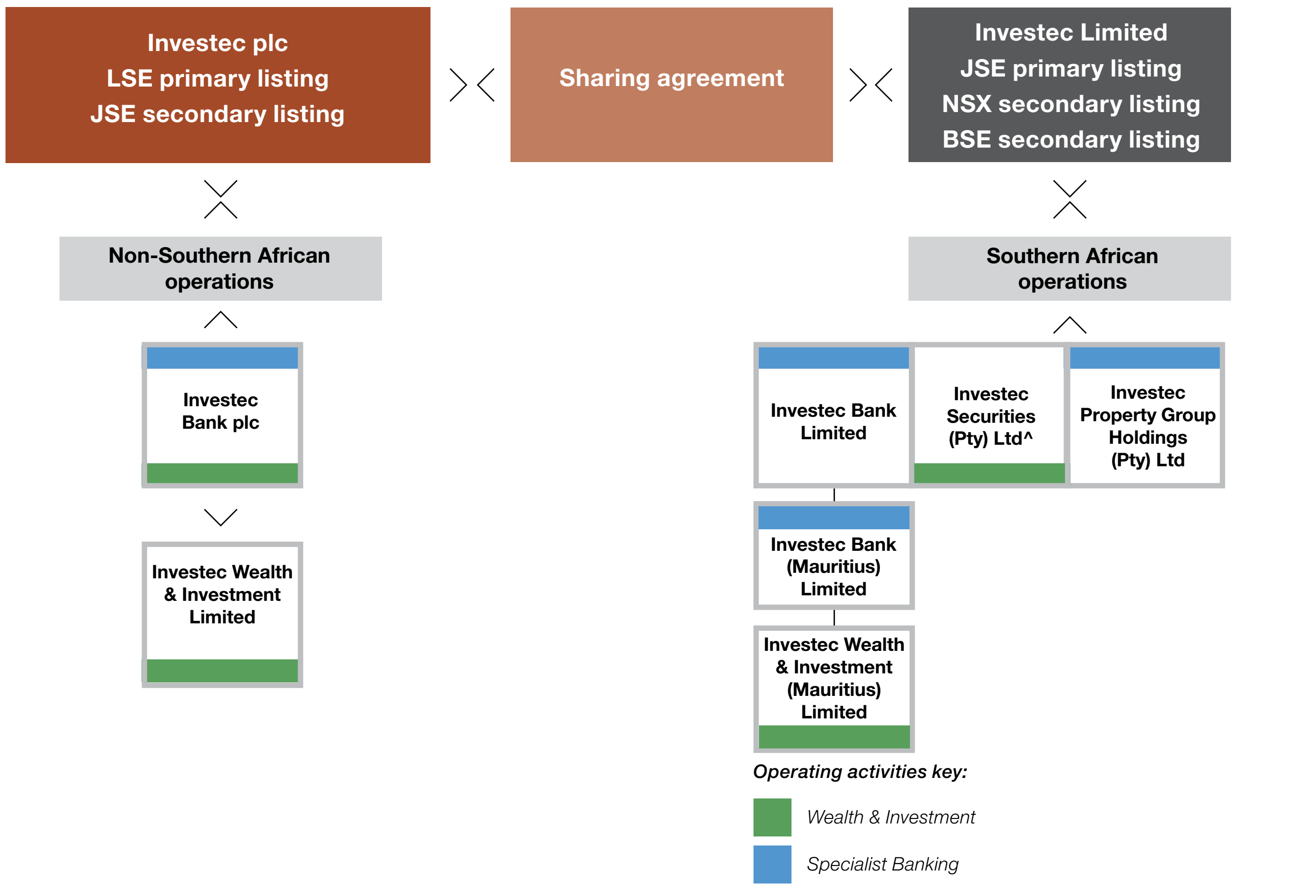
Note: All figures on this page relate to continuing operations.

During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in South Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002).

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

Our DLC structure and main operating subsidiaries at 31 March 2020



^ *Houses the Wealth & Investment business.*

All shareholdings in the ordinary share capital of the subsidiaries shown are 100%.

In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). Investec retained a 25% shareholding in the Ninety One group, with 16% held through Investec plc and 9% held through Investec Limited.

Further information on the demerger can be found on our website.

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.

Investec Bank (Mauritius) Limited operates as a specialist bank and wealth manager

Specialist Banking

Our specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs.

Each business provides specialised products and services to defined target markets

Focus on helping our clients create and preserve wealth	**A highly valued partner and adviser to our clients**
High net worth and high income private clients	Corporate, private equity, government and institutional clients
Private Banking	*Corporate and Institutional Banking*
– Lending – Transactional banking – Savings – Foreign exchange	– Asset finance – Lending – Treasury and risk management solutions

Value proposition

- Investec Bank (Mauritius) Limited was established in 1997
- High quality specialised banking solutions to corporate and private clients with leading positions in selected areas
- Provision of high touch personalised service with ability to execute quickly
- Ability to leverage international, cross border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth.

Wealth & Investment

Investec Wealth & Investment Mauritius offers its clients comfort in its scale, international reach and depth of investment processes.

Investec Wealth & Investment Mauritius provides an international investment management service to its corporate, institutional and high net worth private client base leveraging from the Investec group's international infrastructure and intellectual property. The business in Mauritius has combined funds under management in excess of US$ 200 million.

A two-tiered service offering; advisory or discretionary investment management to best meet the investor's customised requirements.

All custody functions are executed through one of Investec's nominee companies administered by either Investec Bank Switzerland (IBSAG) or Investec Wealth & Investment UK (Investec Wealth & Investment UK).

Investment Management Services

An **integrated** investment management service leveraging from the group's international infrastructure/intellectual property

A **flexible** investment management offering through:

- **Discretionary** and **advisory** portfolio management services for private clients
- **Segregated** or **unitised** portfolio solutions
- Specialist portfolio management services for international clients.

Underlying **specialised mandates**:

- Segregated fixed income and equity centric portfolios
- Capital Protected Structured Investments
- Risk profiles multi-manager unitised strategies.

Value proposition

- Investec Wealth & Investment Mauritius was established in 2017
- Strong collaboration with the global Wealth & Investment business
- Distinct distribution channels: direct, intermediaries, charities and international
- Single consistent global investment purpose
- Focus on organic growth in our key markets and enhancing our range of services for the benefit of our clients.

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MANAGEMENT DISCUSSION AND ANALYSIS

The 2020 financial year was characterised by a challenging operating environment. Geopolitical tensions sparked by US trade wars, the continuous uncertainty associated with Brexit, a technical recession in South Africa, and finally the recent ongoing public health and economic effects of COVID-19, adversely impacted activity levels and financial performance over the past year. Despite this, the group delivered a satisfactory performance, posting profit of US$33.9 million for the year ended 31 March 2020 (2019: US$33.6 million).

The COVID-19 pandemic has had wide reaching impacts affecting our colleagues, our clients and our communities in various ways.

Our people have adapted quickly to the challenges and changes that have arisen from the prevailing conditions. The operational response of our business to the disruptions caused by COVID-19 was a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. At the close of the financial year, 100% of our employees were working from home. An extensive wellbeing offering was implemented providing online support for staff across physical, mental, emotional, social and financial wellbeing. Continuous engagement with staff was conducted to measure productivity, ability to cope and the extent of feeling supported.

Our focus has also been on engaging with clients to ensure they receive the support they need and have come to expect from Investec. To meet the challenges faced by our clients, we mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period.

Looking ahead, global social containment measures in the face of COVID-19 have caused unprecedented turmoil in financial markets, businesses and the economy. The length and depth of the pandemic is not yet known; however, it is expected to further reduce corporate activity, increase business failures and materially depress capital markets and asset values. A number of both fiscal and monetary stimulus packages have been provided by Governments and the private sector worldwide to support economies in response to the COVID-19 pandemic, the full effects of which are unknown at this stage.

Continuous and close management oversight of the loan portfolio and client engagement to mitigate emerging risk will be key. We entered this crisis with a robust balance sheet, characterised by a strong capital position, low gearing (strong leverage ratio) and strong levels of liquidity which we continue to maintain.

We remain committed to supporting our people, our clients and communities.

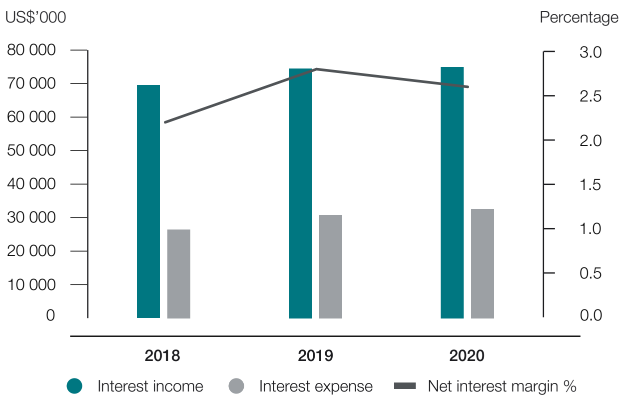
Performance against objectives

OBJECTIVES 2020	PERFORMANCE 2020	OBJECTIVES 2021
Operating income		
Operating income was expected to grow to US$53.0 million.	Operating income is 4.5% below objective at US$50.6 million.	Operating income is expected to decrease to US$38.1 million.
Operating expenses		
Operating expenses were expected to remain stable at US$13.8 million.	Costs were 6.6% below objective at US$12.9 million.	Operating expenses are expected to decrease to US$12.1 million.
Cost to income ratio		
Cost to income ratio was expected to stand below 30.0%.	Cost to income stood at 25.3%.	Cost to income ratio is expected to increase slightly above 30.0%.
Return on average assets		
Return on average assets was expected to improve to 2.1%.	Return on average assets stood at 2.0%.	Return on average assets is expected to decrease to 1.5%.
Return on average equity		
Return on average equity was expected to improve to 9.6%.	Return on average equity was 9.0%.	Return on average equity is expected to decrease to 6.1%.
Loans and advances growth		
Loans and advances were expected to be in excess of approximately US$1 000 million.	Loans and advances decreased by 10.7% to US$893 million.	Loans and advances are expected to decrease to US$847 million.
Deposits growth		
Deposits were expected to grow to US$1 100 million.	Deposits decreased by 14.1% to US$945 million.	Deposits are expected to grow to US$1 000 million.
Asset quality		
Credit loss ratio was expected to be below 0.5%.	Credit loss ratio stood at 0.04%.	Credit loss ratio is expected to be below 1.0%
Capital management		
Capital Adequacy ratio was expected to remain above 15.0%.	Capital Adequacy ratio stood at 28.1%.	Capital Adequacy ratio is expected to remain above 20.0%.
Gearing		
Gearing ratio was expected to remain below 6.5.	Gearing ratio stood at 4.3.	Gearing ratio to be maintained below 6.5.

Financial performance analysis

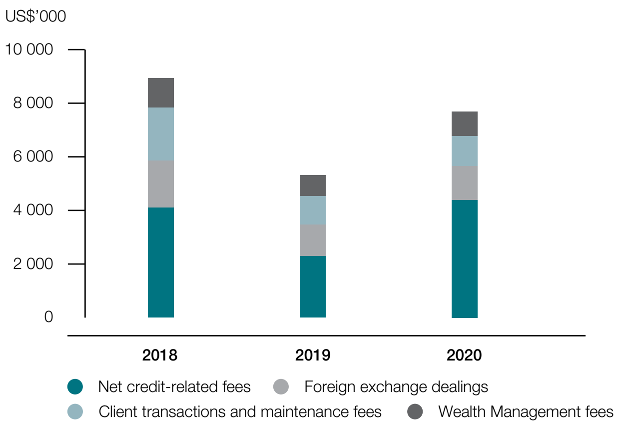
The overview that follows highlights the variances in the major line items on the face of the income statement for the year under review.

Net interest income



Net interest income decreased by 0.8% to US$42.4 million during the year under review. This resulted in a decrease in the net interest margin ratio from 2.8% to 2.6%.

Net fee income



Net fee income increased by 44.5% from US$5.3 million to US$7.7 million mainly due to higher deal related fees paid compared to the prior year.

Investment income

A realised gain of US$1.2 million was recorded, compared to a loss of US$1.4 million in the prior year, following the disposal of the equity option.

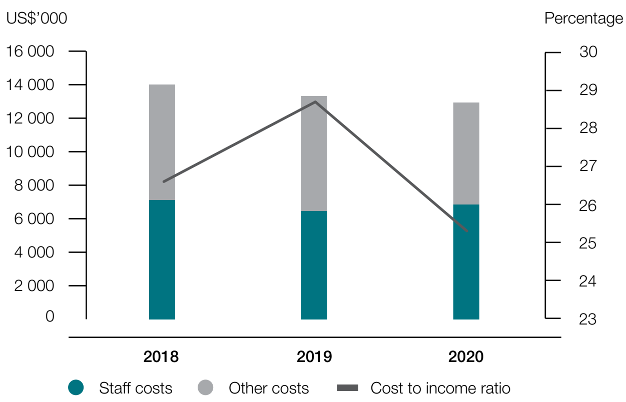
Net trading income

Trading loss of US$0.3 million arose mainly from foreign exchange movement against the US dollar.

Expected credit loss impairment/impairment on loans and advances

Impairment of US$ 0.5 million was raised during the financial year compared to a reversal of US$2.2 million during the prior year.

Operating costs



Operating costs decreased by 2.9% to US$12.9 million. Staff costs represented 53.0% of the cost base compared to 48.5% for the previous year.

The cost-to-income ratio decreased from 28.7% in the prior year to 25.3% for the current year as a result of a decrease in operating costs as well as an increase in operating income before impairments.

Financial position analysis

For the year to 31 March	2020	Change 2020 vs 2019	2019	Change 2019 vs 2018	2018
Loans and advances to customers (US$'000)	892 566	(13.7%)	1 034 269	8.6%	952 637
Cash holdings (US$'000)	667 761	15.5%	578 192	6.6%	542 431
Customer deposits (US$'000)	944 650	(8.9%)	1 036 836	16.1%	893 397
Loans to deposits ratio (%)	94.5%	(5.3%)	100%	(6.5%)	107%

Loans and advances

Loans and advances decreased by 13.7% to US$892.6 million during the financial year.

Cash holdings

Cash holdings, which include reverse repurchase, increased by 15.5% to US$667.8 million.

Customer deposits

Customer deposits decreased by 8.9% to US$944.7 million.

Performance ratios

For the year to 31 March %	2020	2019	2018
Return on average equity %	9.0	8.5	7.8
Return on average assets %*	2.0	1.9	1.7

* *Figures based on average interest-earning assets.*

Return on average equity

Return on average equity increased to 9.0%.

Return on average assets

Return on assets increased from 1.9% last year to 2.0% the current year.

Capital

For the year to 31 March %	2020	2019	2018
Shareholders' equity (US$'000)	384 216	368 088	419 976
Capital adequacy ratio (%)	28.1	25.0	30.9
Tier 1 ratio (%)	27.0	23.8	29.8

Total equity increased from US$368.1 million to US$384.2 million as a result of an increase in retained income during the financial year. The capital adequacy ratio, mainly made up of tier 1 capital, also increased from 25.0% to 28.1%, well above the regulatory requirement of 12.5% (inclusive of the capital conservation buffer of 2.5%).

Risk management

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 Presentation of Financial Statements (IAS 1) are included within this section of the annual report (pages 16 to 61) with further disclosures provided within the financial statements section (pages 90 to 182).

All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

Philosophy and approach

The bank recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, the bank's comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with its business.

Risk management's objectives

Risk management objectives are to:

- Be the custodian of the bank's risk management culture
- Ensure the business operates within the board-stated appetite
- Support the long-term sustainability of the bank by providing an established independent framework for identifying, evaluating, monitoring and mitigating risk
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently
- Aggregate and monitor exposure across risk classes
- Coordinate risk management activities across the organisation
- Give the board reasonable assurance that the risks the bank is exposed to are identified and, to the best extent possible, managed and controlled
- Run appropriate risk committees as mandated by the board
- Maintain compliance in relation to regulatory requirements.

Executive summary of the year in review from a risk perspective

The bank has continued to maintain a sound balance sheet with low leverage and a diversified business model. This has been supported by the following key operating fundamentals:

- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital
- A strong risk and capital management culture embedded into day-to-day activities and values. The bank seeks to achieve an appropriate balance between risk and reward in its business taking cognisance of all stakeholders interests
- Credit and counterparty exposures are restricted to a selected target market, the bank's risk appetite continues to favour lower risk income-based lending with credit risk taken over a short- to medium-term. Exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and sound track record in the activity expected. Credit loss ratio for the year under review was 0.04%
- Asset quality metrics before the COVID-19 pandemic reflected solid performance of core loans. Pre-COVID-19, the ECL coverage ratio was calculated at 0.63% for 31 March 2020, however, taking into account the impact of COVID-19, the ECL coverage ratio increased by 12.7% to 0.71%
- A low leverage ratio, defined as tier 1 capital as a percentage of total asset exposure in terms of Basel III, of 20.4%
- A high level of readily available, high-quality liquid assets with cash and cash equivalent representing 40.8% of total assets
- High level of liquidity; the bank does not rely on interbank wholesale funding to fund core lending asset growth
- Healthy capital ratios; the bank has always held capital in excess of regulatory requirements and it intends to perpetuate this philosophy. The bank continued to strengthen its capital base during the period
- A high level of recurring income which continues to support sustainability of operating profit
- Following the decision of the Financial Action Task Force (the "FATF") in February 2020 to place Mauritius on the list of "jurisdictions under increased monitoring", the European Commission (the "Commission") included Mauritius on its list of high-risk jurisdictions on 7 May 2020. The Regulation is not yet in force and is subject to the approval of the European Parliament and the EU Council of Ministers. Should the said approval be obtained, the date of application of this Regulation concerning the addition of third countries has been set at 1 October 2020. As a result, business transactions with operators located in Mauritius will be subject to enhanced due diligence and the Regulation prohibits persons and entities implementing EU funds from entering into new or renewed operations with entities established in Mauritius as long as it is included on the list.

The bank's overall risk management philosophies, practices and frameworks have remained largely unchanged, and have held the bank in good stead. Maintaining credit quality, strictly managing risk and liquidity, and continuing to grow the capital base remain core strategic imperatives.

An overview of key risks

In our ordinary course of business we face a number of risks that could affect our business operations

These risks are summarised in the table below along with the relevant page numbers. The sections that follow provide information on a number of these risk areas:

18 – 43 **Credit and counterparty risk** exposes us to losses caused by financial or other problems experienced by our clients.	**51 – 55** **Operational risk** may disrupt its business or result in regulatory action.	**55** **Legal and regulatory risks** are substantial in its businesses.
48 – 51 **Liquidity risk** may impair our ability to fund our operation.	**55** **Reputational, strategic and business risk.**	**45 – 47** The bank's net interest earnings and net asset value may be adversely affected by **interest rate risk.**
51 – 55 The bank may be **vulnerable to the failure of its systems** and breaches of its security systems.	**51** The bank is exposed to **non-traded currency risk** where fluctuation in exchange rates against the US Dollar could have an impact on its financial results.	**44 – 50** Market, business and general **economic conditions and fluctuations** could adversely affect its businesses in a number of ways.
56 – 60 **The bank may have insufficient capital** in the future and may be unable to secure additional financing when it is required.	**53 – 55** **Employee misconduct** could cause harm that is difficult to detect.	**12** The **financial services industry** in which the bank operates is intensely competitive.
53 – 55 The bank may be unable to **recruit, retain and motivate key personnel.**	**44** **Equity and investment risk.**	**56 – 60** We may be exposed to **country risk**, i.e. the risk inherent in sovereign exposure and events in other countries.

www *See Investec annual report on our website.*

Credit and counterparty risk management

Credit and counterparty risk description

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements whether reflected on- or off-balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, through loans and advances to clients and counterparties, create the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements where the bank has placed funds with other financial institutions
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received
- Trading transactions giving rise to settlement and replacement risk (collectively counterparty risk):
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected. The bank's definition of settlement debtor is a short-term receivable (i.e. less than five days) excluded from credit and counterparty risk due to market-guaranteed settlement mechanisms
  - Replacement risk is the financial cost of having to enter into a replacement contract with an alternative market counterparty, following default by the original counterparty.

Credit and counterparty risk can be impacted by country risk where cross- border transactions are undertaken.

This can include geopolitical risks, transfer and convertibility risks and the impact on the borrower's credit profile due to local economic and political conditions.

In terms of the bank's country risk policy, the bank's credit committee with the approval of the group's credit committee will set either a general country limit or a deal-specific country limit specifically for the bank, for those countries where the bank has or will have an exposure. General and deal-specific country limits are classified as follows:

- General country limits are set for countries with an A to AAA country rating, determined by an eligible credit assessment institution (ECAI) in which the bank has or will have an exposure
- Deal-specific country limits are set by the credit committee for those countries which do not have an A to AAA country rating and where the bank wishes to or has an exposure in that country.

Notwithstanding the country rating granted to a country by any one of the ECAIs allowing the country to be assigned a deal- specific country limit, the relevant credit committee has the mandate to assign a general country limit for that country.

For country and sovereign risk provisioning purposes, the bank's credit committee shall choose the country which better reflects the risk on each exposure between the country from which the cash flow shall emanate in order to service the debt, the country of incorporation or residency and the country where the bank will look to perfect its security in the first instance.

At 31 March 2020, the bank has provided an amount of US$4.7 million in respect of country risk which is included in tier 2 capital as part of 'general banking reserves and portfolio provisions'.

Credit and counterparty risk governance structure

The bank's credit committee manages, measures and mitigates credit and counterparty risk. This committee operates under board-approved delegated limits, policies and procedures. There is a high level of executive involvement and non- executive review and oversight in the credit decision-making forums. It is policy that the credit committee has a majority of voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the credit committee, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Arrears management and regular arrears reporting ensures that individual positions and any potential trends are dealt with in a timely manner
- The bank's operations committee and management committee review the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision
- The bank's investment committee reviews and manages exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements
- The bank's credit review committee reviews all credit exposures on an annual basis.

Credit and counterparty risk appetite

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to avoid or minimise over exposure and concentration risk.

The bank's assessment of its clients and counterparties includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client to meet these payment obligations. Furthermore, the bank has very little appetite for unsecured debt and ensures that good quality collateral is provided in support of obligations.

Refer to pages 18 and 43 for further information.

Target clients include high-net-worth and/or high-income individuals, professionally qualified individuals, established corporates, small and medium enterprises, financial institutions and sovereigns. Corporates must have scale and relevance in their market, an experienced management team and able board members, and strong earnings and cash flow.

The bank typically originates loans with the intent of holding these assets to maturity, and thereby developing a 'hands-on' and long-standing relationship with our clients.

Pricing is motivated on a transaction by transaction basis, with consideration given to the manner of origination of the asset, capital usage and liquidity. Pricing recommendations are discussed and agreed at the credit committee to ensure that reward is appropriate to the risk and that pricing is not compromised in the pursuit of volume or relationship. As a consequence of market behaviour, pricing for similar risk may differ from time to time.

Concentration risk

Concentration risk is when large exposures exist to a single client or counterparty, group of connected counterparties, or to a particular geography, asset class or industry. An example of this would be where a number of counterparties are affected by similar economic, legal, regulatory or other factors that could mean their ability to meet contractual obligations are correlated.

Concentration risk can also exist where portfolio loan maturities are clustered to single periods in time. Loan maturities are monitored on a portfolio and a transaction level by the bank's risk management, group risk management and group lending operations.

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to manage concentration risk.

Concentration of risk policies

The bank has adopted and complies with the Bank of Mauritius Guideline on Credit Concentration Risk. The bank ensures that it does not grant credit to a single customer and its related parties which exceed the regulatory limit stipulated in the guideline.

The bank, which is a subsidiary of a foreign bank, ensures that its credit exposures are within the following limits:

(i) Denominated in Mauritian rupees

 (a) Aggregate credit exposure to any single customer shall not exceed 25 per cent of the bank's Tier 1 Capital;

 (b) Aggregate credit exposure to any group of connected counterparties shall not exceed 40 per cent of the bank's Tier 1 Capital; and

 (c) Aggregate large exposures to all customers and groups of connected counterparties shall not exceed 800 per cent of the bank's Tier 1 capital.

(ii) Denominated in currencies other than Mauritian Rupee

 (a) Aggregate credit exposure to any single customer shall not exceed 50 per cent of the bank's Tier 1 Capital;

 (b) Aggregate credit exposure to any group of connected counterparties shall not exceed 75 per cent of the bank's Tier 1 Capital; and

 (c) Aggregate large exposures to all customers and groups of connected counterparties shall not exceed 1 200 per cent of the bank's Tier 1 capital. This limit is exclusive of the limit of 800 per cent imposed in Mauritian Rupee denominated credit.

Effective from 2 October 2017, the Bank of Mauritius revised the definition of large credit exposure as the sum of all exposures to a customer or group of connected counterparties in Mauritian Rupees or foreign currencies or both which is over 10 per cent of the financial institution's Tier 1 Capital.

At 31 March 2020, the six largest customers or group of connected counterparties to whom the bank granted facilities aggregating more than 10 per cent of its Tier 1 capital was for a total amount of US$451.2 million (123.4% of Tier 1 Capital)

At 31 March 2019, the six largest customers or group of connected counterparties to whom the bank granted facilities aggregating more than 10 per cent of its Tier 1 capital was for a total amount of US$378.9 million (108.7% of Tier 1 Capital)

At 31 March 2018, the six largest customers or group of connected counterparties to whom the bank granted facilities aggregating more than 10 per cent of its Tier 1 capital was for a total amount of US$367.6 million (89.5% of Tier 1 Capital)

Risk appetite

The board has set the bank's risk appetite limit framework which regulates the maximum exposures we would be comfortable to tolerate in order to diversify and mitigate risk. This limit framework is monitored on an ongoing basis and reported to the group and board risk and capital committee (BRCC) on a regular basis. Should there be any breaches to limits or where exposures are nearing limits, these exceptions are specifically highlighted for attention and any remedial actions agreed.

Management and measurement of credit and counterparty risk

Fundamental principles employed in the management of credit and counterparty risk are:

- A clear definition of the bank's target market
- A quantitative and qualitative assessment of the creditworthiness of the bank's counterparties. Analysis of risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty and geographical concentration)
- Prudential limits
- Regular monitoring and review of existing and potential exposures once facilities have been approved
- A high level of executive involvement in decision-making with non-executive review and oversight.

Regular reporting of credit and counterparty risk exposures is made to management, the executives and the board. The board regularly reviews and approves the appetite for credit and counterparty risk.

Despite strict adherence to the above principles, increased default risk may arise from unforeseen circumstances particularly in times of extreme market volatility and weak economic conditions.

The bank completes scenario tests on its loan portfolio with regards to the capital held. These tests stress the existing portfolio to allow the bank to identify underlying risks and manage them accordingly. These stress tests include (but are not limited to) residential and commercial property prices, foreign exchange rates, default rates, impairments and capital usage. The credit risk stress tests also play an integral part in the bank's capital planning process.

A large proportion of the portfolio is not rated by external rating agencies. The bank mainly places reliance upon internal considerations of counterparties and borrowers and uses ratings prepared externally where available for support.

Within the credit approval process all available internal and external ratings are included in the assessment of the client quality.

Fitch (UK only), S&P, Moody's and Global Credit Ratings (SA only) have been nominated as eligible External Credit Assessment institutions (ECAIs) for the purposes of determining external credit ratings. The following elections have been made:

- In relation to sovereigns and securitisations, Fitch (UK only), Moody's, S&P and Global Credit Ratings (SA only) have been selected by Investec as eligible ECAIs
- In relation to banks, corporates and debt securities, Fitch (UK only), Moody's and S&P are recognised as eligible ECAIs
- If two assessments are available, the more conservative will apply
- Where there are three or more credit ratings with different risk weightings, the credit ratings corresponding to the two lowest ratings should be referred to and the higher of those two ratings should be applied. The group applies the standardised approach for calculating capital requirements in the assessment of its credit and counterparty exposures. The bank conducts their mapping of credit and counterparty exposures in accordance with the mapping procedures specified by the Central Bank, in the respective geographies in which the group operates.

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 are at least as favourable to the bank as the market terms and conditions.

The conduct review committee (CRC) – which consists of three non-executive directors – approves, reviews and monitors the related party transactions. The committee meets at least once every quarter to review and approve all related party transactions. After each meeting the matters approved and reviewed by the CRC are reported to the board of directors.

The bank reports on the proceedings of the CRC during the year to the Bank of Mauritius on a yearly basis.

For the year to 31 March	2020	2019	2018
On- and off-balance sheet credit exposure with related parties (US$'million)	269.0	39.7	55.2
On- and off-balance sheet credit exposure to related parties as a percentage of exposure to all customers (%)	16.4	2.2	3.2
Amount of credit exposure to six related parties with the highest exposure (US$'million)	268.6	39.5	55.1
Amount of credit exposure to six related parties with the highest exposure to tier 1 capital (%)	73.5	11.3	13.4

All the related party transactions were within the regulatory limits as recommended in the abovementioned guideline.

Transactions with related parties are carried out on terms and conditions that are at least as favourable to the bank as the market terms and conditions.

Credit risk classification and provisioning policy

International Financial Reporting Standard 9 Financial Instruments (IFRS 9) requirements have been embedded into our group credit risk classification and provisioning policy. A framework has been established to incorporate both quantitative and qualitative measures. Policies for financial assets at amortised cost and at fair value through other comprehensive income (FVOCI), in accordance with IFRS 9, have been developed as described below:

Definition of default

The group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

Stage 1

All assets that are considered performing and have not had a significant increase in credit risk are reported as Stage 1 assets.

Under IFRS 9 these Stage 1 financial assets have loss allowances measured at an amount equal to 12-month expected credit loss (ECL).

Stage 2

Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. A loss allowance equivalent to a lifetime ECL is required to be held.

The group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty amongst other indicators of financial stress. These exposures are assessed on a case by case basis to determine whether the proposed modifications will be considered as forbearance. Where the credit committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable timeframe these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred.

The group assumes that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposures) are met.

Stage 3

Financial assets are included in Stage 3 when there is objective evidence of credit impairment. As required under IFRS 9, the group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example if a loan is not expected to meet the original contractual obligations in a reasonable timeframe, the loan will be classified as Stage 3.

Loans which are more than 90 days past due are considered to be in default.

Expected credit loss (ECL)

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39, and the resulting impairment charge may be more volatile.

Prudential Norm impairment provisions

Following revision of the Bank of Mauritius guideline on 'Credit Impairment Measurement and Income Recognition' effective since 1 January 2020 the bank is required to compute credit impairment provisions on 'impaired' assets under the Prudential Norm as per the revised guideline for all non-performing assets.

Where credit provisions computed in terms of Accounting Standards are different from those computed under the Prudential Provisioning Norm, the financial institution will be required to adhere to the following requirements:

- If the specific provision computed in terms of the Prudential Provisioning Norm is higher than the specific provision computed in terms of Accounting Standards, the difference shall be accounted as a General Provision, through an appropriation of distributable reserves.
- If the specific provision computed in terms of Accounting Standards is higher than the specific provision computed in terms of the Prudential Provisioning Norm, then the entire specific provision computed under the Accounting Standards shall be treated as an expense in the Profit and Loss Account.

The guideline also introduced new sections with respect to loans classifications and restructuring.

The information provided on the next page reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures (see page 32).

The impairment definitions and guidelines are consistent with IFRS. IFRS differs from the requirements laid out in the 'International Convergence of Capital Measurement and Capital Standards' Basel II framework.

Effective 1 January 2020 the general banking provision is calculated as per the revised BOM guideline on credit impairment measurement and income recognition, notwhithstanding that this has been suspended by Bank of Mauritius on 5 March 2020 following COVID-19.

Regulatory and economic capital classification	*IFRS impairment treatment*	*Arrears, default and recoveries classification category*	*Description*
Performing assets	For assets which form part of a homogeneous portfolio, a portfolio impairment is required which recognises asset impairments that have not been individually identified. The portfolio impairment takes into account past events and does not cover impairments to exposures arising out of uncertain future events. By definition, this impairment is only calculated for credit exposures which are managed on a portfolio basis and only for assets where a loss trigger event has occurred.	Past due	An account is considered to be past due when it is greater than zero and less than or equal to 60 days past due the contractual/credit agreed payment due date. Management however is not concerned and there is confidence in the counterparty's ability to repay the past due obligations
		Special mention	The counterparty is placed in special mention when that counterparty is considered to be experiencing difficulties that may threaten the counterparty's ability to fulfil its credit obligation to the bank (i.e. credit committee is concerned) for any of the following reasons: • Covenant breaches • There is a slowdown in the counterparty's business activity • An adverse trend in operations that signals a potential weakness in the financial strength of the counterparty • Any restructured credit exposures until credit committee decides otherwise • Any specific country problems. Ultimate loss is not expected, but may occur if adverse conditions persist. Reporting categories: • Credit exposures overdue 1 – 90 days • Credit exposures overdue 61 – 90 days.

Regulatory and economic capital classification	*IFRS impairment treatment*	*Arrears, default and recoveries classification category*	*Description*
Assets in default – Non-Performing Assets (NPA)	Specific impairments are evaluated on a case-by-case basis where objective evidence of impairment has arisen. In determining specific impairments, the following factors are considered: • Capability of the client to generate sufficient cash flow to service debt obligations and the ongoing viability of the client's business • Likely dividend or amount recoverable on liquidation or bankruptcy or business rescue • Nature and extent of claims by other creditors • Amount and timing of expected cash flows • Realisable value of security held (or other credit mitigants) • Ability of the client to make payments in the foreign currency, for foreign currency denominated accounts.	Sub-standard	A NPA classified as sub-standard shall exhibit well-defined credit weaknesses in respect of the business, cash flow or financial position of the obligor which may lead to the financial institution sustaining losses thereon, if the deficiencies are not corrected. A NPA which is past due by more than 90 days but has been classified as NPA for no more than one year should, as a minimum, be classified as sub-standard.
		Doubtful	A NPA classified as doubtful shall exhibit all the weaknesses inherent in a sub-standard credit facility as well as supplementary weaknesses that make the prospect of full recovery of the credit facility questionable without having recourse to the collateral and loss thereon highly likely. A NPA which has remained as NPA for more than one year but no more than five years should, as a minimum, be classified as doubtful.
		Loss	A NPA should be classified as loss if the credit facility is considered uncollectible and of such little value that maintaining it as a bankable asset is not warranted although there may be some salvage or recovery value from the security available (i.e. recoverable value of security is less than 10 per cent of total outstanding credit). A NPA should, as a minimum, be classified as loss when: (i) The asset remained as NPA for more than five years; or (ii) The loss has been identified by the financial institution's internal auditor or external auditor or on site examination of Bank of Mauritius.

Credit risk mitigation

Credit risk mitigation techniques can be defined as all methods by which Investec seeks to decrease the credit risk associated with an exposure. Investec considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal and not as a separate consideration of mitigation of risk. Credit risk mitigants can include any collateral item over which the bank has pledge or security, netting and margining agreements, covenants or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

As Investec has a limited appetite for unsecured debt, the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. Collateral is assessed with reference to the sustainability of value and the likelihood of realisation. Acceptable collateral generally exhibits characteristics that allow for it to be easily identified and appropriately valued.

An analysis of collateral is provided on pages 42 and 43.

Where a transaction is supported by a mortgage or charge over property, the primary credit risk is still taken on the borrower. For property-backed lending such as residential mortgages, the following characteristics of the property are considered: the type of property, its location, and the ease with which the property could be re-let and/or re-sold. Where the property is secured by lease agreements, the credit committee prefers not to lend for a term beyond the maximum period of the lease.

Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases.

Residential property is also generally of a high quality and based in desirable locations. Residential and commercial property valuations will continue to form part of our ongoing focus on collateral assessment. It is our policy to obtain a formal valuation of every commercial property offered as collateral for a lending facility before advancing funds.

Residential properties are valued by desktop valuation and/or approved valuers, where appropriate.

Other common forms of collateral in the retail asset class are cash and share portfolios. In addition, the relevant credit committee normally requires a suretyship or guarantee in support of a transaction in our private client business.

Lending against investment portfolios is typically geared at very conservative loan-to-value ratios after considering the quality, diversification, risk profile and liquidity of the portfolio.

Our corporate, government and institutional clients provide a range of collateral including cash, corporate assets, debtors (accounts receivable), trading stock, debt securities (bonds), listed and unlisted shares and guarantees.

The majority of credit mitigation techniques linked to trading activity is in the form of netting (primarily International Swap Dealers Association, Global Master Securities Lending Agreement and International Securities Master Agreement) and margining agreements (primarily through Credit Support Agreements).

Set-off has been applied between assets subject to credit risk and related liabilities in the financial statements where:

- A legally enforceable right to set- off exists
- There is the ability to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/ counterparty
- Debit and credit balances are denominated in the same currency and have identical maturities
- Exposures subject to set-off are risk managed on a net basis
- Market practice considerations.

For this reason, there will be instances where credit and counterparty exposures are displayed on a net basis in these annual financial statements but reported on a gross basis to regulators.

Investec places minimal reliance on credit derivatives in its credit risk mitigation techniques.

Credit and counterparty risk year in review

The bank is mainly exposed to credit risk and has continued to remain prudent in its lending approach.

Loans to customers are well secured and monitored in order to remain within credit approved limits.

Credit quality remain solid with non-performing loans standing at 0.9% of gross loans and advances to customers. These exposures remain relatively well secured.

Exposures amounting US$0.9 million have been written-off during the year.

Gross core loans decreased by 13.7% to US$899.0 million as at 31 March 2020.

Credit and counterparty risk information

Pages 18 to 43 describe where and how credit counterparty risk exists in the bank's operations

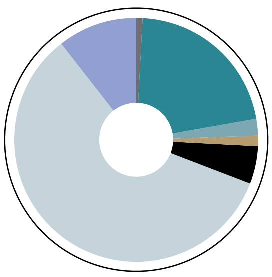
The tables that follow provide an analysis of the bank's credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

US$'000	**31 March 2020**	31 March 2019	31 March 2018	**2020 vs 2019 % change**	**Average* 2020 vs 2019**	2019 vs 2018 % change	Average* 2019 vs 2018
On-balance sheet exposures							
Cash and balances at central bank	15 807	14 138	16 691	11.8%	14 972	(15.3%)	15 414
Due from banks	324 844	402 956	443 357	(19.4%)	363 900	(9.1%)	423 157
Sovereign debt securities	–	20 575	–	(100.0%)	10 288	100.0%	10 288
Bank debt securities	34 691	88 672	137 604	(60.9%)	61 681	(35.6%)	113 138
Other debt securities	22 681	25 085	30 172	(9.6%)	23 883	(16.9%)	27 628
Reverse repurchase agreements	75 004	50 033	50 097	49.9%	62 518	(0.2%)	50 055
Loans and advances to customers	898 961	1 041 148	964 687	(13.7%)	970 055	7.9%	1 002 917
Total on-balance sheet credit and counterparty exposures	**1 371 988**	**1 642 607**	**1 642 608**	**(16.5%)**	**1 507 297**	**0.0%**	**1 642 597**
Guarantees^	16 865	6 095	7 417	>100%	11 480	(17.8%)	6 756
Committed facilities	142 285	239 293	178 125	(40.5%)	190 789	34.3%	208 709
Off-balance sheet exposures	**159 150**	**245 388**	**185 542**	**(35.1%)**	**202 269**	**32.3%**	**215 465**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**1 531 138**	**1 887 995**	**1 828 150**	**(18.9%)**	**1 709 566**	**3.3%**	**1 858 062**

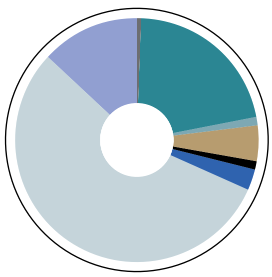
* *Where the average is based on a straight-line average.*
^ *Excludes guarantees provided to clients which are backed/secured by cash deposit with the bank.*

An analysis of gross credit and counterparty exposures



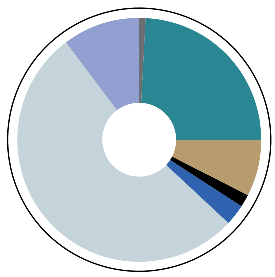
2020

1.0%	Cash and balances at central banks
21.2%	Loans and advances to banks
2.3%	Sovereign debt securities
1.5%	Bank debt securities
4.9%	Other debt securities
0.0%	Reverse repurchase agreements and cash collateral on securities borrowed
58.4%	Loans and advances to customers
10.4%	Off-balance sheet exposures



2019

0.7%	Cash and balances at central banks
21.3%	Loans and advances to banks
1.1%	Sovereign debt securities
4.7%	Bank debt securities
1.3%	Other debt securities
2.6%	Reverse repurchase agreements and cash collateral on securities borrowed
55.1%	Loans and advances to customers
13.0%	Off-balance sheet exposures

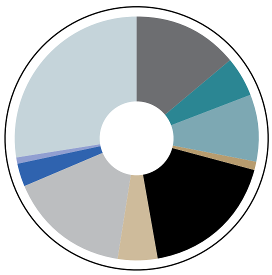


2018

0.9%	Cash and balances at central banks
24.3%	Loans and advances to banks
0.0%	Sovereign debt securities
7.5%	Bank debt securities
1.7%	Other debt securities
2.7%	Reverse repurchase agreements and cash collateral on securities borrowed
52.8%	Loans and advances to customers
10.1%	Off-balance sheet exposures

Concentration of risk is managed by client/counterparty, by geographical region and industry sector. The maximum exposure to any client and counterparty at 31 March 2020 was US$50.0 million (2019: US$80.8 million and 2018: US$92.5 million).

An analysis of gross credit and counterparty exposures

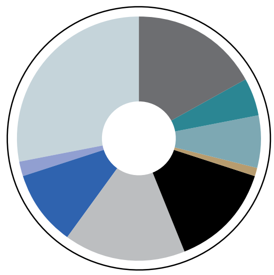


2020

14%	Mauritius
5%	South Africa
9%	Africa (excl RSA)
1%	Asia
18%	European Union
5%	Europe (non-EU)
16%	North America
3%	Other
1%	Australia
27%	United Kingdom

2019

22%	Mauritius
8%	South Africa
7%	Africa (excl RSA)
2%	Asia
11%	European Union
0%	Europe (non-EU)
17%	North America
4%	Other
2%	Australia
27%	United Kingdom



2018

17%	Mauritius
5%	South Africa
7%	Africa (excl RSA)
1%	Asia
14%	European Union
0%	Europe (non-EU)
15%	North America
10%	Other
2%	Australia
28%	United Kingdom

A further analysis of our on-balance sheet credit and counterparty exposures

At 31 March US$'000	Total credit and counterparty exposure	Expected credit loss	Assets that we deem to have no legal credit exposure	Note reference	**Total balance sheet**
2020					
Cash and balances at central banks	15 807	–	4		15 811
Due from banks	324 844	(68)	232 053	1	556 829
Bank debt securities	34 691		–		34 691
Other debt securities	22 681	(98)	–		22 583
Derivative financial instruments	–	–	735		735
Reverse repurchase agreements	75 004	(21)	26 051	1	101 034
Loans and advances to customers	898 961	(6 395)	–	2	892 566
Other assets	–		4 101		4 101
Investment portfolio	–		2 402	3	2 402
Investment in associate	–		2 856		2 856
Deferred taxation asset	–		421		421
Equipment	–		1 191		1 191
Amount due from group companies	–		1 771	1	1 771
Total on-balance sheet exposures	**1 371 988**	**(6 582)**	**271 585**		**1 636 991**

A further analysis of our on-balance sheet credit and counterparty exposures *(continued)*

At 31 March US$'000	Total credit and counterparty exposure	Expected credit loss	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
2019					
Cash and balances at central banks	14 138	–	5		14 143
Due from banks	402 956	(11)	91 368	1	494 313
Sovereign debt securities	20 575	–	–		20 575
Bank debt securities	88 672	(60)	–		88 612
Other debt securities	25 085	(107)	–		24 978
Derivative financial instruments	–	–	17 061	1	17 061
Reverse repurchase agreements	50 033	(19)	25 541	1	75 555
Loans and advances to customers	1 041 148	(6 879)	–	2	1 034 269
Other assets	–	–	4 300		4 300
Investment portfolio	–	–	5 445	3	5 445
Investment in associate	–	–	4 635		4 635
Deferred taxation asset	–	–	297		297
Equipment	–	–	354		354
Amount due from group companies	–	–	1 010	1	1 010
Total on-balance sheet exposures	**1 642 607**	**(7 076)**	**150 016**		**1 785 547**

At 31 March US$'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note refer-ence	Total balance sheet
2018				
Cash and balances at central bank	16 691	4		16 695
Due from banks	443 357	15 762	1	459 119
Bank debt securities	137 604	–		137 604
Other debt securities	30 172	–		30 172
Derivative financial instruments	–	17 437	1	17 437
Reverse repurchase agreements	50 097	25 089	1	75 186
Loans and advances to customers	964 687	(12 050)	2	952 637
Other assets	–	7 203		7 203
Investment portfolio	–	12 993	3	12 993
Investment in associate	–	4 598		4 598
Deferred taxation asset	–	438		438
Equipment	–	395		395
Amount due from group companies	–	3 366	1	3 366
Total on-balance sheet exposures	**1 642 608**	**75 235**		**1 717 843**

1. *Relates to intergroup balances.*
2. *Largely relates to impairments.*
3. *Largely relates to exposures that are classified as equity in the banking book.*

Summary of analysis of gross credit and counterparty exposure by industry

	Gross core loans and advances			Other credit and counterparty exposures			Total		
As at 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Agriculture, forestry and fishing	8 024	17 259	–	–	–	–	8 024	17 259	–
Construction	63 564	71 036	132 110	34 353	47 787	50 246	97 917	118 823	182 356
Households	38 439	26 164	31 333	2 094	5 495	460	40 533	31 659	31 793
Real estate activities	255 939	217 213	180 826	38 692	41 497	71 839	294 631	258 710	252 665
Financial and Insurance activities	239 466	388 170	395 747	545 720	718 966	728 799	785 186	1 107 136	1 124 546
Wholesale and retail trade	15 841	32 556	9 954	–	–	5 051	15 841	32 556	15 005
Manufacturing	3 805	5 681	17 880	2 000	5 000	–	5 805	10 681	17 880
Transportation and storage	158 980	108 032	139 720	411	8 124	–	159 391	116 156	139 720
Accommodation and food service activities	20 337	1 321	13 940	–	24	–	20 337	1 345	13 940
Electricity, gas, steam and air conditioning supply	40 000	48 908	2 403	–	1 603	–	40 000	50 511	2 403
Information and communication	18 558	56 028	20 270	8 636	5 751	–	27 194	61 779	20 270
Administrative and support service activities	–	18 931	461	71	–	–	71	18 931	461
Human health and social work activities	–	33 443	10 880	–	2 112	–	–	35 555	10 880
Mining and Quarrying	6 539	6 822	–	–	–	–	6 539	6 822	–
Entertainment	–	–	105	–	–	–	–	–	105
Other entities	29 469	9 584	9 058	200	10 488	7 068	29 669	20 072	16 126
Total	**898 961**	**1 041 148**	**964 687**	**632 177**	**846 847**	**863 463**	**1 531 138**	**1 887 995**	**1 828 150**

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Detailed analysis of gross credit and counterparty exposures by industry

At 31 March US$'000	Agriculture, forestry and fishing	Construction	Households	Real estate activities	Financial and Insurance activities	Wholesale and retail trade	Manufacturing
2020							
On-balance sheet exposures	**8 024**	**63 564**	**38 439**	**255 939**	**712 493**	**15 841**	**3 805**
Other debt securities	–	–	–	–	22 681	–	–
Bank debt securities	–	–	–	–	34 691	–	–
Sovereign debt securities	–	–	–	–	–	–	–
Bank placements	–	–	–	–	340 651	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	75 004	–	–
Derivative financial instruments	–	–	–	–	–	–	–
Other credit exposures	–	–	–	–	–	–	–
Gross core loans and advances to customers	8 024	63 564	38 439	255 939	239 466	15 841	3 805
Off-balance sheet exposures	**–**	**34 353**	**2 094**	**38 692**	**72 693**	**–**	**2 000**
Guarantees	–	5 027	–	536	11 070	–	–
Committed facilities	–	29 326	2 094	38 156	61 623	–	2 000
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**8 024**	**97 917**	**40 533**	**294 631**	**785 186**	**15 841**	**5 805**
2019							
On-balance sheet exposures	**17 259**	**71 036**	**26 164**	**217 213**	**989 629**	**32 556**	**5 681**
Other debt securities	–	–	–	–	25 085	–	–
Bank debt securities	–	–	–	–	88 672	–	–
Sovereign debt securities	–	–	–	–	20 575	–	–
Bank placements	–	–	–	–	417 094	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	50 033	–	–
Gross core loans and advances to customers	17 259	71 036	26 164	217 213	388 170	32 556	5 681
Off-balance sheet exposures	**–**	**47 787**	**5 495**	**41 497**	**117 508**	**–**	**5 000**
Guarantees	–	–	847	1 642	–	–	–
Committed facilities	–	47 787	4 648	39 855	117 508	–	5 000
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**17 259**	**118 822**	**31 659**	**258 709**	**1 107 136**	**32 556**	**10 681**
2018							
On-balance sheet exposures	**–**	**132 110**	**31 333**	**180 826**	**1 073 669**	**9 954**	**17 880**
Other debt securities	–	–	–	–	30 172	–	–
Bank debt securities	–	–	–	–	137 604	–	–
Bank placements	–	–	–	–	460 049	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	50 097	–	–
Gross core loans and advances to customers	–	132 110	31 333	180 826	395 747	9 954	17 880
Off-balance sheet exposures	**–**	**50 246**	**461**	**71 839**	**50 877**	**5 051**	**–**
Guarantees	–	3 977	–	2 994	–	–	–
Committed facilities	–	67 862	461	47 252	50 877	5 051	–
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**–**	**182 356**	**31 795**	**252 665**	**1 124 547**	**15 005**	**17 880**

Transportation and storage	Accommodation and food service activities	Electricity, gas, steam and air conditioning supply	Information and communication	Administrative and support service activities	Human health and social work activities	Mining and Quarrying	Entertainment	Other entities	Total
158 980	**20 337**	**40 000**	**18 558**	**–**	**–**	**6 539**	**–**	**29 469**	**1 371 988**
–	–	–	–	–	–	–	–	–	22 681
–	–	–	–	–	–	–	–	–	34 691
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	340 651
–	–	–	–	–	–	–	–	–	75 004
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
158 980	20 337	40 000	18 558	–	–	6 539	–	29 469	898 961
411	**–**	**–**	**8 636**	**71**	**–**	**–**	**–**	**200**	**159 150**
161	–	–	–	71	–	–	–	–	16 865
250	–	–	8 636	–	–	–	–	200	142 285
159 391	**20 337**	**40 000**	**27 194**	**71**	**–**	**6 539**	**–**	**29 669**	**1 531 138**
108 032	**1 321**	**48 908**	**56 028**	**18 931**	**33 443**	**6 822**	**–**	**9 584**	**1 642 607**
–	–	–	–	–	–	–	–	–	25 085
–	–	–	–	–	–	–	–	–	88 672
–	–	–	–	–	–	–	–	–	20 575
–	–	–	–	–	–	–	–	–	417 093
–	–	–	–	–	–	–	–	–	50 033
108 032	1 321	48 908	56 028	18 931	33 443	6 822	–	9 584	1 041 148
8 123	**24**	**1 603**	**5 751**	**–**	**2 112**	**–**	**–**	**10 488**	**245 387**
3 606	–	–	–	–	–	–	–	–	6 095
4 517	24	1 603	5 751	–	2 112	–	–	10 488	239 293
116 156	**1 345**	**50 511**	**61 779**	**18 931**	**35 555**	**6 822**	**–**	**20 072**	**1 887 995**
139 720	**13 940**	**2 403**	**20 270**	**461**	**10 880**	**–**	**105**	**9 058**	**1 642 608**
–	–	–	–	–	–	–	–	–	30 172
–	–	–	–	–	–	–	–	–	137 604
–	–	–	–	–	–	–	–	–	460 049
–	–	–	–	–	–	–	–	–	50 097
139 720	13 940	2 403	20 270	461	10 880	–	105	9 058	964 687
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7 068**	**185 542**
–	–	–	–	–				446	7 417
–	–	–	–	–	–	–	–	6 622	178 125
139 720	**13 940**	**2 403**	**20 270**	**461**	**10 880**	**–**	**105**	**16 126**	**1 828 150**

Asset quality and impairments

An analysis of core loans and advances, asset quality and impairments

The tables that follows provide information with respect to the asset quality of our core loans and advances to customers

At 31 March US$'000	2020	2019	2018
Gross core loans and advances to customers subject to ECL	**898 961**	**1 041 148**	**964 687**
Stage 1	842 851	976 572	–
Stage 2	47 870	26 505	–
Stage 3	8 240	38 071	–
Gross core loans and advances to customers subject to ECL (%)	**100%**	**100%**	
Stage 1	93.8%	93,8%	–
Stage 2	5.3%	2.5%	–
Stage 3	0.9%	3.7%	–
Expected credit loss	**(6 395)**	**(6 879)**	**–**
Stage 1	(2 786)	(2 412)	–
Stage 2	(377)	(570)	–
Stage 3	(3 232)	(3 897)	–
ECL coverage ratio (%)			
Stage 1	0.3%	0.2%	–
Stage 2	0.8%	2.2%	–
Stage 3	39.2%	10.2%	–
Total impairments	**–**	**–**	**(12 050)**
Portfolio	–	–	(7 174)
Specific	–	–	(4 876)
Net core loans and advances to customers	**892 566**	**1 034 269**	**952 637**
Average gross core loans and advances to customers	**970 055**	**1 002 917**	**943 238**
Current loans and advances to customers	783 238	973 716	905 709
Past due loans and advances to customers (1 – 60 days)	47 281	2 206	30 863
Special mention loans and advances to customers	60 202	52 721	14 563
Default loans and advances to customers	8 240	12 505	13 552
Gross Core loans and advances to customers	**898 961**	**1 041 148**	**964 687**
Current loans and advances to customers	821 677	1 026 035	905 917
Gross core loans and advances to customers that are past due but not impaired	69 043	4 857	46 134
Gross core loans and advances to customers that are impaired	8 240	10 256	12 635
Gross Core loans and advances to customers	**898 961**	**1 041 148**	**964 687**
ECL impairment (charge)/reversal on loans and advances	**(383)**	**2 720**	**–**
Impairment losses on loans and advances	**–**	**–**	**(3 214)**
Stage 3 loans net of ECL	5 008	5 627	1 502
Aggregate collateral and other credit enhancements	19 478	32 714	10 535
Stage 3 net of ECL and collateral	–	–	–
Gross default loans and advances to customers	8 240	12 506	13 552
Expected credit loss	(6 395)	(6 879)	–
Specific impairments	–	–	(4 876)
Portfolio impairments	–	–	(7 174)
Defaults net of impairments	**1 846**	**5 627**	**1 502**
Collateral and other credit enhancements	19 478	32 714	10 535
Net default loans and advances to customers (limited to zero)	**–**	**–**	**–**
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.71%	0.66%	1.25%
Total impairments as a % of gross default loans	77.60%	55.00%	88.92%
Gross defaults as a % of gross core loans and advances to customers	0.92%	1.20%	1.40%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.21%	0.54%	0.16%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%	0.00%
Credit loss ratio (i.e: income statement as a % of average gross core loans and advances)	0.04%	(0.27%)	0.34%

Stage 1: 92.7% of gross exposure subject to ECL is in Stage 1 and has not experienced a significant increase in credit risk since origination. ECL is calculated based on a 12-month expected loss. Coverage for these performing, non-deteriorated assets is 0.3%.

Stage 2: 6.4% of gross exposure is in Stage 2 and has seen a significant increase in credit risk since origination. These assets require a lifetime expected loss to be held. An asset reported in Stage 2 does not imply we expect a loss on these assets. Stage 2 assets are assessed relative to their expected performance at the point of origination. While assets may underperform original expectations, the level of ECL indicates that our expected losses from these positions remain low at a coverage ratio of 0.7%.

Stage 3: 0.9% of gross exposure is in Stage 3 which is made up of assets that are credit impaired. The coverage ratio totals 39.3% and the remaining net exposure is considered well covered by collateral.

An analysis of staging and ECL movements for core loans and advances subject to ECL

The table below indicates underlying movements in gross core loans and advances subject to ECL from 31 March 2019 to 31 March 2020. The transfers between stages of gross core loans indicates the impact of stage transfers upon the gross exposure and associated opening ECL. The net remeasurement of ECL arising from stage transfers represents the increase/(decrease) in ECL due to these transfers. New lending net of repayments comprises new originations, further drawdowns, repayments and sell-downs as well as ECLs in Stage 3 that have been written off, typically when an asset has been sold. The ECL impact of changes to risk parameters and models during the period largely relates to the US$ 0.69 million COVID-19 ECL overlay as well as updated macro-economic scenarios. Foreign exchange and other largely comprises impact on the closing balance as a result of movements and translations in foreign exchange rates since the opening date, 31 March 2019. Further analysis as at 31 March 2020 of gross core loans and advances to customers subject to ECL and their ECL balances is shown in ‘An analysis of core loans and advances by risk category’ on the following pages.

	Stage 1		Stage 2		Stage 3		**Total**	
As at 31 March 2020 US$'000	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
1 April 2019	976 572	(2 412)	52 505	(570)	12 071	(3 897)	1 041 148	(6 879)
Transfer from Stage 1	(14 839)	296	13 771	(68)	1 068	(228)	–	–
Transfer from Stage 2	–	–	(402)	10	402	(10)	–	–
ECL re-measurement arising from transfer of stage	–	–	–	(47)	–	(354)	–	(401)
Net new lending and repayments	(118 882)	434	(18 004)	486	(5 301)	1 257	(142 187)	2 177
Changes to risk parameters and models	–	(1 104)	–	(188)	–	–	–	(1 292)
At 31 March 2020	**842 851**	**(2 786)**	**47 870**	**(377)**	**8 240**	**(3 232)**	**898 961**	**(6 395)**

A further analysis of credit quality by risk category

	Stage 1		Stage 2		Stage 3		**Total**	
As at 31 March 2020 US$'000	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
Corporate	236 506	685	8 052	254	329	139	244 887	1 078
Sovereign	16 061	40	13 104	71			29 165	111
NBFI – Fund Finance	193 445	253					193 445	253
Investment and Portfolio Gearing	61 640	475					61 640	475
Mortgages	91 630	53	15 001	24	6 490	2 406	113 121	2 483
PB Corporate	35 978	60					35 978	60
HNW and Specialised Lending	43 757	90					43 757	90
Residential Real Estate Developments	89 622	271					89 622	271
Commercial Real Estate – Investment	45 162	361	11 713	28	1 421	687	58 297	1 076
Asset Finance	16 462	494					16 462	494
Project Finance	12 588	4					12 588	4
	842 851	**2 786**	**47 870**	**377**	**8 240**	**3 232**	**898 961**	**6 395**

Asset quality

As at 31 March 2019 US$'000	Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total **Gross exposure**	Total **ECL**
1 April 2018	936 550	(2 462)	14 586	(2 219)	13 552	(4 876)	964 687	(9 558)
Transfer from Stage 1	(44 678)	282	42 813	(32)	1 865	(250)	–	–
Transfer from Stage 2	–	–	(229)	(44)	229	44	–	–
ECL re-measurement arising from transfer of stage	–	–	–	(21)	–	(42)	–	(63)
Net new lending and repayments	84 700	(387)	(4 665)	725	(3 574)	903	76 641	1 241
Changes to risk parameters and models	–	155	–	1 022	–	324	–	1 501
At 31 March 2019	**976 572**	**(2 412)**	**52 505**	**(570)**	**12 071**	**(3 897)**	**1 041 148**	**(6 879)**

A further analysis of credit quality by risk category

As at 31 March 2019 US$'000	Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total **Gross exposure**	Total **ECL**
Commercial Real Estate – Investment	51 953	56	27 239	45	4 085	1 098	83 278	1 198
Corporate	296 163	870	9 253	505	–	–	305 415	1 375
HVCRE	18 778	170	–	–	–	–	18 778	170
Mortgages	101 424	25	16 013	19	6 609	1 902	124 045	1 946
NBFI – Fund Finance	255 591	198	–	–	–	–	255 591	198
Project Finance	14 111	13	–	–	–	–	14 111	13
Residential Real Estate Developments	62 302	710	–	–	1 198	805	63 500	1 514
Sovereign	24 311	60	–	–	–	–	24 311	60
Investment and Portfolio Gearing	82 547	176	–	–	–	–	82 547	176
Bank	13 030	24	–	–	–	–	13 030	24
PB Corporate	6 157	19	–	–	–	–	6 157	19
HNW and Specialised Lending	30 869	46	–	–	180	93	31 049	138
SA Corporate	4 122	1	–	–	–	–	4 122	1
Asset Finance	15 213	46	–	–	–	–	15 213	46
	976 572	**2 412**	**52 505**	**570**	**12 071**	**3 897**	**1 041 148**	**6 879**

An age analysis of watchlist, past due and default core loans and advances to customers

At 31 March US$'000	2020	2019	2018
Watchlist loans neither past due nor impaired	38 439	52 319	208
1 – 60 days	57 341	2 206	45 218
61 – 90 days	13 104	631	–
181 – 365 days	–	384	–
> 365 days	6 839	11 892	13 552
Past due and default core loans and advances to customers (actual capital exposure)	**115 723**	**67 432**	**58 978**
1 – 60 days	2 631	26	28 815
61 – 90 days	171	246	–
91 – 180 days	–	–	–
181 – 365 days	–	384	–
> 365 days	6 839	11 892	13 029
Past due and default loans and advances to customers (actual amount in arrears)	**9 641**	**12 548**	**41 844**

A further age analysis of watchlist and non-current loans and advances to customers

At 31 March US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
2020							
Watchlist loans							
Total capital exposure	38 439	–	–	–	–	–	38 439
Amount in arrears							–
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	55 940	13 104	–	–	–	69 044
Amount in arrears	–	1 896	171	–	–	–	2 067
Gross core loans and advances to customers that are impaired							
Total capital exposure	–	1 401	–	–	–	6 839	8 240
Amount in arrears	–	735	–	–	–	6 839	7 574
2019							
Watchlist loans							
Total capital exposure	52 319	–	–	–	–	–	52 319
Amount in arrears	–	–	–	–	–	–	–
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	2 206	402	–	384	1 865	4 857
Amount in arrears	–	26	17	–	384	1 865	2 292
Gross core loans and advances to customers that are impaired							
Total capital exposure	–	–	229	–	–	10 027	10 256
Amount in arrears	–	–	229	–	–	10 027	10 256
2018							
Watchlist loans							
Total capital exposure	208	–	–	–	–	–	208
Amount in arrears	–	–	–	–	–	–	–
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	–	45 218	–	–	–	916	46 134
Amount in arrears	–	28 815	–	–	–	393	29 208
Gross core loans and advances to customers that are impaired							
Total capital exposure	–	–	–	–	–	12 636	12 636
Amount in arrears	–	–	–	–	–	12 636	12 636

Of the total aggregate amount of gross past due but not impaired loans and advances to customers, the fair value of collateral that the bank held against the loans at 31 March 2020 was US$80.1 million (2019: US$10.0 million and 2018: US$95.5 million).

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2020 (based on total capital exposure)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**47 281**	**–**	**–**	**–**	**–**	**47 281**
Special mention	**38 439**	**8 659**	**13 104**	**–**	**–**	**–**	**60 202**
Special mention (61 – 90 days and management well secured)	–	8 659	–	–	–	–	8 659
Special mention (61 – 90 days and item well secured)	–	–	13 104	–	–	–	13 104
Special mention – current	38 439	–	–	–	–	–	38 439
Default	**–**	**1 401**	**–**	**–**	**–**	**6 839**	**8 240**
Sub-standard	–	1 401	–	–	–	–	1 401
Doubtful	–	–	–	–	–	6 839	6 839
Loss	–	–	–	–	–	–	–
Total	**38 439**	**57 341**	**13 104**	**–**	**–**	**6 839**	**115 723**

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2020 (based on actual amount in arrears)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**1 070**	**–**	**–**	**–**	**–**	**1 070**
Special mention	**–**	**826**	**171**				**997**
Special mention (1 – 90 days and management concerned)	–	826	–	–	–	–	826
Special mention (61 – 90 days and item well secured)	–	–	171	–	–	–	171
Special mention – current	–	–	–	–	–	–	–
Default	**–**	**735**	**–**	**–**	**–**	**6 839**	**7 574**
Sub-standard	–	735	–	–	–	–	735
Doubtful	–	–	–	–	–	6 839	6 839
Loss	–	–	–	–	–	–	–
Total	**–**	**2 631**	**171**	**–**	**–**	**6 839**	**9 641**

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2019 (based on total capital exposure)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**2 206**	**–**	**–**	**–**	**–**	**2 206**
Special mention	**52 319**	**–**	**402**	**–**	**–**	**–**	**52 721**
Special mention (61 – 90 days and item well secured)	–	–	402	–	–	–	402
Special mention – current	52 319	–	–	–	–	–	52 319
Default	**–**	**–**	**229**	**–**	**384**	**11 892**	**12 505**
Sub-standard	–	–		–	–	–	–
Doubtful	–	–	229	–	384	–	613
Loss	–	–	–	–	–	11 892	11 892
Total	**52 319**	**2 206**	**631**	**–**	**384**	**11 892**	**67 432**

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2019 (based on actual amount in arrears)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**26**	**–**	**–**	**–**	**–**	**26**
Special mention	**–**	**–**	**17**	**–**	**–**	**–**	**17**
Special mention (1 – 90 days and management concerned)	–	–	17	–	–	–	17
Special mention (61 – 90 days and item well secured)	–	–	–	–	–	–	–
Special mention – current	–	–	–	–	–	–	–
Default	**–**	**–**	**229**	**–**	**384**	**11 892**	**12 505**
Sub-standard	–	–	–	–	–	–	–
Doubtful	–	–	229	–	384	–	613
Loss	–	–	–	–	–	11 892	11 892
Total	**–**	**26**	**246**	**–**	**384**	**11 892**	**12 548**

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2018 (based on total capital exposure)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**30 863**	**–**	**–**	**–**	**–**	**30 863**
Special mention	**208**	**14 355**	**–**	**–**	**–**	**–**	**14 563**
Special mention (1 – 90 days and management concerned)	–	14 355	–	–	–	–	14 355
Special mention (61 – 90 days and item well secured)	–	–	–	–	–	–	–
Special mention – current	208	–	–	–	–	–	208
Default	**–**	**–**	**–**	**–**	**–**	**13 552**	**13 552**
Sub-standard	–	–	–	–	–	–	–
Doubtful	–	–	–	–	–	–	–
Loss	–	–	–	–	–	13 552	13 552
Total	**208**	**45 218**	**–**	**–**	**–**	**13 552**	**58 978**

A further age analysis based of gross non-current and watchlist core loans and advances to customers as at 31 March 2018 (based on actual amount in arrears)

US$'000	Current watchlist loans	1 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	> 365 days	Total
Past due (1 – 60 days)	**–**	**28 165**	**–**	**–**	**–**	**–**	**28 165**
Special mention	**–**	**650**	**–**	**–**	**–**	**–**	**650**
Special mention (1 – 90 days and management concerned)	–	650	–	–	–	–	650
Special mention (61 – 90 days and item well secured)	–	–	–	–	–	–	–
Special mention – current	–	–	–	–	–	–	–
Default	**–**	**–**	**–**	**–**	**–**	**13 029**	**13 029**
Sub-standard	–	–	–	–	–	–	–
Doubtful	–	–	–	–	–	–	–
Loss	–	–	–	–	–	13 029	13 029
Total	**–**	**28 815**	**–**	**–**	**–**	**13 029**	**41 844**

An analysis of core loans and advances to customers

At 31 March US$'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Expected credit loss	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
2020									
Current core loans and advances	**783 238**	**–**	**–**	**783 238**	**(2 405)**	**–**	**–**	**780 833**	**–**
Past due (1 – 60 days)	**–**	**47 281**	**–**	**47 281**	**(381)**	**–**	**–**	**46 900**	**1 070**
Special mention	**38 439**	**21 763**	**–**	**60 202**	**(377)**	**–**	**–**	**59 825**	**997**
Special mention (1 – 60 days and management well secured)	–	8 659	–	8 659	(325)	–	–	8 334	826
Special mention (61 – 90 days and item well secured)	–	13 104	–	13 104	–	–	–	13 104	171
Special mention – current	38 439	–	–	38 439	(52)	–	–	38 387	–
Default	**–**	**–**	**8 240**	**8 240**	**(3 232)**	**–**	**–**	**5 008**	**7 574**
Sub-standard	–	–	1 401	1 401	(356)	–	–	1 045	735
Doubtful	–	–	6 839	6 839	(2 876)	–	–	3 963	6 839
Loss	–	–	–	–	–	–	–	–	–
Total	**821 677**	**69 044**	**8 240**	**898 961**	**(6 395)**	**–**	**–**	**892 566**	**9 641**
2019									
Current core loans and advances	**973 716**	**–**	**–**	**973 716**	**(3 023)**	**–**	**–**	**970 693**	**–**
Past due (1 – 60 days)	**–**	**2 206**	**–**	**2 206**	**(7)**	**–**	**–**	**2 199**	**26**
Special mention	**52 319**	**402**	**–**	**52 721**	**(164)**	**–**	**–**	**52 557**	**17**
Special mention (61 – 90 days and item well secured)	–	402	–	402	(2)	–	–	400	17
Special mention – current	52 319	–		52 319	(162)	–	–	52 157	–
Default	**–**	**2 249**	**10 256**	**12 505**	**(3 686)**	**–**	**(39)**	**8 820**	**12 505**
Doubtful	–	384	229	613	(46)	–	–	567	613
Loss	–	1 865	10 027	11 892	(3 640)	–	–	8 252	11 892
Total	**1 026 035**	**4 857**	**10 256**	**1 041 148**	**(6 879)**	**–**	**–**	**1 034 269**	**12 548**
2018									
Current core loans and advances	**905 709**	**–**	**–**	**905 709**	**–**	**–**	**(6 818)**	**898 891**	**–**
Past due (1 – 60 days)	**–**	**30 863**	**–**	**30 863**	**–**	**–**	**(230)**	**30 633**	**28 165**
Special mention	**208**	**14 355**	**–**	**14 563**	**–**	**–**	**(109)**	**14 455**	**650**
Special mention (1 – 90 days)	–	14 355	–	14 355	–	–	(107)	14 248	650
Special mention (61 – 90 days and item well secured)	–	–	–	–	–	–	–	–	–
Special mention – current	208	–		208	–	–	(2)	206	–
Default	**–**	**916**	**12 635**	**13 552**	**–**	**(4 876)**	**(7)**	**8 669**	**13 029**
Sub-standard	–	–	–	–	–	–	–	–	–
Doubtful	–	–	–	–	–	–	–	–	–
Loss	–	916	12 635	13 552	–	(4 876)	(7)	8 669	13 029
Total	**905 917**	**46 134**	**12 635**	**964 687**	**–**	**(4 876)**	**(7 174)**	**952 636**	**41 844**

An analysis of core loans and advances to customers and impairments by counterparty type

At 31 March US$'000	Current core loans and advances	Past due (1 – 60 days)	Special mention (1 – 90 days)	Special mention (1 – 90 days and items well secured)
2020				
Agriculture, forestry and fishing	8 024	–	–	–
Construction	63 564	–	–	–
Households	32 997	1 616	–	–
Real estate activities	219 071	–	–	–
Financial and Insurance activities	237 595	–	–	–
Wholesale and retail trade	15 841	–	–	–
Manufacturing	–	3 805	–	–
Transportation and storage	102 242	31 653	8 659	13 104
Accommodation and food service activities	19 878	–	–	–
Electricity, gas, steam and air conditioning supply	40 000	–	–	–
Information and communication	8 018	10 207	–	–
Administrative and support service activities	–	–	–	–
Human health and social work activities	–	–	–	–
Mining and Quarrying	6 539	–	–	–
Other entities	29 469	–	–	–
Total gross core loans and advances to customers	**783 238**	**47 281**	**8 659**	**13 104**
2019				
Agriculture, forestry and fishing	17 259	–	–	–
Construction	71 036	–	–	–
Households	21 480	2 206	–	–
Real estate activities	170 348	–	42 411	–
Financial and Insurance activities	388 170	–	–	–
Wholesale and retail trade	32 556	–	–	–
Manufacturing	5 681	–	–	–
Transportation and storage	93 113	–	9 907	–
Accommodation and food service activities	759	–	–	–
Electricity, gas, steam and air conditioning supply	48 908	–	–	–
Information and communication	55 627	–	–	402
Administrative and support service activities	18 931	–	–	–
Human health and social work activities	33 443			
Mining and Quarrying	6 822			
Other entities	9 584	–	–	–
Total gross core loans and advances to customers	**973 717**	**2 206**	**52 318**	**402**
2018				
Construction	103 539	28 571	–	–
Households	29 041	2 292	–	–
Real estate activities	174 393	–	–	–
Financial and Insurance activities	395 747	–	–	–
Wholesale and retail trade	9 954	–	–	–
Manufacturing	17 880	–	–	–
Transportation and storage	118 850	–	14 355	–
Accommodation and food service activities	13 129	–	–	–
Electricity, gas, steam and air conditioning supply	2 403	–	–	–
Information and communication	20 270	–	–	–
Administrative and support service activities	461	–	–	–
Human health and social work activities	10 880			
Mining and Quarrying	–			
Entertainment	105			
Other entities	9 058	–	–	–
Total gross core loans and advances to customers	**905 710**	**30 863**	**14 355**	**–**

Special mention – current	Sub-standard	Doubtful	Loss	**Total gross core loans and advances to customers**	Expected credit loss	Portfolio impairments	Specific impairments	**Total impairments**
–	–	–	–	8 024	(65)	–	–	(65)
–	–	–	–	63 564	(222)	–	–	(222)
666	1 068	2 092	–	38 439	(762)	–	–	(762)
35 902	–	966	–	255 939	(914)	–	–	(914)
1 871		–	–	239 466	(443)	–	–	(443)
–	–	–	–	15 841	(47)	–	–	(47)
–	–	–	–	3 805	(8)	–	–	(8)
–	–	3 322	–	158 980	(2 945)	–	–	(2 945)
–	–	459	–	20 337	(697)	–	–	(697)
–	–	–	–	40 000	(60)	–	–	(60)
–	333	–	–	18 558	(186)	–	–	(186)
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	6 539	(1)	–	–	(1)
–	–	–	–	29 469	(45)	–	–	(45)
38 439	**1 401**	**6 839**	**–**	**898 961**	**(6 395)**	**–**	**—**	**(6 395)**
–	–	–	–	17 259	(53)	–	–	(53)
–	–	–	–	71 036	(220)	–	–	(220)
–	–	613	1 865	26 164	(125)	–	–	(125)
–	–	–	4 453	217 213	(2 036)	–	–	(2 036)
–	–	–	–	388 170	(1 201)	–	–	(1 201)
–	–	–	–	32 556	(100)	–	–	(100)
–	–	–	–	5 681	(18)	–	–	(18)
–	–	–	5 012	108 032	(2 021)	–	–	(2 021)
–	–	–	562	1 321	(568)	–	–	(568)
–	–	–	–	48 908	(151)	–	–	(151)
–	–	–	–	56 028	(173)	–	–	(173)
–	–	–		18 931	(59)	–	–	(59)
				33 443	(103)	–		(103)
				6 822	(21)	–		(21)
–	–	–	–	9 584	(30)	–	–	(30)
–	**–**	**613**	**11 892**	**1 041 148**	**(6 879)**	**–**	**–**	**(6 879)**
–	–	–	–	132 110	–	(978)	–	(978)
–	–	–	–	31 330	–	(232)	–	(232)
–	–	–	6 434	180 826	–	(1 353)	(2 050)	(3 403)
–	–	–	–	395 747	–	(2 928)	–	(2 928)
–	–	–	–	9 954	–	(74)	–	(74)
–	–	–	–	17 880	–	(132)	–	(132)
–	–	–	6 514	139 720	–	(1 055)	(2 826)	(3 881)
208	–	–	604	13 940	–	(103)	–	(103)
–	–	–	–	2 403	–	(18)	–	(18)
–	–	–	–	20 270	–	(150)	–	(150)
–	–	–		461	–	(3)	–	(3)
				10 880	–	(81)		(81)
				–	–	–		–
				105	–	(1)		(1)
–	–	–	–	9 058	–	(67)	–	(67)
208	**–**	**–**	**13 552**	**964 687**	**–**	**(7 174)**	**(4 876)**	**(12 050)**

Collateral

A summary of total collateral is provided in the table below:

At 31 March US$'000	Collateral held against Gross core loans and advances	Other credit and counterparty exposures*	Total
2020			
Eligible financial collateral	**93 304**	**2 044**	**95 348**
Listed shares	81 773	–	81 773
Cash**	11 531	2 044	13 575
Mortgage bonds	**1 030 627**	**9 646**	**1 040 273**
Residential mortgages	303 223	–	303 223
Commercial property developments	727 404	9 646	737 050
Commercial property investments	–	–	–
Other collateral	**736 804**	**7 990**	**744 794**
Unlisted shares	159 635	–	159 635
Charges other than property	274 921	2 803	277 724
Asset backed lending	263 350	5 187	268 537
Guarantees	38 898	–	38 898
Total collateral	**1 860 735**	**19 680**	**1 880 415**
2019			
Eligible financial collateral	**128 017**	**1 190**	**129 207**
Listed shares	115 858	–	115 858
Cash**	12 159	1 190	13 349
Mortgage bonds	**1 046 544**	**1 356**	**1 047 900**
Residential mortgages	403 344	1 356	404 700
Commercial property developments	625 090	–	625 090
Commercial property investments	18 110	–	18 110
Other collateral	**1 050 171**	**9 418**	**1 059 589**
Unlisted shares	262 240	–	262 240
Charges other than property	248 263	8 878	257 141
Asset backed lending	522 080	540	522 621
Guarantees	17 587	–	17 587
Total collateral	**2 224 732**	**11 964**	**2 236 696**

Collateral *(continued)*

At 31 March US$'000	Collateral held against Gross core loans and advances	 Other credit and counterparty exposures*	Total
2018			
Eligible financial collateral	**16 753**	**1 920**	**18 673**
Cash**	16 753	1 920	18 673
Mortgage bonds	**1 073 872**	**4 170**	**1 078 042**
Residential mortgages	279 468	–	279 468
Commercial property developments	585 222	4 170	589 392
Commercial property investments	209 182	–	209 182
Other collateral	**685 437**	**4**	**685 441**
Unlisted shares	186 407	–	186 407
Charges other than property	288 443	–	288 443
Asset backed lending	192 657	4	192 661
Guarantees	17 930	–	17 930
Total collateral	**1 776 062**	**6 094**	**1 782 156**

* *A large percentage of these exposures (e.g. bank placements) are to highly rated financial institutions where limited collateral would be required due to the nature of the exposure.*

** *The bank has received cash collateral amounting to US$11.5 million (2019: US$12.2 million and 2018: US$16.8 million) with regard to loans and advances of US$45.6 million (2019: US$54.9 million and 2017: US$135.8 million). The bank has the right to invoke the cash collateral only in an event of default from the borrower and as a result was not offset against the loans and advances balance. The cash collateral is included in 'Customer accounts (deposits)'. The effect of offsetting the above financial instruments would have resulted in net balances for loans and advances of US$34.1 million (2019: US$42.7 million and 2018: US$119.0 million).*

Equity and investment risk in the banking book

The bank is exposed to equity and investment risk which may arise from the various investments it has made in listed and unlisted companies. The credit committee reviews all new investment proposals and makes its recommendations known to the investment committee, being a board sub-committee. The investment committee reviews all new investment proposals and makes its determinations known to the group investment committee which will sanction the investments. The investment committee is empowered to sell securities as and when deemed appropriate.

The bank's investment committee manages the investment portfolio. The committee reviews the performance of the investment portfolio at least once a month and reports its findings to the board every quarter.

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Summary of investments held and stress testing analysis

The table below provides an analysis of income and revaluations recorded with respect to these investments:

At 31 March US$'000	**On balance sheet value of investments 2020**	**Valuation change stress test* 2020**	On balance sheet value of investments 2019	Valuation change stress test* 2019	On balance sheet value of investments 2018	Valuation change stress test* 2018
Unlisted investments	2 400	360	2 250	337	12 984	1 948
Listed equities	2	–	3 195	799	9	2
Equity derivatives	–	–	12 018	4 206	16 106	5 637
Total	**2 402**	**360**	**17 463**	**5 342**	**29 099**	**7 587**

* *In order to assess the bank's earnings sensitivity to a movement in the valuation of these investments, the following stress testing parameters are applied:*

Stress test values applied	
Unlisted	15%
Listed	25%
Equity derivatives	35%

Stress testing summary

The severe stress scenario, at 31 March 2020, indicates that the bank could have a US$0.4 million reversal in investment income. This would not cause the bank to report a loss, but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which the bank operates being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is high

Capital requirements

In terms of Basel III capital requirements, unlisted and listed equities within the banking book are represented under the category of 'equity risk', and investment properties, profit shares and embedded derivatives are considered in the calculation of capital required for credit risk.

Balance sheet risk management

Balance sheet risk description

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios comprising market liquidity, funding, concentration, non-trading interest rate and foreign exchange, encumbrance and leverage risks on balance sheet.

Balance sheet risk mitigation

The Central Treasury function centrally directs the raising of wholesale liabilities, establishes and maintains access to stable funds with appropriate tenor and pricing characteristics, and manages liquid securities and collateral, providing for a controlled and flexible response to volatile market conditions. The Central Treasury function is the sole interface with the wholesale market for both cash and derivative transactions, and actively manages the liquidity mismatch and non-trading interest rate risk arising from the bank's asset and liability portfolios.

The treasurer is required to exercise tight control over funding, liquidity, concentration and non-trading interest rate risk within parameters defined by the bank approved risk appetite policy.

Balance sheet risk management combines traditional gap analysis and quantitative models, including stress tests. This is designed to measure the range of possible future liquidity needs and potential distribution of net interest income and economic value under various scenarios covering a spectrum of events in which the bank could find itself and prepare accordingly. The modelling process is supported by ongoing technical and economic analysis. The result is formally reported to management and the board on a regular basis. The entire process is underpinned by a system of extensive internal and external controls.

The bank complies with the Basel committee on Banking Supervision's Principles for Sound Liquidity Risk Management and Supervision.

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
- **Embedded option risk:** the bank is not materially exposed to embedded option 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
- **Endowment risk:** refers to the interest rate exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

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.

Management and measurement of non-trading interest rate risk

Non-trading interest rate risk in the banking book is an inherent consequence of conducting banking activities and arises from the provision of retail and wholesale (non-trading) banking products and services.

We are exposed to repricing risk due to timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and derivative positions. Additionally, we are exposed to yield curve and basis risk due to the difference in repricing characteristics of two floating-rate indices. We are not materially exposed to optionality risk as contract breakage penalties on fixed-rate advances specifically cover this risk.

Non-trading interest rate risk is measured and managed both from a net interest margin perspective over a specified time horizon, and the sensitivity of economic value of equity to hypothetical changes to market factors on the current values of financial assets and liabilities.

Economic value measures have the advantage that all future cash flows are considered and therefore can highlight risk beyond the earnings horizon. The aim is to protect and enhance net interest income and economic value in accordance with the board-approved risk appetite. The standard tools that are used to measure the sensitivity of earnings to changes in interest rates are the repricing gap which provides a basic representation of the balance sheet structure and allows for the detection of interest rate risk by concentration of repricing; net interest income sensitivity which measures the change in accruals expected over the specified horizon in response to a shift in the yield curve; and economic value sensitivity and stress-testing to macroeconomic movement or changes which measure the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities.

Technical interest rate analysis and economic review of fundamental developments are used to estimate a set of forward-looking interest rate scenarios incorporating movements in the yield curve level and shape by geography, taking global trends into account.

This combination of measures provides senior management and Asset Liability Committee (ALCO) with an assessment of the financial impact of identified rate changes on potential future net interest income and sensitivity to changes in economic value. This is consistent with the standardised interest rate measurement recommended by the Basel III framework for assessing banking book (non-trading) interest rate risk.

Management monitors closely net interest margins by entering into a number of interest rate swaps to protect it against changes in interest rates.

Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affect 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 March 2020 US$'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short-term funds – banks	674	–	–	–	–	–	674
Investment/trading assets	18	3	–	36	–	6	63
Advances	785	25	27	56	–	–	893
Other assets	–	–	–	–	–	6	6
Assets	**1 477**	**28**	**27**	**92**	**–**	**12**	**1 636**
Deposits – non-banks	(821)	(67)	(57)	–	–	–	(945)
Other liabilities	–	–	–	–	–	(15)	(15)
Liabilities	**(821)**	**(67)**	**(57)**	**–**	**–**	**(15)**	**(960)**
Intercompany loans	(278)	–	–	–	–	–	(278)
Shareholders' funds	–	–	–	–	–	(384)	(384)
Balance sheet	**378**	**(39)**	**(30)**	**92**	**–**	**(387)**	**14**
Off-balance sheet	78	(3)	2	(91)	–		(14)
Repricing gap	**456**	**(42)**	**(28)**	**1**	**–**	**(387)**	**–**
Cumulative repricing gap	456	414	386	387	387	–	–

At 31 March 2019 US$'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short-term funds – banks	584	–	–	–	–	–	584
Investment/trading assets	94	27	11	3	–	22	157
Advances	916	15	52	51	–	–	1 034
Other assets	–	–	–	–	–	5	5
Assets	**1 594**	**42**	**63**	**54**	**–**	**27**	**1 780**
Deposits – non-banks	(922)	(29)	(86)	–	–	–	(1 037)
Securities sold under repurchase agreement	(77)	–	–	–	–	–	(77)
Other liabilities	–	–	–	–	–	(22)	(22)
Liabilities	**(999)**	**(29)**	**(86)**	**–**	**–**	**(22)**	**(1 136)**
Intercompany loans	(242)	(26)	(11)	–	–	–	(279)
Shareholders' funds	–	–	–	–	–	(368)	(368)
Balance sheet	**353**	**(13)**	**(34)**	**54**	**–**	**(363)**	**(3)**
Off-balance sheet	77	(6)	(46)	(22)	–	–	3
Repricing gap	**430**	**(19)**	**(80)**	**32**	**–**	**(363)**	**–**
Cumulative repricing gap	430	411	331	363	363	–	–

At 31 March 2018 US$'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds – banks	536	–	–	–	–	–	536
Investment/trading assets	67	–	–	98	–	36	201
Advances	891	20	2	40	–	–	953
Other assets	–	–	–	–	–	8	8
Assets	**1 493**	**20**	**2**	**138**	**–**	**44**	**1 697**
Deposits – non-banks	(797)	(27)	(64)	(6)	–	–	(894)
Securities sold under repurchase agreement	(102)	–	–	–	–	–	(102)
Other liabilities	–	–	–	–	–	(8)	(8)
Liabilities	**(899)**	**(27)**	**(64)**	**(6)**	**–**	**(8)**	**(1 004)**
Intercompany loans	(180)	–	–	(91)	–	–	(271)
Shareholders' funds	–	–	–	–	–	(420)	(420)
Balance sheet	**414**	**(7)**	**(62)**	**41**	**–**	**(384)**	**2**
Off-balance sheet	48	(2)	(3)	(45)	–	–	(2)
Repricing gap	**462**	**(9)**	**(65)**	**(4)**	**–**	**(384)**	**–**
Cumulative repricing gap	462	453	388	384	384	–	–

The positive interest rate mismatch shown is largely attributable to the allocation of shareholders' funds to non-rate.

Economic value sensitivity

As discussed above, our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. The numbers represent the change to the value of the interest rate sensitive portfolios 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)					
At 31 March million	ZAR	GBP	USD	EUR	AUD	**All (USD)**
2020						
200bp down	(0.09)	0.24	0.49	0.56	0.01	1.42
200bp up	0.09	(0.24)	(0.49)	(0.56)	(0.01)	(1.42)
2019						
200bp down	(0.01)	0.18	0.41	0.13	0.20	1.63
200bp up	0.01	(0.18)	(0.41)	(0.13)	(0.20)	(1.63)
2018						
200bp down	0.24	0.30	(4.58)	0.10	(0.07)	(4.07)
200bp up	(0.12)	(0.29)	4.53	(0.10)	0.07	4.04

Liquidity risk

Liquidity risk description

Liquidity risk is the risk that, despite being solvent, we have in sufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due without incurring unacceptable losses. This includes repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution- specific and market-wide events.

Liquidity risk is further broken down into:

- **Funding liquidity:** which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements in the normal course of business, without adversely affecting its financial position or its reputation
- **Market liquidity:** which relates to the risk that the bank may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

Sources of liquidity risk include:

- Unforeseen withdrawals of deposits
- Restricted access to new funding with appropriate maturity and interest rate characteristics
- Inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss
- Unpredicted customer non-payment of loan obligations
- Sudden increased demand for loans in the absence of corresponding funding inflows of appropriate maturity.

Management and measurement of liquidity risk

Maturity transformation performed by banks is a crucial part of financial intermediation that contributes to efficient resource allocation and credit creation.

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding. Inadequate liquidity can bring untimely demise of any financial institution. As such, the bank considers ongoing access to appropriate liquidity for all its operations to be of paramount importance, and our core liquidity philosophy is reflected in our day-to-day practices.

The bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the bank maintains a statutory deposit with the Bank of Mauritius equal to 9.0% of Mauritian Rupee customer deposits and 6.0% Segment A foreign currency deposits. The liquidity position is assessed and managed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and specifically to the bank.

Liquidity risk is calculated by the contractual maturity cash flow mismatch between assets and liabilities.

The bank's liquidity management processes are based on the following elements:

- Preparation of cash flow projections (assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch, which are translated into short-term and long-term funding strategies
- Maintaining an appropriate mix of term funding
- Management of concentration risk, being undue reliance on any single counterparty or counterparty group, sector, market, product, instrument, currency and tenor
- Daily monitoring and reporting of cash flow measurement and projections for the key periods for liquidity management, against the risk limits set
- Performing assumption-based scenario analysis to assess potential cash flows at risk
- Maintenance of liquidity contingency plans and the identification of alternative sources of funds in the market. This is to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse business and economic scenarios, while minimising detrimental long-term implications for the business.
- Basel standards for liquidity measurement: while not having been enforced in Mauritius, the bank monitors the Net Stable Funding Ratio (NSFR) required by Basel III.

Liquidity mismatch

The tables that follow show the bank's liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made and we record all assets 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, reinvestment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

Contractual liquidity

At 31 March 2020 US$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	399	155	102	–	18	–	–	674
Investment/trading assets	5	–	–	3	–	35	20	63
Advances	–	13	44	142	95	553	46	893
Other assets	–	–	–	6	–	–	–	6
Assets	**404**	**168**	**146**	**151**	**113**	**588**	**66**	**1 636**
Deposits – non-banks	(672)	(82)	(49)	(62)	(57)	(24)	–	(946)
Other liabilities	(4)	(4)	(3)	(1)	(1)	(1)	–	(14)
Liabilities	**(676)**	**(86)**	**(52)**	**(63)**	**(58)**	**(25)**	**–**	**(960)**
Intercompany loans	(4)	–	–	–	–	(274)	–	(278)
Shareholders' funds	–	–	–	–	–	–	(384)	(384)
Balance sheet	**(276)**	**82**	**94**	**88**	**55**	**289**	**(318)**	**14**
Off-balance sheet	–	(10)	–	–	–	(4)	–	(14)
Contractual liquidity gap	**(276)**	**72**	**94**	**88**	**55**	**285**	**(318)**	**–**
Cumulative liquidity gap	(276)	(204)	(110)	(22)	33	(318)	–	–

At 31 March 2019 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	383	175	26	–	–	–	–	584
Investment/trading assets	8	–	71	27	11	3	37	157
Advances	31	38	95	115	170	519	66	1 034
Other assets	–	–	–	5	–	–	–	5
Assets	**422**	**213**	**192**	**147**	**181**	**522**	**103**	**1 780**
Deposits – non-banks	(721)	(122)	(79)	(24)	(86)	(5)	–	(1 037)
Securities sold under repurchase agreement	9	–	(49)	(25)	(11)	–	–	(77)
Other liabilities	–	–	–	(22)	–	–	–	(22)
Liabilities	**(712)**	**(122)**	**(128)**	**(71)**	**(97)**	**(5)**	**–**	**(1 136)**
Intercompany loans	(6)	–	(50)	(26)	(11)	(185)	–	(279)
Shareholders' funds	–	–	–	–	–	–	(368)	(368)
Balance sheet	**(295)**	**91**	**13**	**49**	**73**	**332**	**(265)**	**(3)**
Off-balance sheet	–	4	–	–	–	(1)	–	3
Contractual liquidity gap	**(295)**	**95**	**13**	**49**	**73**	**331**	**(265)**	**–**
Cumulative liquidity gap	(295)	(200)	(187)	(138)	(65)	265	–	

Contractual liquidity *(continued)*

At 31 March 2018 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	261	220	55	–	–	–	–	536
Investment/trading assets	–	–	–	–	–	142	59	201
Advances	35	53	80	115	215	359	96	953
Other assets	–	–	–	–	–	–	8	8
Assets	**296**	**273**	**135**	**115**	**215**	**501**	**163**	**1 698**
Deposits – non-banks	(664)	(32)	(79)	(49)	(64)	(6)	–	(894)
Securities sold under repurchase agreement	(12)	–	–	–	–	(90)	–	(102)
Other liabilities	(2)	–	–	(6)	–	–	–	(8)
Liabilities	**(678)**	**(32)**	**(79)**	**(55)**	**(64)**	**(96)**	**–**	**(1 004)**
Intercompany loans	13	–	–	–	–	(214)	(70)	(271)
Shareholders' funds	–	–	–	–	–	–	(420)	(420)
Balance sheet	**(369)**	**241**	**56**	**60**	**151**	**191**	**(327)**	**2**
Off-balance sheet	–	1	–	–	–	(3)	–	(2)
Contractual liquidity gap	**(369)**	**242**	**56**	**60**	**151**	**188**	**(327)**	**–**
Cumulative liquidity gap	(369)	(127)	(72)	(12)	139	327	–	

Behavioural liquidity

At 31 March 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
2020								
Behavioural liquidity gap	**294**	**8**	**43**	**(28)**	**12**	**(171)**	**(158)**	**–**
Cumulative	294	302	345	317	329	158	–	–
2019								
Behavioural liquidity gap	**295**	**36**	**1**	**(64)**	**(1)**	**(248)**	**(18)**	**–**
Cumulative	295	331	332	268	267	19	–	–
2018								
Behavioural liquidity gap	**158**	**143**	**86**	**39**	**210**	**9**	**(644)**	**–**
Cumulative	158	301	387	425	635	644	–	–

Net Stable Funding Ratio (NSFR)

The bank's NSFR stood at 136% as at 31 March 2020 (March 2019: 122% and March 2018: 137%)

Liquidity Coverage Ratio (LCR) www

The bank monitors the LCR as required by Basel III and the Guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The LCR is applicable since 30 November 2017 with transitional arrangements which required the bank to maintain a minimum ratio of 80% up to 30 January 2020 and increased to 100% as from 31 January 2020.

As at 31 March 2020, the bank's LCR stood at 128.3% (March 2019: 91% and March 2018: 116%), well above regulatory requirements.

**Detailed disclosure is available on the bank's website.*

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 denominated in the functional currency.

The bank computes its net open foreign exchange 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.

					Other currencies		
At 31 March US$'000	**% change in currency rate**	**EUR**	**GBP**	**MUR**	**Long**	**Short**	**Aggregate net open foreign exchange position**
Open position							
2020							
Long/(short) position		1 930	1 200	(125)	34	(558)	3 164
Sensitivity on net	+5	96	60	(6)	2	(28)	158
income and equity	**-5**	**(96)**	**(60)**	**6**	**(2)**	**28**	**(158)**
2019							
Long/(short) position		6 550	3 537	(216)	405	(1 625)	10 491
Sensitivity on net	+5	328	177	(11)	20	(81)	525
income and equity	**-5**	**(328)**	**(177)**	**11**	**(20)**	**81**	**(525)**
2018							
Long/(short) position		1 579	1 917	(1 179)	1 265	(4 798)	(5 977)
Sensitivity on net	+5	79	96	(59)	63	(240)	(299)
income and equity	**-5**	**(79)**	**(96)**	**59**	**(63)**	**240**	**299**

Operational risk management

Operational risk definition

Operational risk is defined as the potential or actual impact as a result of failures relating to internal processes, people, systems, or from external events. The impact could be financial as well as non-financial such as customer detriment, reputational or regulatory consequences.

Operational risk is an inherent risk in the ordinary course of business activity. The bank aims to appropriately identify and manage operational risk within acceptable levels by adopting sound operational risk management practices which are fit for purpose

Risk appetite

Operational risk appetite is defined as the level of risk exposure that is acceptable to the board in order to achieve its business and strategic objectives. The board is responsible for setting and regularly reviewing risk appetite. The Operational Risk Appetite policy defines the amount of operational risk exposure, or potential adverse impact of a risk event, that the bank is willing to accept.

Operational risks are managed in accordance with the level of risk appetite. Any breaches of limits are escalated to the board and DLC BRCC on a regular basis.

Management and measurement of operational risk

Regulatory capital

The bank applies the standardised approach (TSA) for the assessment of regulatory capital.

As part of the Basel III Reforms, the BCBS has announced revisions to the calculations of capital requirements for operational risk. A single standardised approach will replace all existing approaches for the calculation of regulatory capital.

The bank will continue to work closely with regulators and industry bodies on the implementation of the revisions.

Operational risk management framework and governance

The operational risk management framework is embedded at all levels of the bank, supported by the risk culture and enhanced on a continual basis in line with regulatory developments. Included in the framework are policies, practices and processes which facilitate the identification, assessment, mitigation, monitoring and reporting of operational risk.

The bank's approach to managing operational risk operates in terms of a levels of defence model which reinforces accountability by allocating roles and responsibilities.

The levels of defence model is applied as follows:

- Level 1 – Business line management: responsible for identifying and managing risks inherent in the products, activities, processes and systems for which it is accountable
- Level 2 – Independent operational risk function: responsible for building and embedding the operational risk framework, challenging the business lines' inputs to, and outputs from, the bank's risk management, risk measurement and reporting activities
- Level 3 – Independent review and challenge: responsible for reviewing and testing the application and effectiveness of operational risk management procedures and practices.

The bank's operational risk profile is reported on a regular basis to various operational risk forums and governance committees responsible for oversight.

Risk reports are used for ongoing monitoring of the operational risk profile which contributes to sound risk management and decision-making by the board and management.

Operational risk practices consist of the following:

Risk and control assessment	**Internal risk events**	**External risk events**	**Key risk indicators**	**Scenarios and capital calculation**
Forward-looking qualitative assessments performed on key business processes. These assessments allow the bank to identify, manage and monitor operational risks and controls	Internal risk events are analysed to enable business to identify and monitor trends in addition to addressing control weaknesses	An external data service is used to provide operational risk events from other organisations. These events are analysed to enhance our control environment. The external risk events also inform operational risk scenarios	Indicators are used to monitor risk exposures against identified thresholds. The output provides predictive capability in assessing the risk profile of the business	Extreme, unexpected, but plausible scenarios are assessed to identify and manage significant operational risk exposures The results of this evaluation provide input to determine internal operational risk capital requirements

Operational risk year in review

The bank continued to enhance its operational risk framework in line with regulatory developments and sound practices. Regular interaction with regulators promotes an understanding of regulatory expectations and informs the approach to regulatory developments and requirements. The awareness of sound practice is achieved through interaction with industry counterparts at formal industry forums.

In response to the global pandemic, the bank is embedding all current official and medical guidance. Whilst keeping certain core operational staff or teams on a split-working rotation in the office, non-critical teams are working from home. Our priority is the safety of our staff while remaining resilient to serve our clients.

Operational risk events

The bank manages all risk events within the agreed operational risk appetite. The majority of internal risks events for the year under review were categorised as execution and process failures. Root cause analyses are performed on risk events to understand the weaknesses in the control environment and to determine the mitigating actions needed to prevent the failure from re-occurring.

Looking forward

Key operational risk considerations for the year ahead:

DEFINITION OF RISK	MANAGEMENT, MITIGATION APPROACH AND PRIORITIES FOR 2019/2020
Anti-Money Laundering (AML), Terrorist Financing and Sanctions	
Risk associated with money laundering, terrorist financing, bribery and tax evasion	• Implementation and continuous enhancement of AML, CFT and Sanctions policies and sanctions control systems across the group • Increased sophistication of risk management methodology with the aim to allow more efficient allocation of resources toward higher risk areas • Continuous enhancement and automation of transaction monitoring capabilities, increased detection of AML related activities • Continuous monitoring and assimilation of local and international legislative and best-practice developments • AML knowledge is a key component of the control environment. The knowledge is supported by mandatory training for all staff and specialist training for AML roles • Industry participation to manage legislative requirements through engagement with regulators
Business resilience	
Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes	• Maintain business operations during adverse events, through appropriate continuity capabilities that minimise impact to clients and the broader financial system • Establish fit-for-purpose resilience strategies including, but not limited to, relocating impacted businesses to alternate processing sites, implementation of high availability technology solutions, and ensuring physical resilience for critical infrastructure components • Conduct validation of recovery strategies at least annually to ensure they remain effective and appropriate • Enhance the group's global resilience capability through a team of dedicated resources and robust governance processes • Participate in regulatory and financial industry resilience activities to collaboratively minimise national systemic continuity risks
Conduct	
Risk associated with inappropriate behaviour or business activities that may lead to either a client, counterparty or market detriment and/ or reputational and/ or financial damage to Investec	• Appropriate controls and processes that deliver fair customer outcomes are in place • Monitoring of the bank's delivery of fair customer outcomes through conduct governance structures • Continued cooperation with regulatory authorities and other stakeholders which include industry bodies on conduct risk issues • Promote awareness of conduct related matters across the bank through appropriate employee training and communication to drive responsible behaviours
Cyber security	
Risk associated with cyberattacks which can result in data compromise, interruption to business processes or client services, financial losses, or reputational harm	• Maintain a risk-based strategy integrating prediction, prevention, detection and response capabilities • Enhance the security architecture using advanced technology, research and threat intelligence, to protect against evolving threats and sophisticated attacks • Improve cyber resilience through ongoing coordination across cyber, incident response, business continuity, and crisis management processes • Stress-test cyber controls through security assessments, red team exercises and attack simulations, run both internally and in conjunction with independent specialists • Embed secure software development and testing practices to ensure IT systems are secure by design • Provide ongoing security training to staff to ensure high levels of awareness and vigilance

DEFINITION OF RISK	MANAGEMENT, MITIGATION APPROACH AND PRIORITIES FOR 2019/2020
Data management	
Risk associated with poor governance in acquiring, processing, storing, and protecting data	• Establish consistent mechanisms for unified data consolidation, storage and reporting • Automate data flows and streamline integration between systems to reduce the need for manual tasks, minimise data processing delays and eliminate single points of failure • Monitor, report on, and enhance data quality and aggregation, in line with business needs and regulatory principles • Obtain predictive intelligence through data analytics to support proactive risk management • Maintain data retention and destruction processes to meet business needs and comply with applicable legal obligations
Fraud	
Risk associated with fraud, corruption, theft, forgery and integrity misconduct by staff, clients, suppliers and other stakeholders	• Enhance the group's global approach to fraud management through a holistic framework and consistent policies, standards and methodologies • Maintain an independent integrity line to ensure staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies • Conduct fraud risk assessments to proactively identify and map existing preventative and detective controls to the relevant fraud risks, and evaluate whether the identified controls are operating effectively • Increased fraud detection and prevention controls in response to the continued upward trend in operational losses due to fraud attempts • Maintain collaboration with other financial firms in fraud prevention to recover funds that have been paid away • Proactive monitoring of adherence to fraud prevention policies and embedding of practices which comply with updated regulations, industry guidance and best practice • Continue to create awareness by focusing on training staff, educating clients and intermediaries on fraud prevention and detection • Participate in industry working groups to gain an understanding of current trends in order to enhance the control environment
Information security	
Risk associated with unauthorised access, use, disclosure, modification or destruction of data, which can impact their confidentiality, integrity, or availability	• Identify and classify high-value information assets based on confidentiality and business criticality • Implement intelligent data loss prevention controls to protect information against unauthorised access or disclosure • Manage role-based access to systems and data and controlled privileged IT access, supported by risk-based access and activity monitoring • Protect internal and external information flows to ensure data completeness and integrity • Maintain safeguards to protect confidential physical documents and facilitate secure destruction • Continually improve data breach monitoring and response in line with relevant privacy laws
Process failure	
Risk associated with inadequate internal processes, including human error and control failure within the business. This includes process origination, execution and operations	• Proactive assessment relating to new products and projects to identify and implement adequate and effective controls, including the management of change • Address human errors through training, improvement of processes and controls, including automation of processes where possible • Segregation of duties and appropriate authorisation controls • Causal analysis is used to identify weaknesses in controls following the occurrence of risk events • Risk and performance indicators are used to monitor the effectiveness of controls across business areas • Thematic reviews across business areas to ensure consistent and efficient application of controls

DEFINITION OF RISK	MANAGEMENT, MITIGATION APPROACH AND PRIORITIES FOR 2019/2020
Regulatory compliance	
Risk associated with inadequate internal processes, including human errors and control failures within the business. This includes process origination, execution and operations	• Compliance and legal assist in the management of regulatory and compliance risk which includes the identification and adherence to legal and regulatory requirements • Align and effect regulatory and compliance approach to reflect new regulatory landscapes particularly the change of regulatory structures • Manage business impact and implementation challenges as a result of significant volumes of statutory and regulatory changes and developments • Monitoring remains focused appropriately as areas of conduct and regulatory risk develop • Ensure that the business is appropriately positioned to cope with the regulatory changes resulting from geopolitical risk
Technology	
Risk associated with disruption to the IT systems which underpin our critical business processes and client services	• Implement strategic roadmaps that leverage new technologies to enhance capacity, scalability, security, and reduce reliance on legacy IT systems • Future-proof IT development and implementation in support of innovation and delivery at pace • Drive automation to reduce human error whilst enhancing efficiency • Continue to align IT architecture and standards across the group, to reduce technical complexity and leverage common functions and services • Enhance proactive monitoring of the IT environment, for continual visibility of health and performance • Maintain and test IT resilience capabilities to withstand failure and minimise service disruption
Third party	
Risk associated with the reliance on, and use of a service provider to provide services to the bank	• Policies and practices include adequate guidance over the assessment, selection, suitability and oversight of third party service providers • Continue to strengthen governance processes and relevant policies relating to how to identify, assess, mitigate and manage risks across the range of third party service providers • Repeatable processes to facilitate both upfront and periodic evaluation based on the size, materiality, security and service provision of the third party

Insurance

The bank maintains adequate insurance to cover key insurable risks. The insurance process and requirements are managed by the bank's chief operating officer in consultation with the group's insurance risk manager. Regular interaction between the bank, group operational risk management and group insurance risk management ensures that there is an exchange of information in order to enhance the mitigation of operational risk.

Reputational risk

Reputational risk is damage to our reputation, name or brand. Reputational risk arises as a result of other risks manifesting and not being mitigated.

The bank has various policies and practices to mitigate reputational risk, including strong values that are regularly and proactively reinforced. We also subscribe to sound corporate governance practices, which require that activities, processes and decisions are based on carefully considered principles.

The board of directors and management are aware of the impact of practices that may result in a breakdown of trust and confidence in the organisation.

The bank's policies and practices are regularly reinforced through transparent communication, accurate reporting, continuous group culture and values assessment, internal audit and regulatory compliance review and risk management practices.

Legal risk management

Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties. Such risk is especially applicable where the counterparty defaults and the relevant documentation may not give rise to the rights and remedies anticipated when entering the transaction.

The legal team seeks to ensure that any agreement which the bank enters into provides the bank with appropriate rights and remedies.

The bank has two qualified lawyers in permanent employment and also engages external legal counsel.

Capital management and allocation

Philosophy and approach

Over recent years, capital adequacy standards for banks globally have been raised as part of attempts to increase stability and resilience of the global banking sector. The bank has always held capital in excess of regulatory requirements and it intends to perpetuate this philosophy to ensure that it continues to remain well capitalised. Accordingly, the bank targets a minimum capital adequacy ratio of 15%.

The bank reports information on its capital position to the Investec Limited capital committee which in turn reports to the Investec group DLC capital committee.

The bank's internal capital framework approved by the board is based on processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet.

The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the bank
- Support a target level of financial strength aligned with long-term external rating of at least A
- Provide protection to depositors against losses arising from risks inherent in the business
- Provide sufficient capital surplus to ensure that the bank is able to retain its going concern basis under relatively severe operating conditions
- Maintain sufficient capital to meet regulatory requirements across each regulated entity
- Support our growth strategy
- Allow the exploration of acquisition opportunities where such opportunities are consistent with our strategy and risk appetite
- Facilitate pricing that is commensurate with the risk being taken
- Allocate capital according to the best available expected marginal risk-based return, and track performance on this basis
- Reward performance taking into account the relative levels of risk adopted.

In order to achieve the above objectives, we adhere to the following approach to the integration of risk and capital management.

Risk assessment and identification

We review the business annually to map our universe of key risks, which are ultimately reviewed and agreed by the bank's board and the Investec group board risk and capital committee (BRCC) following an extensive process of engagement with the bank's senior management. Assessment of the materiality of risks is directly linked to the bank's stated risk appetite and risk management policies covering all key risks.

Risk reporting

As part of standard business practice, key identified risks are monitored by the bank together with group risk management and by Internal Audit to ensure that risks are managed to an acceptable level of risk.

Detailed performance and control metrics of these risks are reported to each executive risk review forum (ERRF) and BRCC meeting including, where appropriate, the results of scenario testing. Key risk types that are considered, fall within the following:

- Credit and counterparty risk
- Traded market risk
- Equity risk in the banking book
- Balance sheet liquidity and non-trading interest rate risk
- Legal risk (considered within operational risk for capital purposes)
- Operational, conduct and reputational risk.

Each of these risk categories may consist of a number of specific risks, each of which are analysed in detail and managed through the ERRF and BRCC.

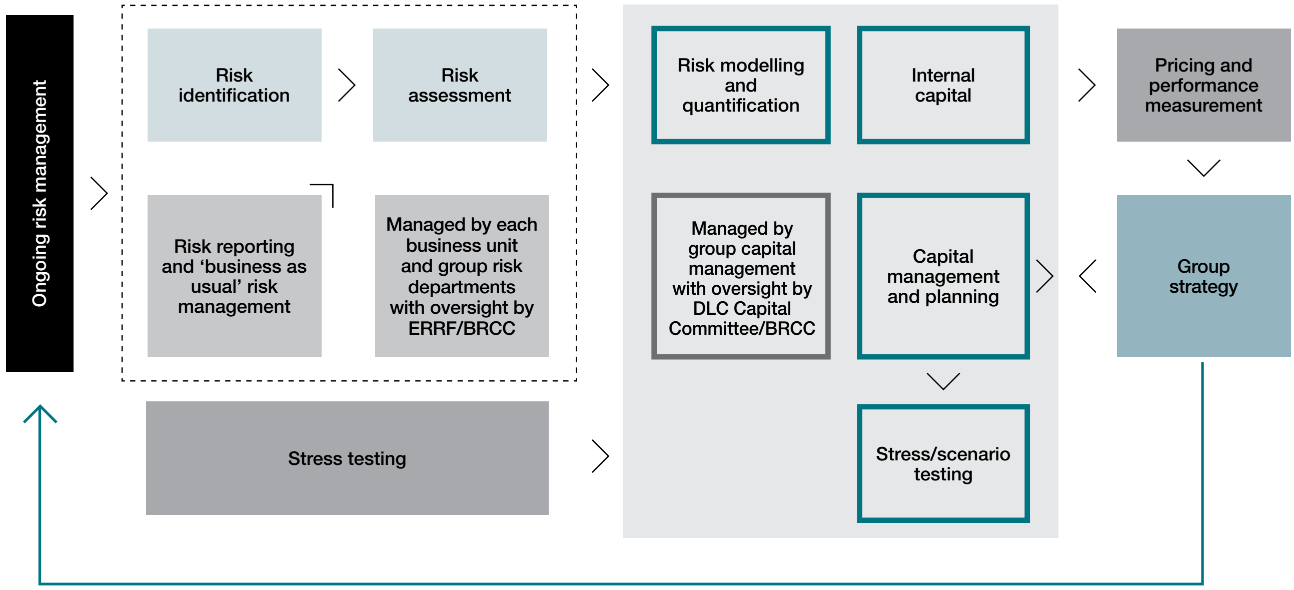
Risk modelling and quantification (internal capital)

Internal capital requirements are quantified by analysis of the potential impact of key risks to a degree consistent with our risk appetite. Internal capital requirements are supported by the board-approved risk assessment process described above. Quantification of all risks is based on analysis of internal data, management expertise and judgement and external benchmarking.

The following risks are included within the internal capital framework and quantified for capital allocation purposes:

- Credit and counterparty risk, including:
  - Underlying counterparty risk
  - Concentration risk
  - Securitisation risk
- Equity and property risk held in the banking book
- Balance sheet risk, including:
  - Liquidity
  - Non-trading interest rate risk
- Strategic and reputational risks
- Business risk.

Operational risk is considered as an umbrella term and covers a range of independent risks including, but not limited to, risks relating to fraud, litigation, business continuity, outsourcing and out of policy trading. The specific risks covered are assessed dynamically through constant assessment of the underlying business environment.



Capital management, planning and scenario testing

A capital plan is prepared and maintained under the guidance of the relevant group committees to facilitate discussion of the impact of business strategy and market conditions on our capital adequacy.

This plan is designed to assess capital adequacy under a range of economic and internal conditions over the medium term (three years), with the impact on earnings, asset growth, risk appetite and liquidity considered. The plan provides the board (via the BRCC) with an input into strategy and the setting of risk appetite by considering business risks and potential vulnerabilities, capital usage and funding requirements given constraints where these exist.

Capital planning is performed on the basis of both regulatory and internal capital, with regulatory capital being the key driver of decision-making. The goal of capital planning is to provide insight into potential sources of vulnerability of capital adequacy by way of market, economic or internal events. As such, we stress the capital plans based on conditions most likely to place us under duress.

The conditions themselves are agreed by the DLC capital committee after consultation with relevant internal and external experts and research. Such plans are used by management to formulate balance sheet strategy and agree management actions, trigger points and influence the determination of our risk appetite.

The output of capital planning allows senior management to make decisions to ensure that the bank continues to hold sufficient capital to meet its targets against regulatory and internal capital targets. On certain occasions, especially under stressed scenarios, management may plan to undertake a number of actions. Assessment of the relative merits of undertaking various actions is then considered using an internal view of relative returns across portfolios which are themselves based on internal assessments of risk and capital.

Our capital plans are designed to allow senior management and the board to review:

- Changes to capital demand caused by implementation of agreed strategic objectives, including the creation or acquisition of new businesses, or as a result of the manifestation of one or more of the risks to which we are potentially susceptible
- The impact on profitability of current and future strategies
- Required changes to the capital structure
- The impact of alternate market or operating conditions on any of the above.

At a minimum level, the capital plan assesses the impact on our capital adequacy over expected case, upturn and downturn scenarios. On the basis of the results of this analysis the DLC capital committee, and the BRCC, are presented with the potential variability in capital adequacy and are responsible, in consultation with the board, for consideration of the appropriate response.

Pricing and performance measurement

The use of internal capital means that all transactions are considered in the context of the impact on the allocation of our capital resources, and hence on the basis of their contribution to return on risk-adjusted internal capital. This is to ensure that expected returns are sufficient after taking recognition of the inherent risk generated for a given transaction. This approach allows us to embed risk and capital discipline at the level of deal initiation.

Using expectations of risk-based returns as the basis for pricing and deal acceptance ensures that risk management retains a key role in ensuring that the portfolio is appropriately managed for that risk.

In addition to pricing, returns on internal capital are monitored and relative performance is assessed on this basis. Assessment of performance in this way is a fundamental consideration used in setting strategy and risk appetite as well as rewarding performance.

The process is designed to ensure that risk and capital management form the basis for key decisions at both a group and a transactional level. Responsibility for oversight for each of these processes ultimately falls to the BRCC.

Basel III

The bank has adopted and complies with the Bank of Mauritius Guideline on Scope of Application of Basel III and Eligible Capitals.

The guideline sets out the rules, text and timelines to implement some of the elements related to the strengthening of the capital framework. It formulates the characteristics that an instrument must have in order to qualify as regulatory capital, and the various adjustments that have to be made in determining the regulatory capital of a bank. In addition, it outlines the operation of the capital conservation buffer which is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. It also lays down the transitional arrangements for implementing certain elements of the Basel III capital framework, as well as the limits and minima of the different components of capital as per the table below.

Internal capital requirements are quantified by analysis of the potential impact of key risks to a degree consistent with our risk appetite

	1 January 2017	1 January 2018	1 January 2019	**1 January 2020**
Minimum common equity tier 1 CAR	6.5%	6.5%	6.5%	6.5%
Capital Conservation Buffer	0.625%	1.25%	1.875%	2.5%
Minimum CAT 1 CAR plus Capital Conservation Buffer	7.125%	7.75%	8.375%	9.0%
Phase-in of deductions from CAT 1*	50%	80%	100%	100%
Minimum tier 1 CAR	8.0%	8.0%	8.0%	8.0%
Minimum total CAR	10.0%	10.0%	10.0%	10.0%
Minimum total CAR plus Capital Conservation Buffer	10.625%	11.25%	11.875%	12.5%
Capital instruments that no longer qualify as tier 1 capital or tier 2 capital	Phased out over 10-year horizon beginning 1 July 2014			

* *Applicable to significant investments in the capital of banking, financial and insurance entities that are outside the scope of consolidation.*

Capital disclosures in terms of Basel III

The tables that follow provide information as required by the Guideline on Scope of Application of Basel III and Eligible Capital.

Capital structure

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

	Group			Bank		
as at 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Common equity tier 1 capital: instruments and reserves						
Ordinary shares (paid-up) capital	56 478	56 478	56 478	56 478	56 478	56 478
Retained earnings	262 156	236 501	298 346	261 330	236 267	298 533
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	52 076	56 289	56 174	52 076	56 289	56 174
Common equity tier 1 capital before regulatory adjustments	**370 710**	**349 268**	**410 998**	**369 884**	**349 034**	**411 185**
Deferred tax asset	421	297	438	421	295	437
Total regulatory adjustments to common equity tier 1 capital	**421**	**297**	**438**	**421**	**295**	**437**
Common equity tier 1 capital (CET1)	**370 289**	**348 971**	**410 560**	**369 463**	**348 739**	**410 748**
Tier 2 capital: instruments and provisions						
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)	16 148	17 260	16 153	16 161	17 260	16 153
Tier 2 capital (T2)	**16 148**	**17 260**	**16 153**	**16 161**	**17 260**	**16 153**
Total capital (capital base) (TC = T1 + T2)	**386 437**	**366 231**	**426 713**	**385 624**	**365 999**	**426 901**
Risk-weighted assets						
Risk-weighted on balance sheet assets	1 208 122	1 267 828	1 204 838	1 209 163	1 269 010	1 206 017
Non-market-related off balance sheet risk-weighted assets	77 602	93 518	83 925	77 602	93 518	83 925
Market-related off balance sheet risk-weighted assets	6 104	18 300	4 748	6 104	18 300	4 748
Operational risk	78 608	75 925	79 118	78 608	75 925	79 118
Aggregate net open foreign exchange position	3 164	10 491	5 977	3 164	10 491	5 977
Total risk-weighted assets	**1 373 600**	**1 466 062**	**1 378 606**	**1 374 641**	**1 467 244**	**1 379 783**
Capital adequacy %						
Total capital ratio	**28.1%**	**25.0%**	**30.9%**	**28.1%**	**24.9%**	**30.9%**
of which tier 1 capital ratio	**27.0%**	**23.8%**	**29.8%**	**26.9%**	**23.8%**	**29.7%**

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

	Group		Bank	
as at 31 March 2020 US$'000	Balance sheet amount	Amounts included for regulatory purposes	Balance sheet amount	Amounts included for regulatory purposes
Common Equity Tier 1 capital: instruments and reserves				
Ordinary shares (paid-up) capital	56 478	56 478	56 478	56 478
Retained earnings	262 156	262 156	261 330	261 330
Other reserves	65 582	52 076	65 582	52 076
Common Equity Tier 1 capital before regulatory adjustments	**384 216**	**370 710**	**383 390**	**369 884**
Deferred tax asset		(421)		(421)
Common Equity Tier 1 capital (CET1)	**384 216**	**370 289**	**383 390**	**369 463**
Tier 2 capital (T2)		**16 148**		**16 161**
Total capital (capital base) (TC = T1 + T2)	**384 216**	**386 437**	**383 390**	**385 624**

Risk-weighted on balance sheet assets (the group)

	2020			2019	2018
31 March US$'000	Total on-balance sheet amount	Risk-weights %	**Risk-weighted asset**	Risk-weighted asset	Risk-weighted asset
Cash items	4	–	–	–	–
Claims on sovereigns	29 165	0 – 150	22 612	37 561	28 753
Claims on central banks and international institutions	15 807	0 – 50	5 177	5 117	18 011
Claims on banks[1]	708 745	20 – 100	384 859	160 857	139 098
Claims on corporates	588 637	20 – 100	500 455	808 209	789 798
Claims secured by residential property	31 648	35 – 125	24 144	32 174	30 350
Claims secured by commercial real estate	252 947	100 – 125	258 758	192 876	165 419
Past due claims	2 347	100 – 150	2 347	9 230	7 989
Other assets	9 770	100 – 250	9 770	21 804	25 420
Total on-balance sheet credit risk-weighted exposures			**1 208 122**	**1 267 828**	**1 204 838**

Risk-weighted on balance sheet assets (bank)

31 March US$'000	2020 Total on-balance sheet amount	2020 Risk-weights %	2020 Risk-weighted asset	2019 Risk-weighted asset	2018 Risk-weighted asset
Cash items	4	–	–	–	–
Claims on sovereigns	29 165	0 – 150	22 612	37 561	28 753
Claims on central banks and international institutions	15 807	0 – 50	5 177	5 117	18 011
Claims on banks	708 745	20 – 100	384 859	160 857	139 098
Claims on corporates	588 637	20 – 100	500 455	808 209	789 806
Claims secured by residential property	31 648	35 – 125	24 144	32 174	30 350
Claims secured by commercial real estate	252 947	100 – 125	258 758	192 876	165 419
Past due claims	2 347	100 – 150	2 347	9 230	7 989
Other assets	10 091	100 – 250	10 811	22 986	26 591
Total on-balance sheet credit risk-weighted exposures			**1 209 163**	**1 269 010**	**1 206 017**

Risk-weighted non-market-related off balance sheet assets (group and bank)

31 March US$'000	2020 Notional principal amount	2020 Credit conversion factor %	2020 Credit equivalent amount	2020 Risk-weighted asset	2019 Risk-weighted asset	2018 Risk-weighted asset
Direct credit substitutes	11 820	100	11 820	11 820	4 664	4 839
Transaction-related contingent items	5 935	50	2 967	2 967	822	1 235
Total other commitments	140 145	20 – 50	66 342	62 815	88 032	77 761
Total non-market-related off balance sheet risk-weighted credit exposures				**77 602**	**93 518**	**83 925**

Risk-weighted market-related off balance sheet assets (group and bank)

31 March US$'000	2020 Notional principal amount	2020 Potential future exposure	2020 Current exposure	2020 Credit equivalent amount	2020 Risk-weighted asset	2019 Risk-weighted asset	2018 Risk-weighted asset
Interest rate contracts	142 556	471	707	1 157	1 157	407	771
Foreign exchange and gold contracts	412 772	5 094	29	5 123	4 947	5 875	3 531
Credit derivative contracts	8 340	–	–	–	–	–	–
Other market-related contracts	–	–	–	–	–	12 018	446
Total market-related off balance sheet risk-weighted credit exposures					**6 104**	**18 300**	**4 748**

Introduction

I am pleased to present the annual corporate governance report for the financial year ended 31 March 2020 which describes our approach to effective corporate governance.

Investec Bank (Mauritius) Limited is a wholly-owned subsidiary of Investec Bank Limited which is a wholly-owned subsidiary of Investec Limited and due to a dual listing company (DLC) operational structure, compliance with many of the specific corporate governance requirements is at the group DLC level.

We encourage all our stakeholders to read this corporate governance report which provides a more detailed review of the governance framework including the functions of the different board committees.

The past year in focus

IBM's commitment to deliver on its strategic objectives amidst several challenges remained solid during the year. The board and management's strategy for the bank remains balanced in terms of managing the risks presented in these uncertain times, positioning for future opportunities as they arise, as well as recognising opportunities within the risk framework.

IBM remains committed to the needs of its clients and its target market and continues to amplify and advance engagement with its clients to build a diversified portfolio of business. IBM continues to evolve the digital client experience and proposition.

A key priority of the board remains the focus on improving the return on equity and effective cost management.

The COVID-19 pandemic and its impact being felt in Mauritius from the end of the last quarter of the financial year did not have a significant impact on IBM's performance for the financial year ended 31 March 2020 although the future impact remains very uncertain.

IBM put in place a well-defined and clear COVID-19 protocol. The business implemented the special measures recommended by the Regulator and the Mauritian government. IBM remained fully operational to deliver its banking services to its clients during the lock-down period which lasted for more than two months.

Strategy

The board remains focused on pursuing IBM's strategic goals and objectives. In this regard, we remain focused on:

- Disciplined capital allocation in order to optimise returns
- Further diversification of revenue base
- Continued optimisation of our funding by growing diversified deposit channels
- Improving management of our cost base
- Continued investment in our digital and technology platforms
- Driving greater connectivity and linkages.

Management and board successions

The board, working closely with the nomination and remuneration committee, continues to drive succession planning at board level. In considering succession, the board is cognizant of diversity within the bank and therefore will continue to consider this issue whenever any recommendations are made for the board.

Diversity

IBM is committed to attracting, developing and retaining a diverse team of talented people. A diverse workforce is vital to its ability to be an innovative organisation that can adapt and prosper in a fast-changing world. Our recruitment strategies prioritise previously disadvantaged, female and disabled candidates where possible.

Having a diverse board and workplace is, and remains, a core focus at IBM as it provides the clear benefits of distinct and different outlooks, alternative viewpoints and challenging mindsets.

Conflict of interest

Directors have a responsibility to avoid situations that place, or may be perceived to place, their personal interest in conflict with their duties. The conflicts of interest policy requires directors to declare any actual or potential conflict of interest immediately when they become aware of such situation. Where actual or potential conflicts are declared, the recusal procedure is implemented, and affected directors are excluded from discussions and any decisions on the subject matter of the declared conflict.

Board effectiveness

The board continues to be committed to regularly reviewing its own effectiveness and that of its committees. The board undertakes an annual evaluation of its performance and that of its committees and individual directors through questionnaires which are required to be filled by all the directors.

IBM conducted its board and board committees' evaluation exercise during the financial year 2020 and the chairperson of the IBM board provided comprehensive feedback to the other board directors.

No material issues were identified in this process.

Culture

Our commitment to the Investec culture has continued to ensure extraordinary client engagements, risk consciousness and progress towards the achievement of our strategic objectives. Culture is, however, dynamic and the board recognises that it must evolve over time. The organisation has long had a culture of high performance, which requires dedication to cost discipline whilst continuing to foster an entrepreneurial spirit. The board recognises the central role it plays in ensuring that the organisation's values, strategy and business model are aligned to its culture and purpose. Retaining the strong culture within the bank is now more important than ever as the group transitions from a founder-led organisation to a professionally-led organisation.

Outlook

The global economy is grappling with a worldwide pandemic COVID-19, an oil price war, and unprecedented extreme volatility in capital markets. The uncertainty resulting from these rapidly evolving situations on a daily basis makes it difficult to take a view as to the likely near term impact on the global economy and specifically on the Mauritian economy. IBM's management is closely monitoring the situation. They are hopeful that when concerns about COVID-19 are allayed, the world economy will be able to recover and that businesses will return to growth.

Conclusion

The careful selection of people, their ongoing development and uncompromising commitment to our stated values will continue to be a distinctive characteristic of Investec's culture and drive.

We will continue to integrate social, ethical and environmental considerations into day-to-day operations and our sustainability approach is based on the integration of people, planet and profit.

IBM continues to work on innovation to enhance the client experience. All activities are aligned around client focus, growth and providing wealth creation opportunities.

Over the following pages, you will find more details on IBM's governance framework, including who the board and management are, how they make decisions and what they have done over the past year in terms of their leadership, strategic direction, and oversight of the organisation. We trust that this report, together with the 2020 Annual Report and the financial statements, will provide you with an overview of how IBM is managed and how stakeholders' interest is protected.

On behalf of the board, we would like to express our gratitude to Peter RS Thomas who retired from the board during the financial year for his valuable contribution and dedication over the years.

David M Lawrence
Chairman, board of directors

1 July 2020

Governance framework

Investec Bank (Mauritius) Limited (the bank) recognises that an effective and efficient governance framework provides a solid basis for transparent decision making which reflects the importance that it places on honesty, integrity, quality and trust. The bank operates within a clearly defined governance framework which provides for delegation of authority with clear lines of responsibility while retaining effective control. The board is collectively accountable and responsible for the performance, long-term success, reputation and governance of the bank.

The board also assumes the accountability for the bank meeting all its statutory and regulatory requirements. The board of directors of the bank considers that it applied in all material respects, the eight principles of corporate governance of the National Code on Corporate Governance (the Code) throughout the financial reporting period. Stakeholders are therefore assured that the bank is being managed ethically and in compliance with the latest legislation, regulations and best practice.

The following sections describe in detail how the eight principles of the Code have been applied at the bank:

Principle 1: Governance Structure

The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity. The board is accountable for the performance and affairs of the bank. It provides leadership for the bank within a framework of prudent and effective controls that allow risks to be assessed and managed.

The board meets its objectives by reviewing and guiding corporate strategy, setting the bank's values and standards, promoting high standards of corporate governance, approving key policies and objectives, ensuring that obligations to its stakeholders are understood and met, understanding the key risks the bank faces, determining its risk tolerance and approving and reviewing the processes put in place to mitigate risk including the approval of the terms of reference of key supporting board committees.

The board acknowledges that there may be certain recommended or prescribed corporate governance principles that could not be applied from time to time. The board ensures that the necessary disclosure and explanation is provided in the annual report for any instance of non-compliance. At all times, the board endeavours to adopt best practice or the stricter approach, considering its structure, culture and values.

To apply the above principle, the board of directors of the bank has developed, approved and implemented the following documents:

Board charter

The board charter sets out the objectives, roles and responsibilities and composition of the board of directors of the bank. The board charter is reviewed and approved by the board on an annual basis and is posted on the bank's website.

A code of ethics

Investec has a strong organisational culture of entrenched values, which forms the cornerstone of its behaviour towards all its stakeholders. These values are embodied in a written statement of values which serves as its code of ethics, and is continually reinforced.

The bank conducts its business with uncompromising integrity and fairness, so as to promote trust and confidence in the banking industry.

The bank is a member of the Mauritius Bankers Association (MBA), which published its first Code of Ethics in 2013. The bank not only subscribes to the MBAs Code of Ethics, it also embraces it.

The bank operates in a regulated environment and as such there are continuing obligations on it to conduct itself with integrity. The legislation the bank adheres to regulates, amongst other things, anti-bribery and corruption, personal account dealing, training and competence, responsible lending, whistleblowing, anti-money laundering and financial crime prevention, treating clients fairly and data protection.

The following documents are reviewed and approved by the board on an annual basis and a copy of these documents is posted on the bank's website.

- The Constitution;
- The Board's charter;
- The Code of ethics;
- The Position statements of the chairperson of the board and the board committees, CEO and the company secretary; and
- An Organisational chart and major accountabilities

Principle 2: The Structure of the board and its committees

The bank is a public interest entity as defined in the Code and is led and controlled by a unitary board of directors.

In accordance with the Code and the Bank of Mauritius Guideline on Corporate Governance, there is a clear division of responsibility between the chairperson and the chief executive officer to ensure balance of power and authority. The board is led by the chairperson while the chief executive officer leads the executive management team responsible for the day-to-day running of the business and handling the affairs of the bank.

The board comprises five members: the bank's chief executive officer, one independent non-executive director and three non-executive directors. Out of the three non-executive directors, two directors are also members (one non-executive director and one independent non-executive director) of the parent company's board. Three directors are residents of Mauritius and the other two directors reside in South Africa. Twenty percent of the board of directors are female.

Peter RS Thomas, a non-executive director and former chairperson of the audit committee retired from the board on 18 June 2019 after several years of valuable contribution to the board and board committees of IBM.

The board ensures that there is an appropriate balance of skills and experience and knowledge of the organisation to enable the directors to discharge their respective duties and responsibilities effectively.

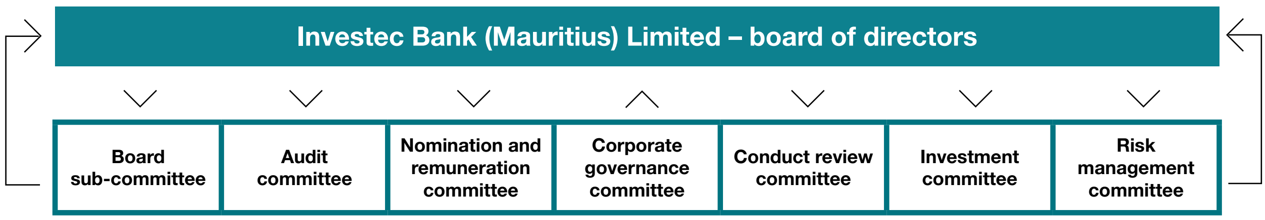
The board is of the opinion that independence cannot be determined solely and arbitrarily on the basis of time.
A director's contribution in terms of experience, expertise, objectivity and independent judgement in engaging and challenging the management in the interest of the bank as a director performs his/her duties is the likely yardstick to measure independence irrespective of the number of years he/she has been appointed as a director.

The board is also of the opinion that given the size and scale of the bank's operations, the appointment of a second executive director at this stage is not warranted. Furthermore, the chief operating officer of the bank is a permanent invitee to the board meetings.

Board committees

To achieve its objectives, the board delegates certain of its duties and functions to board committees, forums or the chief executive officer, without abdicating its own responsibilities.

The following committees have been established by the board of directors of the bank to promote the highest level of corporate governance:



Board sub-committee

This committee comprises three members, including the chief executive officer. The committee meets as and when required to take decisions as per its specific mandate conferred by the board.

The committee has all powers other than the powers provided for under the following sections which are listed in the Seventh Schedule to the Companies Act 2001 and under section 23.2(a) of the bank's constitution:

(i) Issue of other shares
(ii) Consideration for issue of shares
(iii) Shares not paid for in cash
(iv) Board may authorise distribution
(v) Shares in lieu of dividends
(vi) Shareholder discounts
(vii) Purchase of own shares
(viii) Redemption at option of Company
(ix) Restrictions on giving financial assistance
(x) Change of registered office
(xi) Approval of amalgamation proposal
(xii) Short-form amalgamation.

During the year, seven resolutions were approved via round-robin by the members of the committee. The members either signed the resolutions or provided their approval/consent via email.

Audit committee

The audit committee comprises three members; one independent non-executive director and two non-executive directors. The non-executive chairperson is also an independent non-executive director on the parent company's board and the chairperson of the parent's audit committee. The chief executive officer, the chief operating officer, the head of finance, the head of treasury, the head of legal, the head of compliance, the head of risk, the group head of internal audit, the group compliance officer and the external auditors are invitees to the audit committee meeting.

The board, through the IBM audit committee, is responsible for establishing formal and transparent arrangements for maintaining a relationship with external and internal auditors, ensuring timely and accurate disclosure to the board of any information of material importance.

This committee examines and reviews the findings of all external and internal audits conducted at the bank by the duly appointed external auditors and the group internal auditors respectively. The bank's internal audit function is outsourced to the centralised Investec group's internal audit which performs such function for all subsidiaries in the group. The committee also reviews and oversees that the findings raised by the regulators in their respective management letters are duly attended to.

The responsibilities of the audit committee include the following:

(i) approve the audit plans (external and internal) to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of external and internal auditors is coordinated;

(ii) recommend to the board and the shareholder the appointment, removal, and remuneration of external auditors; It also approves the engagement letter setting out the scope and terms of external audit;

(iii) assess periodically the skills, resources, and independence of the external audit firm, its partners and its practices for quality control;

(iv) assess whether the accounting practices of the bank are appropriate and within the bounds of acceptable practice;

(v) ensure that there is an appropriate structure in place for identifying, monitoring, and managing compliance risk as well as a reporting system to advise the committee and the board of instances of non-compliance on a timely basis;

(vi) discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This includes:

- Key audit matters (KAMs)
- key areas of risk of misinformation in the financial statements, including critical accounting policies,
- accounting estimates and financial statement disclosures;
- changes in audit scope;
- whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
- significant or unusual transactions; and
- internal control deficiencies identified during the course of the audit.

(vii) Further responsibilities of the audit committee include:

- review of the audited financial statements for adequacy before their approval by the board;
- assessment of whether the institution has implemented adequate internal control and financial disclosure procedures;
- review of any transactions brought to its attention by auditors or any officers of the bank, or that might otherwise come to its attention, which might adversely affect the financial condition of the bank;
- report to the board on the conduct of its responsibilities in frequency specified by the board, with particular reference to section 39 of the Banking Act 2004; and
- ensuring that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and any instances of non-compliance with laws.

The committee met four times during the financial year.

IBM Audit committee report

I am pleased to present the IBM Audit committee report for the financial year ended 31 March 2020.

The audit committee complied with all legal and regulatory requirements as needed under the Mauritian legislation and executed its duties during the last financial year in accordance with its terms of reference, the Companies Act 2001, Guideline on Corporate Governance, National Code on Corporate Governance, King Report on Governance for South Africa and the JSE Listings Requirements, where applicable.

Functions of the audit committee

The audit committee is part of the risk management and corporate governance processes and procedures of the bank which provides oversight and monitoring of the:

- financial reporting process and risk management;
- fraud and IT risks as they relate to financial reporting;
- the effectiveness of the bank's internal controls, internal financial controls and risk management frameworks;
- the statutory audit and annual financial statements;
- the independence and performance of the external auditor and appropriateness of the statutory auditor's provision of non-audit services.
- Review of external audit and quality of external audit work performed.

At each audit committee meeting, the chief executive officer, the chief operating officer, the head of finance, the head of risk and the head of compliance provide an in-depth assessment of their current risk related concerns and the processes and procedures implemented by management to control and/or mitigate these risks.

Following each audit committee meeting, the chairperson of the committee provides feedback to the board of directors highlighting the matters which the audit committee believes the board should be aware of.

A written report of the chairperson of the IBM audit committee on the audit matters relating to the bank is also provided to the parent company and group's audit committee following each IBM's audit committee meeting.

The chairperson of the audit committee has regular meetings with the head of internal audit as well as the external audit partners and managers without management being present to gain an independent understanding of the bank's operations and the risks and challenges it faces.

The chairperson also has regular meetings with the head of finance, to discuss issues relating to the finance function of the bank and to ensure the adequacy of the required expertise, resources and experience of the company's finance function. The chairperson also has regular meetings with the other members of the management team.

The audit committee is satisfied that it carried out its audit committee functions as required and in an appropriate and satisfactory manner.

External audit

The audit committee has the responsibility for reviewing the relationship with the external auditors, including considering annual audit fees, other non-audit services and the independence and objectivity of the external auditors.

The audit committee confirms its satisfaction with the performance and quality of external audit, the external auditors and the lead partner.

Auditor appointment, independence and objectivity

The audit committee has satisfied itself that the external auditors are independent, experienced in the audit of financial institutions and have the necessary resources to undertake audits of financial institutions.

The audit committee considers the reappointment of the external audit firm and its individual partners every year before making a recommendation to the board and the shareholder. It assesses the independence of the external auditors on an ongoing basis.

In terms of section 39 of the Banking Act 2004, the external audit firm is required to be rotated every five years. KPMG replaced EY as statutory auditors effective from the 2018 financial year. There are two years left in the five years' cycle during which the audit committee will consider the process for rotation of the current external auditor.

In terms of the amended JSE Listings Requirements, external audit partner accreditation, which was previously done by the Independent Regulatory Board for Auditors (IRBA), is henceforth the responsibility of the audit committee, together with a specific responsibility around audit quality. The JSE will continue to accredit audit firms, however, individual auditors will have to be assessed by the audit committee before being appointed. This imposes a responsibility on the audit committee to assess the suitability of the firm and the individual auditor for appointment.

The audit committee assessed the suitability of the firm and its individual audit partner for re-appointment after reviewing the minimum documentation requirements that the auditor needs to provide to the audit committee in order to facilitate a robust assessment of the suitability of the firm and individual auditor for appointment.

The following was covered during the discussions with KPMG at a group level and included a specific focus on IBM.

- transparency reports and reviews by the firm covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria;
- any reputational, legal or impending legal issues impacting the firm
- the independence processes of the firm, including partner reward and remuneration criteria;
- interrogation of international and local firm audit quality control processes;
- detailed profiles of all partners and managers on the Investec assignment, including their relevant audit experience;
- details in relation to the firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process;
- results of the last firm-wide reviews carried out by amongst others, the regulatory body, IRBA in South Africa;
- the results of the last individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner.

Working with the external auditor

The audit committee meets the external auditor to review the scope of the external audit plan, budgets, the extent of non-audit services rendered and all other audit related matters. The external auditor is invited to attend audit committee meetings and has access to the audit committee chairperson on an ongoing basis. John Chung is the engagement partner from KPMG responsible for the statutory audit.

The audit committee also evaluates the effectiveness of the auditors, the audit partners, audit team and the audit approach during their presentation at audit committee meetings and at ad hoc meetings held with the auditors throughout the year.

Impact of COVID-19

The COVID-19 pandemic is of an unprecedented scale and has severely impacted the global economy and businesses across all industries. There is a significant degree of uncertainty about the further spread of the virus and the impact it will have on the world and Mauritian economy

The audit committee considered the impact of Covid-19 on the economy and the resulting impact on the applicability of macro-economic scenarios (MES) and on the judgements and estimates used by management to prepare the annual financial statements.

The areas most impacted by COVID-19 include:

- going concern and business viability including liquidity
- expected credit loss (ECL) assessment (IFRS 9 macro-economic scenarios, probabilities and staging)
- fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures

Going concern

The directors are required to confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future.

The audit committee undertook an assessment on behalf of the board, and recommended to the board that it was appropriate for the financial statements to be prepared on a going concern basis. In this process, the audit committee considered reports on the bank's budgets and forecasts, profitability, capital, liquidity and solvency, scenario stress testing and the impact of legal proceedings; if any. The audit committee also considered the results of various stress testing based on different COVID-19 economic scenarios and the possible impact of COVID-19 on the ability of Investec to continue as a going concern.

Key audit matters

Key audit matters are in the view of the Audit Committee those matters that required significant focus from the committee, were considered to be significant or material in nature, requiring assumptions and the exercise of judgement, or those matters which were otherwise considered to be subjective from an accounting or auditing perspective.

The allowance for impairment of loans and advances is considered to be a matter of most significance and it requires the application of judgement and use of subjective assumptions by management.

The audit committee reviewed the level and appropriateness of impairments, provisioning methodologies and related key judgements in determining the impairment amounts as required under IFRS 9.

The committee also considered and reviewed the COVID management overlay on those portfolios which were considered to be more risky and whose impairment provision required to be reviewed and adjusted in line with the current situation. An additional amount of R687k was provided.

For level 3 instruments, such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is necessarily a large degree of subjectivity surrounding the inputs to their valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.

The investment in Israeli Technology Fund LP has been kept at cost due to the fact that the underlying investee is still in its start-up phase and due to the current uncertainty in the market following COVID-19, management believes that the cost is the best representative of the fair value.

The committee was satisfied that the impairment provisions were appropriate.

Non-audit services

The bank may engage the firm responsible for its audit to provide non-audit services. This may be done with the prior approval of the audit committee which ensures that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work should have no responsibility for the audit of the bank.

During the year under review, there were no non-audit services provided by the external auditor.

Financial statements, accounting practices and internal financial controls

The audit committee was satisfied that the financial statements for the bank were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Mauritius Companies Act, Financial Reporting Act 2004, the Banking Act 2004 and the various Bank of Mauritius guidelines.

The audit committee has examined and reviewed the financial statements to ensure that they fairly represent the financial position at the end of the financial year and the results of the operations and cash flows for the 2020 financial year.

Combined assurance

The audit committee satisfied itself that a combined assurance model is applied which incorporates the various risks and the level of assurances and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks.

Internal controls

The audit committee has responsibility for assessing the adequacy of internal controls. The audit committee was satisfied that adequate internal financial controls were put in place and that those internal controls were effective. To fulfil this responsibility, the audit committee received a written opinion from internal audit on the risk management framework, internal controls and internal financial controls

The audit committee also reviewed the internal audit function (including the process for evaluating the control environment), approved the internal audit plan and considered the various internal audit reports.

The audit committee established processes to allow for the review and appropriate handling of any concerns and complaints relating to reporting and other practices of the company.

No matters of significance were raised in the past financial year.

Other areas of audit committee focus

- Monitoring and follow up of external and internal audit control findings, including IT, and ensuring appropriate mitigation and timeous close out;
- Review of unlisted and private equity investments including investments in associates and the overall valuations and recognition of revenue;
- Reviewing related party governance process and disclosures;
- Review of regulatory compliance reports and oversight over the compliance programme;
- Monitoring of Audit Quality, both internal and external;
- Review of Post Balance Sheet disclosure, if any.

Zarina BM Bassa
Chairperson audit committee

1 July 2020

Nomination and remuneration committee

The nomination and remuneration committee (NARC) comprises three members who are all non-executive directors, with the chief executive officer, the chief operating officer and the head of group HR being the invitees. The committee reviews the salaries and bonuses of senior employees and senior management based on key performance indicators.

The nomination and remuneration committee operates within the following mandate:

- recommend to the board candidates for board positions, including the chair of the board and chairs of the board committees;
- recommend criteria for the selection of board members and criteria for the evaluation of their performance;
- recommend for approval of the board the remuneration and compensation package for directors, senior managers, and other key personnel, considering the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;
- recommend to the board an incentive package, as necessary, to enhance staff performance, while ensuring that incentives embedded within remuneration structures do not incentivise staff to take excessive risk;
- recommend nominees for board committees; and
- comment on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the board and committee meetings.
- Consider and ensure an appropriate plan is in place for both executive and non-executive succussion.
- review succession for key leadership positions.

The committee met twice during the financial year.

Corporate governance committee

The corporate governance committee comprises three members with the chairperson being an independent non-executive director. The two other members are also directors on the parent company's board.

The role of the corporate governance committee is to ensure that the reporting requirement with regard to corporate governance, whether in this annual report or on an ongoing basis, is in accordance with the principles of the applicable regulatory requirements and the applicable codes of corporate governance.

The corporate governance committee carries out the following activities:

- advise the board on all aspects of corporate governance and recommend the adoption of best practices as appropriate;
- determine, agree and develop the bank's general policy on corporate governance in accordance with the Code of Corporate Governance for Mauritius and the Bank of Mauritius Guideline;
- approve the corporate governance report to be published in the bank's annual report; and
- ensure that all reporting requirements and disclosures made in the annual report are in compliance with the disclosure provisions in the Code of Corporate Governance and the Bank of Mauritius Guideline.

The committee met once during the financial year.

Conduct review committee

The conduct review committee comprises three members: the chairperson, being an external non-executive director, the chairperson of the board and one independent non-executive director. The committee monitors and reviews all related party transactions and ensures that market-based terms and conditions are applied to all related party transactions.

The responsibilities of the conduct review committee, as specified in the Guideline on related party transactions issued by the Bank of Mauritius, include the following:

- require the management of the bank to establish policies and procedures to comply with the requirements of the Guideline on related party transactions;
- review the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the bank;
- review and approve each credit exposure to related parties;
- ensure that market terms and conditions are applied to all related party transactions;
- review the practices of the bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the financial institution is identified and dealt with in a timely manner; and
- report periodically and in any case not less frequently than on a quarterly basis to the board of directors on matters reviewed by it, including exceptions to policies, processes and limits.

The committee met four times and also considered and approved seven resolutions which were round-robin via emails during the financial year. The committee did not note any breach of the requirements of the Guideline on related party transactions issued by the Bank of Mauritius.

Refer to note 39 of the annual report for related party transactions.

Investment committee

The investment committee comprises the chief executive officer who is the chairperson of the committee, the chairperson of the board and one external non-executive director. The committee is responsible for the review and management of the bank's investment portfolio and the review of any new investment proposals.

The investment committee meets on an ad hoc basis as circumstances dictate in order to conduct its affairs with respect investment decisions. The credit committee reviews all new investment proposals and makes its recommendation to the Investment committee. The investment committee then reviews all the new investment proposals and makes its determination known to group investment committee. All investment proposals require the sanction of the group investment committee.

The committee met six times during the financial year.

Risk management committee

The risk management committee comprises three members. The chairperson of the committee is an external non-executive director and the other two members are the chairperson of the board and the chief executive officer.

The objectives of the committee are to:

- advise the board on the bank's overall current and future risk appetite;
- oversee senior management's implementation of the risk appetite framework; and
- report on the risk culture in the bank.

The Audit committee has the primary role in providing assurance to the board that adequate controls are in place to mitigate risks to an appropriate residual level. The Audit committee relies on the output of the Risk management committee to ensure the completeness of the Combined Assurance Model. As there are synergies between the risk management committee and Audit committee there is an overlap in membership. The chairperson of the Risk management committee is a member of the Audit Committee. The Chairperson of the Audit committee is a regular invitee to the Risk management committee.

At each board meeting, the Chairperson of the Risk management committee provides feedback on the key matters discussed at the committee with a focus on significant risks.

Four risk management committee meetings were held during the financial year.

Board and board committees' attendance

The board met four times during the financial year.

The chairman is responsible for setting the agenda for each meeting, in consultation with the chief executive officer and the company secretary. Comprehensive information packs on matters to be considered by the board are provided to the directors at least a week prior to the meeting.

There were also twenty eight written resolutions which were round-robin for consideration and adopted by the board of directors during the financial year.

Details of the attendance at the board and board committee meetings held during the financial year are shown in the table below:

	Meetings attendance							
Directors	Board	Audit committee	Board sub-committee**	Nomination and remuneration committee	Conduct review committee	Corporate governance committee	Investment committee	Risk management committee
David M Lawrence	4/4		***	2/2***	4/4	1/1	6/6	4/4
Craig C McKenzie	4/4						6/6***	4/4
Pierre de Chasteigner du Mée	4/4	4/4		2/2	4/4***		4/6	4/4***
Peter RS Thomas*	1/1	1/1						1/1
Zarina Bibi Mahomed Bassa	4/4	4/4***		2/2		1/1		4/4
Ramdeo Erriah	4/4	4/4			4/4	1/1***		4/4

* *Resigned on 18 June 2019*
** *During the year, seven resolutions were considered and approved via round-robin to the members of the committee.*
*** *Committee chairperson,*
Effective from 18 June 2019, ZBM Bassa assumed the chairmanship of the audit committee meeting.

Principle 3: Director Appointment procedures

Directors' appointment as per the constitution of the company

Appointment by notice

The directors shall be the persons appointed from time to time as directors by a notice in writing signed by the holders of the majority of the ordinary shares and who have not resigned or been removed or disqualified from office under the constitution of the bank. A director shall hold office until his resignation, disqualification or removal in accordance with the constitution.

Appointment by resolution

A person may be appointed as a director of the bank by an ordinary resolution passed in a meeting of shareholders. A resolution to appoint two or more directors may be voted on one resolution without each appointment being voted individually.

Appointment to fill casual vacancy

The board of directors of the bank shall have power at any time and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors so that the total number of directors shall not at any time exceed the number fixed in accordance with the constitution.

A director holds office until the following annual meeting and is eligible for re-election. Each director is re-elected by a separate resolution.

Nomination and appointment process

- The responsibility of the NARC is to identify suitable candidates based on the requirements of the position and the skills and expertise required; whether the potential candidates are fit and proper and are not disqualified from being directors.
- The NARC carries out interviews of the potential candidates before short-listing those candidates who best meet the required criteria.
- The NARC then proposes the short-listed candidates with brief biographical details to the board for review and approval.
- Once the board has reviewed and is satisfied with the profile of the candidates, the board then shall:
  - Either appoint a director to fill a casual vacancy or as an addition to the existing directors until the next annual meeting of shareholder; or
  - Shall propose the election of the potential candidate(s) by way of an ordinary resolution(s) in a special meeting of shareholder with notice duly sent to the sole shareholder.
- Reappointment of a director at the end of his/her mandate shall be based on the recommendation of the NARC and subject to approval from the board of directors and to election by the shareholder in the annual meeting of shareholder.
- A letter of appointment stipulating the terms and conditions of the engagement is remitted to the new directors.
- A notice of appointment of a new director is delivered to the Registrar of Companies within 28 days of the appointment. Notices are also given to other relevant authorities.
- The new director undergoes an induction and orientation process which enables him/her to integrate into the organisation and make the maximum contribution as quickly as possible.

No new director was appointed during the financial year.

Director biographies

Biographies of the current directors are outlined below including their relevant skills and experience, other principal appointments.

David M Lawrence

Non-executive director
Age: 69
Qualifications: *BA(Econ) (Hons), MCom*

Relevant skills and experience
David's early career was spent as an Economist at the Chamber of Mines (South Africa), subsequently working for the office of the Economic Advisor to the Prime Minister. He joined CitiBank (South Africa) in 1977 eventually becoming chairperson and managing director. In 1987, First National Bank acquired CitiBank's business and it became FirstCorp Merchant Bank where David held the position of managing director. David joined Investec in 1996 as managing director, Corporate and Investment Banking.

Other principal appointments
Other directorships include Investec Bank Limited and a number of outside companies including JSE Limited.

Committees
David is also a member of the board sub-committee (chairperson), nomination and remuneration committee (chairperson), conduct review committee, corporate governance committee, investment committee and risk management committee of the bank.

Date of appointment
3 October 1997

Pierre de Chasteigner du Mée

Non-executive director
Age: 67
Qualifications: *ACEA, FBIM, FMAAT*

Relevant skills and experience
Pierre, a stockbroker on the Stock Exchange of Mauritius Ltd, a Sworn Broker and Company Secretary, is the director and secretary of MUA Stockbroking Ltd (formerly Associated Brokers Ltd). He was Finance Director of the Constance Group of Companies for 15 years, during which time he also occupied the position of Managing Director of the Constance Hotels in order to carry out the complete restructure of the Group's Hospitality Business. In January 1993, he was appointed Estate General Manager within the Constance Group, a position which he occupied for 20 years before relocating as Financial Consultant, Stockbroker and Company Director

Other principal appointments
Pierre is a director of the National Pensions Fund for Mauritius, National Pension/National Savings Fund's investment committee and vice-president of P.O.L.I.C.Y. Limited an investment company listed on the Stock Exchange of Mauritius, a director of Investec Wealth & Investment (Mauritius) Limited and of various public and private companies in Mauritius.

Committees
Pierre is a member of the board sub-committee, audit committee, nomination and remuneration committee, conduct review committee (chairman), investment committee and risk management committee (chairman) of the bank.

Date of appointment
4 June 1999

Craig C McKenzie

Executive director
Age: 59
Qualifications: *Bsc, Msc (Agric Economics), CFA*

Relevant skills and experience
Craig is the chief executive officer of the bank with 31 years of banking experience.

Other principal appointments
Craig is the chairman of the board of directors of Investec Wealth & Investment (Mauritius) Limited and a director of Dolphin Coast Marina Estate Ltd, La Balise Gym and Spa Ltd, Mauritius Bankers Association Ltd and other private companies.

Committees
He is also a member of board sub-committee, Investment committee (chairman) and risk management committee of the bank.

Date of appointment
25 February 2000

Zarina BM Bassa

Non-executive director
Age: 56
Qualifications: *BAcc, DipAcc, CA(SA)*

Relevant skills and experience
Zarina is a former partner of Ernst & Young Inc. She joined the Absa Group in 2002 and was an executive director of Absa Bank, a member of the group's executive committee, and Head of the Private Bank. She has previously chaired the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board and has been a board member of the Accounting Standards Board and a member of the JSE GAAP Monitoring Panel. Zarina has previously served as a non-executive director at several companies including the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Vodacom South Africa Proprietary Limited, Mercedes SA and the Financial Services Board. Zarina was appointed as the senior independent non-executive director of Investec plc and Investec Limited on 1 April 2018 and is also chairperson of the Investec Limited and Investec plc audit committees.

Other principal appointments
Zarina is a director of Oceana Group Limited, YeboYethu Limited and Woolworths Holdings Limited and various Investec subsidiaries including Investec Bank Limited, Investec Bank plc and Investec Life Limited.

Committees
Zarina is the chairperson of the audit committee (and a member of), nomination and remuneration committee and corporate governance committee of the bank.

Date of appointment
21 February 2019

Ramdeo (Dev) Erriah

Independent non-executive director
Age: 61
Qualifications: *LLB, LLM, TEP, Barrister-at-Law (Gray's Inn)*

Relevant skills and experience
Ramdeo (Dev) Erriah, barrister at Law (Gray's Inn), head of Erriah Chambers, graduated in the UK and holds LLB, LLM, TEP in International Tax Law, Company Law, Law of International Finance and International Trusts Law from the prestigious University of London. He was the first Chairman of STEP Mauritius (Society of Trust and Estate Practitioners). He is also a member of the International Bar Association and forms part of Committees N (TAX) and E (Banking). Dev specialises in all aspect of offshore business laws namely Mergers & Acquisition Finance/Banking, Investment Management, Lease and Transportation Finance, Private Equity and Venture Capital, Structured Finance, Aircraft Finance and leasing; Project Finance, securities, capital markets practices, regulatory compliance, antitrust and competition, corporate law and corporate governance, setting up of offshore companies, offshore fund and Collective Investment Scheme, international banking and privatisation, International tax and trust structuring, implementation of international transactions, negotiation, drafting of transaction documents and review of all legal documentation inclusive of trusts deeds, corporate constitutive documents, credit facility documents etc, International Arbitration & Cross-Border litigation, International litigation such as international bankruptcy, enforcement of international creditor's claim, money laundering Mauritius and at international level. As regards banking he has been advising banks locally and internationally for the last 21 years.

Other principal appointments
Dev is a director of Tropical Ocean Corporate & Secretarial Services Ltd, SavSam Property Holding Ltd, Vanilla Cruise (Mauritius) Limited and Caspian Capital partners.

Committees
Dev is a member of the audit committee, corporate governance committee (chairman) and conduct review committee of the bank.

Date of appointment
21 February 2019

Company secretary

Prithiviraj Jeewooth, FCCA is the company secretary of Investec Bank (Mauritius) Limited. Prithiviraj is a professional qualified accountant and has experience gained over a number of years. The company secretary is evaluated by board members during the annual board evaluation process.

The company secretary is responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretary, whose appointment and removal are a board matter.

The board has considered and is satisfied that the company secretary is competent, and has the relevant qualifications and experience and maintains an arm's-length relationship with the board. In evaluating these qualities, the board has considered the prescribed role and duties pursuant to the requirements codified in the Companies Act and the listings and governance requirements as applicable.

Principle 4: Director Duties, Remuneration and Performance

Legal duties

The directors of the bank are aware of their legal duties and are required to act in good faith and in the best interests of the company. They must accordingly:

- exercise their powers in accordance with the Companies Act and the company's constitution;
- obtain the authorisation of a meeting of shareholders before doing any act for which such authorisation is required;
- exercise their powers honestly in good faith in the best interests of the company;
- exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- account to the company for any monetary gain obtained in their capacity as directors;
- unless authorised by the company, not make use of or disclose any confidential information acquired by way of their position as directors of the company, or compete with the company;
- disclose to the board of the company any transactions involving self-interest unless the transactions are in the ordinary course of business and on usual terms and conditions;
- not use any assets of the company for any illegal purpose;
- transfer immediately to the company all cash or assets acquired on its behalf;
- attend meetings of the directors of the company with reasonable regularity; and
- keep proper accounting records and make such records available for inspection.

A director shall, after becoming aware of the fact that he/she is interested in a transaction with the company, disclose to the board of the company the nature and monetary value of that interest or where the monetary value of the director's interest cannot be quantified, the nature and extent of that interest, unless the transaction is in the ordinary course of business and on usual terms and conditions and be recused from the company's consideration and decision on whether to approve the transaction.

Skills, knowledge, experience and attributes of directors

The board considers that the skills, knowledge, experience and attributes of the directors as a whole are appropriate for their responsibilities and the bank's activities. The directors bring a range of skills to the board including:

- International business and operational experience.
- Understanding of the economics of the sectors in which we operate
- Knowledge of the regulatory environments in which we operate
- Financial, accounting, legal and banking experience and knowledge

The skills and experience profile of the board and its committees are regularly reviewed to ensure an appropriate and relevant composition from a governance, succession and effectiveness perspective.

Board and board committee's evaluation

The board's performance is evaluated annually and covers areas of the board's processes and responsibilities according to leading practice. The board committees are evaluated every two years. The performance evaluation process takes place both informally, through personal observations and discussions, and/or in the form of evaluation questionnaires. The results are considered and discussed by the board. The chairperson meets with directors to discuss the results of the formal and informal evaluations and, in particular, to seek comments on strengths and developmental areas of the members, the chairperson and the board as a whole. Performance evaluation of the board as well as training and development of directors are matters that are often raised at the board.

Ongoing training and development

Board members receive formal presentations on regulatory and governance matters as well as on the business and support functions. The company secretary liaises with directors to source relevant seminars and conferences which directors could attend, funded by Investec.

Individual training and development needs are discussed with each board member and any requests for training are communicated to the company secretary for implementation. Directors are encouraged to request for specific training of interest in fulfilment of their duties as directors.

During the period under review, five training sessions for directors were organised.

Directors' interest and dealings in shares

All the shares of the bank are held by its sole shareholder namely, Investec Bank Limited.

Directors' emoluments

The executive and non-executive directors received emoluments amounting to US$919 657 for the year under review (2019: US$1 034 820).

The remuneration of directors has not been disclosed on an individual basis due to commercial sensitivity. The parent company, being the sole shareholder, has the detailed remuneration information and has consented to the disclosure on an aggregated basis.

Directors' service contracts and terms of employment

The chief executive officer, who is the only executive director of the bank, has a permanent contract of employment, terminable by either party giving the required written notice to the other. The chief executive officer is entitled to receive a basic salary and is also eligible for an annual bonus and participate in the group share incentive scheme, the amount of which is determined at the discretion of the nomination and remuneration committee.

The non-executive directors do not have service contracts, but letters of appointment confirming the terms and conditions of their service. The non-executive directors have not received any remuneration in the form of share option or bonuses associated with the bank's performance. Unless the non-executive directors resign earlier or are removed from their positions, they will remain as directors until the close of the next annual general meeting.

Directors' and officers' liability insurance

The bank arranges for the appropriate insurance cover in respect of any legal action against its directors and officers.

Related Party Transactions Policy

Refer to the section on related party transactions, policies and practices on page 20 and note 39 of the annual report.

Conflict of interest

Directors must, as far as possible, avoid conflicts and where a conflict or potential conflict arises, the same must be disclosed and all procedures for dealing with such cases must be strictly adhered to. Directors who are conflicted regarding a particular issue should not participate in the related discussions and decision-making.

A conflict of interest may occur when:

- A director's personal interest is adverse to or may seem to be adverse to the interests of the Company.
- (A director, or a member of his or her immediate family, receives improper personal benefits as a result of his/her position in the Company.

Some of the common conflicts directors should avoid are listed below:

- (Personal benefits received from a person/company seeking to do business with or to retain the services of the company.
- (Gifts which are not customary in normal business relationships should not be accepted nor given to any person/company seeking to do business with or to retain the services of the company.
- Engaging in any outside business, professional or other activities that would directly or indirectly adversely affect the company.

The bank has implemented a conflict of interest policy to adequately manage and mitigate conflict of interest. A copy of the policy is published on the bank's website.

Management and succession planning

Business unit heads are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. Matters of succession are considered regularly. Decision-making is spread to encourage and develop an experienced pool of talent.

Executive management

The board has delegated the day-to-day running of the business and affairs of the bank to its executive management. Issues are debated and decisions in management forums are taken unanimously.

The executive management team of the bank is made up of the chief executive officer and chief operating officer.

Below is the profile of the management team.

Craig C McKenzie – chief executive officer

Craig C McKenzie joined Investec Bank (Mauritius) Limited in 2000 as chief executive officer. He has more than 31 years of banking experience and holds Bachelor and Master of Science degrees in agricultural economics from the University of Natal (South Africa).

He is also a chartered financial analyst (CFA).

Lara Ann Vaudin – chief operating officer

Lara Ann Vaudin qualified as an attorney-at-law in Johannesburg, South Africa in 1996. She holds a BA LLB from the University of the Witwatersrand and an LLM (corporate law) from the University of South Africa. She joined the bank in 2004 as the bank's legal adviser and is currently the chief operating officer of the bank.

Human resources and remuneration policy

The bank's philosophy is to employ high calibre individuals who are characterised by integrity and innovation and who adhere and subscribe to its culture, values and philosophies. The bank promotes entrepreneurship by providing a working environment which stimulates extraordinary performance.

The bank rewards its employees for their contribution through payment of a competitive annual package, a variable performance bonus and ownership in the form of share incentive scheme participation in Investec Limited. Other factors are also considered important such as the organisation's core values, work content and management style in the attraction, retention and motivation of employees.

Information, information technology and information security policies

The bank strives to:

- Implement strategic roadmaps that leverage new technologies to enhance capacity, scalability, security, resilience and robustness and reduce reliance on legacy IT systems
- Future-proof IT development and implementation in support of innovation and delivery at pace
- Drive automation to reduce human error whilst enhancing efficiency
- Continue to align IT architecture and standards across the bank, to reduce technical complexity and leverage common functions and services
- Enhance proactive monitoring of the IT environment, for continual oversight of effectiveness and performance
- Maintain and test IT resilience capabilities to withstand failure and minimise service disruption.

The board oversees information governance within the bank and ensures that information technology leads to business benefits and creates value.

The group-wide vision of Investec is to continuously deliver efficient and effective information technology that enables business and excellent client service, within acceptable risk tolerance.

Investec continues to invest in its digital and technology platforms in order to remain competitive and to deliver on its high-touch, high-tech value proposition to both corporate and private clients

The bank, through its board and its committees, ensures that all IT risks are identified in a timely manner and addressed through risk management, monitoring and assurance processes.

In this respect the bank has adopted a number of Investec group information technology policies. These policies are reviewed on an annual basis and are approved by the board. These policies are made available to all employees for consultation and compliance through the bank's intranet.

Principle 5: Risk Governance and Internal Control

The board is responsible for the governance of risk and for determining the nature and extent of the principal risks that the bank is willing to take in achieving its strategic objectives. The board through its various sub-committees has developed and implemented appropriate frameworks and effective processes for the sound management of risks.

Risk Management

Managing risk remains integral to generating sustainable shareholder and stakeholder value.

Refer to pages 16 to 61 of section 2 of the annual report for an overview of the key risks and controls.

Furthermore, the board is of the opinion that the bank's risk management processes and systems of internal control are effective.

Internal controls

Internal control is the process designed and implemented by the management of the bank and approved by the board to ensure the following:

- the effectiveness and efficiency of its operations
- that instructions and directional guidelines fixed by management are adhered to
- applicable laws and regulations are complied with
- appropriate controls are in place to safeguard its assets, and
- financial information is complete and reliable

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Investec group board risk and capital committee and the audit committee assist the board in this regard. The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

Internal control is designed to prevent, detect and mitigate, not eliminate, significant risks faced by the bank. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as risk management, internal audit and compliance. These ongoing processes were in place throughout the year under review and until the date of approval of the annual report and accounts.

Internal audit report control recommendations to senior management and the audit committee. Appropriate processes ensure that timely corrective action is taken on matters raised by internal audit.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the board through the audit committee and are independently assessed by internal audit, compliance and external audit.

Processes are in place to monitor internal control effectiveness; identify and report material breakdowns and ensure that timely and appropriate corrective action is taken.

Compliance

Compliance risk is the risk that the bank fails to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct which apply to the bank's business.

The bank seeks to adhere to the highest standard of compliance best practice. In keeping with its core values, the bank also endeavours to comply with the highest professional standards of integrity and behaviour which build trust.

The compliance function ensures that the bank complies with existing and emerging regulations impacting on its operations. The bank recognizes its responsibility to conduct business in accordance with the laws and regulations of the country and areas in which it operates. The compliance function is supported by group compliance and the compliance officer of the bank.

The bank is subject to extensive supervisory and regulatory governance. Significant business developments in any of its operations must be approved by both the Bank of Mauritius and the South African Reserve Bank.

The bank's head of compliance reports to the chief executive officer, as well as to the group head of compliance and the audit committee. The bank's head of compliance provides regular training to ensure that all employees are familiar with their regulatory obligations; provides advice on regulatory issues; and works closely with business and operational units to ensure consistent management of compliance risk.

Whistle blowing policy

One of Investec's values requires employees to "conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust". Integrity and confidence are critical to our reputation and sustainability.

The bank has adopted Investec's group whistle-blowing policy which forms part of its Financial Crime policy. The purpose of the policy is to encourage employees to raise concerns about workplace malpractice without fear of victimisation or reprisal. The policy sets out clear procedures and guidances for employees to follow with regard to whistle-blowing.

Principle 6: Reporting with Integrity

The board is responsible for the preparation of annual financial statements that fairly present the state of affairs of the bank and the results of its operations and that comply with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act, the Banking Act and the Financial Reporting Act. The board is also responsible for selecting appropriate accounting policies based on reasonable and prudent judgements.

Our culture, values and philosophy

Refer to page 3 to 4 of the Annual report for our culture, values and philosophy.

Financial reporting and going concern

The directors are required to confirm that they are satisfied that the bank has adequate resources to continue in business for the foreseeable future. The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial statements. The board also considers reports on the bank's budgets and forecasts, profitability, capital, liquidity and the impact of legal proceedings, if any in assessing the going concern concept.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the bank's financial statements, accounting policies and the information contained in the annual report. The bank's financial statements are prepared on a going concern basis. The board is of the opinion, based on its knowledge of the bank, key processes in operation and specific enquiries, that there are adequate resources to support the bank as a going concern for the foreseeable future

Occupational health and safety

The board of directors acknowledges its statutory and moral responsibility to employees and the public to comply with occupational health and safety standards. The board is responsible for ensuring the adequacy and effectiveness of the application of the overall health, safety and environmental policies of the bank. The bank strives to make available and maintain a safe working environment that is free from hazards and risk of injury to employees. The bank complies with the Occupational Safety and Health Act 2005 and other health and safety related legislations.

A Health and Safety working committee (HSWC) has been established by the bank and consists of representatives from Operational risk, Human Resource, Information technology, executive management (namely the COO) and the OHS officer.

An incident reporting process is put in place by the bank as recommended by the Occupational Safety and Health Act 2005.

No major incident was reported during the reporting period.

Annual report

The Annual report is published in full on the bank's website and is also available on request. A comprehensive report on risk management is presented under section 2 – Management discussion and analysis and is set on pages 11 to 82 of the Annual Report.

The financial statements are set out on pages 83 to 182 in section 3 of the Annual Report.

Principle 7: Audit

Directors' responsibilities

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, the Banking Act and the Financial Reporting Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

External Audit

As from April 2017, KPMG were appointed as the external auditors following the change in the Banking Act which requires banks to rotate audit firms every five years.

The independence of the external auditors is reviewed by the audit committee each year. The audit committee meets with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit related matters.

The external auditors are invited to attend audit committee meetings and have access to the chairperson of the audit committee.

Internal audit

Internal audit is part of a groupwide function with a dedicated head for the IBM internal Audit (IA) is tasked with providing the board with an independent and objective opinion as to the bank's control environment in relation to the risks it faces. Internal audit recommends enhancements to risk management, control and governance processes where weaknesses are identified.

The dedicated head of IBM internal audit reports at each audit committee meeting and has a direct reporting line to the chairperson of the audit committee. He/she operates independently of executive management, but has access to the chief executive officer and the chairperson of the audit committee.

Annually, group internal audit conducts a formal risk assessment of the bank's business from which a comprehensive risk-based annual audit plan is derived. The assessment and programme are validated by executive management and approved by the audit committee.

Regulation and supervision

The bank is subject to regulation by its host regulator, Bank of Mauritius as well as the South African Reserve Bank. It seeks to achieve open and active dialogue with its regulators and supervisors in order to comply with the various regulatory and supervisory requirements. The bank reports to regulators and supervisory bodies regularly and is subject to an annual on-site inspection.

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholding structure

Investec Bank (Mauritius) Limited is a wholly owned subsidiary of Investec Bank Limited which is 100% owned by Investec Limited, a company listed on the Johannesburg Stock exchange.

Dividend Policy

Although the bank does not have a formal dividend policy, dividends are paid to the sole shareholder subject to profitability and subject to the approval from the Bank of Mauritius after having satisfied the solvency test required under section 61(2) of the Companies Act 2001 of Mauritius.

During the year a dividend amounting to US$13.4 million was paid in December 2019 (2019: US$87.1 million; 2018: nil).

Donations

Any donations provided by the bank are made as part of the bank's corporate social and business responsibility.

Please refer to the Sustainability report on page 78 and 79 of the Annual report for more details on donations.

No political donations were made.

No donations were made to any related parties.

Communication and stakeholder engagement

Building trust and credibility among our stakeholders is vital to good business.

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to the primary stakeholders. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions.

Other statutory disclosures

In accordance with section 221(4) of the Companies Act 2001, the sole shareholder of the bank has, by way of written resolution, agreed that the annual report of the bank does not need to comply with paragraphs (a) and (d) to (i) of section 221(1) of the Companies Act 2001.

Sustainability

Investec Bank Mauritius (IBM) referred to as "The bank" believes in making a positive contribution to the society and the environment in which we operate. Our Corporate Social Investment (CSI) strategy is to focus on projects and initiatives in the following areas:

- Education
- Environment
- Sports development.
- Ad Hoc Donations

Corporate social responsibility (CSR) was legislated by the government of Mauritius in July 2009. In terms of the legislation, all Mauritian companies need to allocate 2% of their Segment A chargeable income to CSR-approved NGOs or projects.
The bank will remit 75% of its CSR Funds to the Mauritius Revenue Authority (MRA), in accordance with the Income Tax Act. Segment B profits pertaining to offshore income derived by banks is, however, exempt. Notwithstanding this the bank has chosen to contribute an additional 0.25% of the average previous three years Segment B chargeable income to Corporate Social Investment. In line with the government's focus on poverty alleviation, the bank's CSI projects are directed at communities or beneficiaries that are financially disadvantaged. Its approach is to ensure long-term sustainability. This means making multi-faceted interventions in selected communities and may include building operational skills and organisational capacity

The bank's criteria for assessing projects are:

- Ability to make a meaningful difference
- Capacity to deliver sustained benefits
- Measurability
- Potential to engage co-sponsors to increase leverage and provide an integrated solution
- Opportunity for staff involvement.

Projects supported by Investec Bank Mauritius:

Education

The bank believes that education is key to empower disadvantaged communities, enabling individuals to make a better life for themselves.

During the year the focus was to financially support a deserving candidate in financial need to fully develop their potential.
An amount of MUR647 603 has been approved by the CSR committee for the bursary on a basis of a three-year Banking and Finance degree at Curtin University. The bank provided MUR216 008 for the current year of study.

Environment

The bank believes that the natural heritage of Mauritius is a critical resource to the country and needs to be respected and protected.

The bank contributed an amount of MUR366 770 to Ecole Pere Henri Souchon and Animaterra for their Vegetable Farming Project. The project consists of teaching pupils basic crop cultivation skills in a sustainable manner using principals of biological farming and no chemical pesticides. The vocational school caters for pupils who are unable to continue in the mainstream of governmental education. This project provides pupils with skills that assist them in finding employment in the agricultural/ horticultural sector. The pupils were taught how to spray biological insecticides, compost works and carried out the general agricultural activities assigned to them.

Sports development

The bank believes that aside from the importance of physical exercise, sport also teaches discipline, perseverance, teamwork and develops self-esteem. An amount of MUR486 135 has been allocated to the sports development sector which includes the following sport development projects:

Tranquebar Dalton Football Club (TFC)

TFC consists of residents of the Port Louis area and serves to provide discipline for young underprivileged adults by focusing on a healthier lifestyle. The bank has been sponsoring the Tranquebar Dalton Football Club for the past five years. The team has reached the Finals in Mauritius.

Tranquebar Black Rangers Women's Volleyball Club (TVC)

The bank has been sponsoring TVC for the past ten years. The club consists of 45 members being all women. The team has been playing in numerous national tournaments during the year and was ranked first place. Consequently, they were qualified to play in an international competition, the "Coupe des Clubs Champion de l'Ocean Indien Zone 7" (CCZ7) and finished 5th out of 10 teams in the Indian Ocean tournament.

Tranquebar Boxing Club (TBC)

The bank has been sponsoring the Tranquebar Boxing Club for the past five years in renewing their equipment and supporting them with adequate training. The team competes at national and international level. Their hard work and dedication were highlighted during the year when two of their best boxers were selected to play in the Indian Ocean Island Games 2019 and finished first place in their respective age categories.

Total amount of MUR1 460 413 was contributed to CSI during the year.

Ad Hoc Donations

The bank remitted MUR391 500 towards the following Ad Hoc donations:

MUR300 000 was given to "Link to life" an NGO which supports cancer patients by providing psychological assistance, early detection screening and cancer awareness. During the year, the funds were used specifically to provide free transport services for cancer patients from low-income group from their home to the hospital for treatments provided by the Government. Approximately 600 cancer patients benefited from the funds last year.

MUR75 000 was donated to the woman's rugby team in support of the empowerment of woman in sport.

All staff are encouraged to contribute and participate in the bank's CSI programme. In December, the bank donated one box per staff member who would volunteer in the Christmas Box initiative 2019 to provide families in need with Christmas boxes.

Investec group sustainability considerations

Investec group ("the group") has a holistic approach to sustainability. Its commitment to sustainability recognises the interconnected nature of its business, the economy, the environment and society. The group plays an important role in funding (both lending and in investing) a sustainable economy that is cognisant of the world's limited natural resources and promotes carbon reduction. The group integrates environmental, social and governance (ESG) considerations into its day-to-day operations and decision-making to support a sustainable, long-term vision. The greatest socio-economic and environmental impact the group can have is to partner with its clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

The group is committed to respecting human rights and support internationally recognised principles, guidelines and voluntary standards dealing with ESG aspects. The following are some that are specific to climate:

- 2030 Agenda and the UN Sustainable Development Goals
- UN Global Compact
- International Finance Corporation (IFC) to assess high and medium risk industries
- OECD Guidelines for Multinational Enterprises and export credits
- CDP (Carbon Disclosure Project)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Bankers Association of South Africa (BASA) guidelines for social and environmental risk
- United for Wildlife Financial Taskforce

The group fully applies the key provisions of the Equator Principles (EP). All transactions in non-designated countries are EP monitored and compliant. The group reports on these in its sustainability and ESG supplementary report on its website.

A number of group policies also guide decision-making from a sustainability perspective and the group made its fossil fuel policy public on 31 March 2020. A variety of ESG considerations are considered by the credit committee or investment committee when making lending or investment decisions. There is also oversight by the DLC SEC on social and environmental issues including climate related risks and opportunities.

Subsequent event COVID-19 Donation

Investec Bank (Mauritius) Limited donated an amount of MUR2 600 000 in April 2020 towards a dedicated fund to be used by Government towards the purchase of testing kits for Mauritius which are crucial in the fight against the virus.

Statement of compliance

(Section 75(3) of the Financial Reporting Act 2004)

The Code of Corporate Governance

We, the directors of Investec Bank (Mauritius) Limited confirm that to the best of our knowledge the bank has complied with all of its obligations and requirements under the National Code of Corporate Governance.

David M Lawrence
Chairman, board of directors

Ramdeo (Dev) Erriah
Chairman, Corporate Governance Committee

1 July 2020

Shareholder diary

Financial year:	31 March
Unaudited quarterly report:	Within 45 days from the quarters ending June, September and December
Audited financial statements:	Within three months of 31 March 2020 (extension granted by Bank of Mauritius up to 20 July 2020)
Annual meeting of shareholders	July 2020

The shareholder will be provided with notice of meeting and proxy form.

Signed on behalf of the board

David M Lawrence
Chairman

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Chief executive officer

1 July 2020

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation throughout the year under review, the bank has applied the King IV principles laid out below.

King IV Principles

Leadership, Ethics and Corporate Citizen

Principle 1 – The governing body should lead ethically and effectively

The board is the governing body of the bank and committed to the good corporate governance principles as set out in King IV, the JSE Listings Requirements, the Companies Act 2001, the Banking Act 2004 and the National Code on Corporate Governance (the Code). Investec's values of commitment, integrity, responsibility and innovation guide the behaviour of the bank and the fulfilment of its daily responsibilities and duties. The chairman oversees this process on an ongoing basis.

The board members possess the necessary skills and competence and are collectively and individually accountable for their ethical and effective leadership. They are required to conduct themselves in accordance with their legal duties as company directors under the Companies Acts.

The board charter which is reviewed and approved by the board annually, sets out the objectives, roles and responsibilities and composition of the board of directors of the bank.

A copy of the board charter is posted on the bank's website.

Principle 2 – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The board sets the tone from the top in the way it conducts itself and oversees the governance framework and structures. Investec operates under a dual listed company (DLC) structure and therefore considers the corporate governance principles and regulations of both the United Kingdom and South Africa alongside other jurisdictions in which it operates and through its subsidiaries adopting the appropriate standard for the jurisdiction and the group.

The board exercises ongoing oversight over setting and of reporting on ethical values, principles of conducting ethical business practice, human and environmental rights consideration.

Investec's code of ethics and business conduct guides the ethical behaviour of all Investec employees and directors. The code of ethic is published on the Investec website, and incorporated by reference in employee contracts, employee induction and training programmes.

Principle 3 – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The corporate social investment committee has been tasked with the responsibility for monitoring the overall responsible corporate citizenship performance of the bank under the guidance and supervision of the board.

The board approves the strategy and priorities of the bank in accordance with its role of overseeing Investec's conduct as a responsible corporate citizen. The board oversees and monitors how the operations and activities of the bank affect its status as a responsible corporate citizen and ensures that the bank is not only a responsible corporate citizen but is also seen as a responsible corporate citizen.

Strategy, Performance and Reporting

Principle 4 – The governing body should appreciate that the organisations core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The board delegates to management through the management committee the detailed formulation and implementation of the board's approved strategy and the realisation of the expected returns.

Every year, the bank's management presents its strategy to the board and Investec group whereby the board and Investec group management in turn challenge and interrogate before reaching agreement and approval.

The board provides ongoing oversight and monitoring with the support of its committees to ensure that management implements and executes the strategy. A report on performance against strategic objective is included in the board pack for review and discussion at each board meeting. Performance against strategic objective is also monitored constantly by management.

The directors are satisfied that the bank has adequate resources to continue in business for the foreseeable future and that it is adequately capitalised and is supported by a strong liquidity position.

More details on the liquidity risk management (pages 48 to 51) and capital management (pages 56 to 61) are provided in the annual report.

Principle 5 – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisations performance and its short-, medium- and long-term prospects

The board ensures that there are necessary processes and controls put in place to verify and safeguard the integrity of the annual report and any other disclosures. The board also ensures that complete, timely, relevant, accurate and accessible risk disclosures are made to the stakeholders. The board monitors communication with all stakeholders and disclosures made to ensure transparent and effective communication.

The board, assisted by the audit committee, ensures that the annual report taken as a whole is fair, balanced, and comprehensive and provides the information necessary for the shareholder and the other key stakeholders to assess the bank's position, performance and outlook.

The bank publishes its full annual report on its website and printed copies are also available on request.

Governing Structures and Delegation

Principle 6 – The governing body should serve as the focal point and custodian of corporate governance in the organisation

The board approved charter, the constitution and the governance framework detail the governance responsibilities, role, matters specifically reserved for the board, delegation to the CEO, membership requirements and procedural conduct at board meetings, amongst other.

Through its committees, the board oversees and ensures the implementation of good governance practices throughout the bank. The board and the committees met regularly during the reporting period and the board is satisfied that it fulfilled its primary role in accordance with its charter, constitution and governance framework.

Details on the number of meetings and attendance at the board and board committee meetings held during the financial year are shown on page 70 of the annual report.

Principle 7 – The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The board comprises five members: the bank's chief executive officer, one independent non-executive director and three non-executive directors. Out of the three non-executive directors, two directors are also members of the parent company's board. Three directors are residents of Mauritius and the other two directors reside in South Africa. Twenty percent of the board of directors are female.

The board is of the opinion, given the size of the business, that there is an appropriate balance of skills, experience and knowledge of the organization to enable the directors to discharge their respective duties and responsibilities objectively and effectively.

The chief executive officer is a member of the board. A majority of the board members are non-executive directors.

Directors are required to disclose any actual or potential conflict for consideration.

The nomination and remuneration committee makes recommendations to the board in discharging the process of nominating, electing and appointing members of the board and succession planning in respect of the board, its committees and senior management.

Details on the nomination and appointment process of directors and the board approved mandate of the nomination and remuneration committee are provided on page 69 of the annual report.

Principle 8 – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties

The board has retained specific matters for decision-making, as per the bank's charter, constitution and governance framework. To achieve its objectives, the board, in terms of defined terms of reference, has delegated certain of its duties and functions to board committees, group forums and the CEO.

Details on the structure of the board and its subcommittees are provided on pages 64 to 70 and on page 184 of the annual report.

Principle 9 – The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness

The board continues to be committed to regularly evaluate its own effectiveness and that of its committees. The board undertakes an evaluation of its performance every year and that of its committees and directors, every two years.

The board considers the competence, qualification and experience of the company secretary annually and is satisfied that he is competent and has the appropriate qualifications and experience to serve as company secretary. The company secretary has a direct channel of communication with the board chairperson while maintaining an arm's length relationship with the other directors as far as it is reasonably possible.

Details on the company secretary are provided on page 73 of the annual report.

Principle 10 – The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities

The board appoints the CEO who has the necessary powers and mandate to manage the bank and conduct the affairs of the bank in his discretion and as he deems fit, save for matters specifically reserved for the board, as per the constitution or agreed by the board from time to time, dealt with and provided for in the formally adopted terms of reference of a board committee or other recognised forum.

The board ensures that key management functions are led by competent and appropriately authorised individuals and are adequately resourced.

The CEO is a regular invitee at the nomination and remuneration committee. Any senior officer positions are discussed with the Chairman and at the nomination and remuneration committee.

Governance Functional Areas

Principle 11 – The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The board is cognisant of the importance of risk management as it is linked to the strategy, performance and sustainability of the bank. Risk management is embedded into day-to-day operations and culture. The board ensures that all decisions of the board on risk management policies and procedures are implemented and monitored. The Risk management committee advises and assists the board in overseeing risk governance, including how risk should be approached and addressed.

Independent risk management, compliance and financial control functions, supplemented by internal audit which reports independently to the audit committee, also ensures the management of risk.

Details on the key risks and how they are managed and/or mitigated are provided under the risk management section of the annual report.

Principle 12 – The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The board is aware of the importance of technology and information in the achievement of the bank's strategy. The board has delegated the responsibility to management and it exercises oversight and monitors progress. The board ensures that the opportunities derived from the use of the latest technology and information are maximised.

The bank has adopted a set of Investec group information, information technology and information security policies. These policies are reviewed on an annual basis and are approved by the board. These policies are made available to all employees for consultation and compliance through the bank's intranet

Both internal and external auditors perform assessments as part of their audit of technology and information management and governance. All significant technology and information-related audit findings are reported to the risk management committee and the audit committee, which ensure that they are addressed accordingly.

Principle 13 – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The board ensures that the bank complies with applicable laws, non-binding rules, codes and standards.

The board has delegated the responsibility for implementing compliance to management. Systems and procedures are in place to formally assess the bank's compliance with applicable law and adopted non-binding rules, codes and standards through the application of compliance risk management methodology, compliance management policy and framework.

There were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the bank.

Principle 14 – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term

The nomination and remuneration committee assumes responsibility for the governance of remuneration and sets the direction regarding how remuneration should be approached. The bank's overarching remuneration philosophy remains focused on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards, which ensure alignment with key stakeholders in our business.

Refer to page 75 of the annual report for more detail on human resources and remuneration policy.

Principle 15 – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and integrity of the organisation's external reports

Representation from external audit, internal audit, compliance and operational risk at the audit committee enables an effective internal control environment to support the integrity of information used for internal decision-making and support the integrity of external reports. A combined assurance framework includes both coverage of significant risks and reporting of any issues raised relating to these risks.

An internal audit plan, which is agreed between internal audit, external audit and management on an annual basis, is presented to the audit committee for approval. The internal audit charter is reviewed every year. This charter defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.

Refer to page 77 of the annual report for more details on external and internal audit.

Stakeholders Relations

Principle 16 – In its execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The board monitors and has oversight over the governance of stakeholder relationships. The bank continually seeks to achieve an appropriate balance between risk and reward in its business, taking cognisance of all stakeholder needs, interests and expectations.

The board, together with management, understands and responds to the needs of the various stakeholder groups which include the shareholder, employees, regulators, government, clients, suppliers and the community in which the bank operates.

The bank publishes its full annual report and its interim financial results on its website to ensure effective communication, encourage transparency and trust and to enable the various stakeholders to make informed risk decisions.

Refer to page 78 for more details on relations with shareholders and other key stakeholders.

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ANNUAL FINANCIAL STATEMENTS

Directors' responsibilities

The financial statements in this annual report have been prepared by management which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards of the International Accounting Standards Board as well as the requirements of the Mauritius Companies Act, Financial Reporting Act and Banking Act and the Guidelines issued thereunder have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The bank has designed and maintained its accounting systems, related internal controls and supporting procedures to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. The supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the bank.

The bank's board of directors, acting in part through the audit committee, risk management committee and conduct review committee which comprise independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The group's internal auditor has full and free access to the audit committee and conducts a well-designed programme of internal audits in coordination with the bank's external auditors. In addition, the bank's compliance function maintains policies, procedures and programmes directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the bank as it deems necessary.

The bank's external auditors, KPMG, have full and free access to the board of directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Directors' compliance

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the bank. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the bank will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Signed on behalf of the board

David M Lawrence
Chairman
Board of directors

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Chief executive officer

1 July 2020

Secretary's report

Under section 166(d) of the Companies Act 2001, I certify that, to the best of my knowledge and belief, the bank has lodged with the Registrar of Companies all such returns as are required of the bank in terms of the Act.

Prithiviraj Jeewooth
Secretary

1 July 2020

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Investec Bank (Mauritius) Limited (the Group and the Bank), which comprise the consolidated and separate balance sheets at 31 March 2020, the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 182, and the specified disclosures within the risk management section that are marked as audited.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Investec Bank (Mauritius) Limited at 31 March 2020 and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses (ECL) for loans and advances to customers

This key audit matter is applicable to both the Group and the Bank.

Refer to the following notes in the financial statements:

Note 2.2	Significant accounting judgements and estimates: Expected credit loss (ECL)/impairment charge
Note 2.4	Impairment of financial assets held at amortised cost or FVOCI
Note 7	Expected credit loss/impairments
Note 24	Loans and advances to customers

Key audit matter	*How the matter was addressed in our audit*
The Group's and the Bank's gross loans and advances to customers amount to USD899 million at 31 March 2020 and allowances for losses on loans and advances to customers for the year amount to USD6 million at 31 March 2020. Management exercised significant judgement, using assumptions and complex models, when determining both the timing and the amounts of the expected credit losses (ECL) for loans and advances (credit impairment) to customers in line with IFRS 9, Financial Instruments (IFRS 9). The impact of COVID-19 has resulted in additional key judgments and assumptions being made by management during the current year. The most significant judgements relate to defining what is considered to be a significant increase in credit risk; determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) and future cash flows; incorporating information about forecast economic conditions and the weighting to be applied to economic scenarios. The group and the bank follow a three stage approach related to the ECL assessment and apply staging methodology to the recognition of credit impairment. Financial assets where 12-month ECL is recognised are considered to be 'Stage 1' Financial assets which are considered to have experienced a significant increase in credit risk are in 'Stage 2', and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'Stage 3'. **Post model adjustments** Post-model ECL adjustments are subject to further judgement and assumptions, which are made as a result of the impact of COVID-19. A post model adjustment was introduced at 31 March 2020 to capture the anticipated impact of COVID-19 on the loan portfolio as the calculated model-driven ECL for stage 1 and 2 exposures was not considered sufficient. Due to the significance of loans and advances to customers and the significant estimates and judgement applied in the determination of expected credit losses for loans and advances to customers, this was considered to be a key audit matter.	Our audit procedures included the following: • We obtained an understanding of the Group and the Bank's credit risk management process and tested the design and operating effectiveness of controls over credit origination, credit monitoring and credit remediation. • We assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9. • We evaluated the Group's and the Bank's Covid-19 expected credit loss assessment and challenged the judgements used to determine whether the Covid-19 circumstances will only lead to a temporary impact on borrowers' liquidity or more significantly on the credit risk over the expected life of the financial instruments. • We evaluated the adequacy of the financial statement disclosures in accordance with IFRS 9, including disclosures of key assumptions, judgments and sensitivities relating to loans and advances to customers and their classification and measurement thereof. **Stage 1 and 2 exposures** Where credit losses were calculated on a portfolio basis, we performed the following audit procedures for the whole loan population, in conjunction with our credit risk specialists: • Critically assessed the expected credit losses (ECL) modelling methodology applied by management to determine the PD, LGD, and EAD used to compute the collective ECL allowances against the requirements of IFRS 9 and the Group's and Bank's internal policies. • Re-performed model calculations to evaluate the risk parameter inputs used by management. • Performed sensitivity analyses on the forecasts and assessed the impacts on the ECL and compared it to management's ECL estimate. • Challenged the parameters and significant assumptions applied in the calculation models by benchmarking these against external data. • Performed an independent ECL estimate based on the input parameters using a challenger model and compared the ECL output to the Group's and Bank's ECL models. **Stage 3 exposures** Where credit losses were calculated on an individual basis, our procedures included the following: • We challenged the valuation of credit losses for all loans and advances that had been incurred, including developing our own expectation of the amount of the expected credit losses and compared it to management's calculation. • Where stage 3 credit losses were raised, we considered the impairment indicators, uncertainties and assumptions applied by management. In addition, we considered management's assessment of the recoverability of the exposure and supporting collateral with reference to current economic performance, assumptions most commonly used in the industry and comparison with external evidence and historical trends. We assessed collateral valuation techniques applied against the Group's and Bank's policy and industry standards. **Post model adjustments** We reperformed management's overlay calculation and assessed the reasonableness of management's assumptions against independent sources. We also performed sensitivity analyses on related portfolios.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report | 2020 Investec Bank (Mauritius) Limited annual financial statements, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other matters

This report is made solely to the Bank's shareholder, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Bank's shareholder those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholder, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act

We have no relationship with or interests in the Group and the Bank other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

Banking Act

In our opinion, the consolidated and separate financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Group and the Bank were satisfactory.

Financial Reporting Act

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group and the Bank have, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

KPMG
Ebène, Mauritius

John Chung, BSc FCA
Licensed by FRC

1 July 2020

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the year to 31 March US$'000	Notes	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Interest income	3	74 991	73 546	69 538	74 995	73 549	69 571
Interest income calculated using effective interest rate		61 774	63 155	^	61 778	63 158	^
Other interest income		13 217	10 391	^	13 217	10 391	^
Interest expense	3	(32 567)	(30 773)	(26 469)	(32 587)	(30 784)	(26 483)
Net interest income		**42 424**	**42 773**	**43 069**	**42 408**	**42 765**	**43 088**
Fee income	4	9 118	7 476	10 372	8 207	6 678	9 256
Fee expense	4	(1 433)	(2 157)	(1 434)	(1 431)	(2 143)	(1 434)
Net fee income		**7 685**	**5 319**	**8 938**	**6 776**	**4 535**	**7 822**
Investment income/(loss)	5	1 215	(1 407)	(1 678)	1 215	(1 407)	(1 678)
Net trading (loss)/income	6	(303)	(278)	369	(287)	(274)	321
Total operating income before impairment		**51 021**	**46 407**	**50 698**	**50 112**	**45 619**	**49 553**
Expected credit loss impairment (charge)/reversals*	7	(457)	2 219	–	(457)	2 219	–
Impairment losses on loans and advances*	7		–	(3 214)	–	–	(3 214)
Operating income		**50 564**	**48 626**	**47 484**	**49 655**	**47 838**	**46 339**
Operating costs	8	(12 924)	(13 307)	(14 018)	(12 628)	(13 028)	(13 172)
Operating profit		**37 640**	**35 319**	**33 466**	**37 027**	**34 810**	**33 167**
Share of (loss)/profit in associate	25	(1 544)	144	138	(1 544)	144	138
Profit before taxation		**36 096**	**35 463**	**33 604**	**35 483**	**34 954**	**33 305**
Taxation	10	(2 219)	(1 895)	(1 904)	(2 198)	(1 807)	(1 853)
Profit after taxation		**33 877**	**33 568**	**31 700**	**33 285**	**33 147**	**31 452**
Analysed as follows:							
Transfer (from)/to regulatory general risk reserve		(5 304)	9 869	(1 386)	(5 304)	9 869	(1 386)
Transfer to retained income		39 181	23 699	33 086	38 589	23 278	32 838
Profit attributable to equity holder of the bank		**33 877**	**33 568**	**31 700**	**33 285**	**33 147**	**31 452**

^ *As permitted by IFRS 9, the group has elected not to restate comparative annual financial statements*
* *On adoption of IFRS 9 in 2019, there was a move from an incurred loss model to an expected credit loss methodology.*

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March US$'000	Notes	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Profit after taxation		33 877	33 568	31 700	33 285	33 147	31 452
Other comprehensive income net of tax:							
Items that may be reclassified to the income statement							
Fair value movements on debt instruments at FVOCI/available-for-sale assets taken directly to other comprehensive income	34	(3 978)	37	(75)	(3 978)	37	(75)
Foreign currency adjustments on translating associated undertaking	25	(235)	(107)	300	(235)	(107)	300
Other comprehensive income		(10)	(27)	36	(10)	(27)	36
Items that will never be reclassified to income statement							
Employee liability adjustment		(159)	–	–	(159)	–	–
Total comprehensive income		**(4 382)**	**(97)**	**261**	**(4 382)**	**(97)**	**261**
Total comprehensive income attributable to equity holder of the bank		**29 495**	**33 471**	**31 961**	**28 903**	**33 050**	**31 713**

		Group			Bank		
As at 31 March US$'000	Notes	**2020**	2019	2018	**2020**	2019	2018
Assets							
Cash and balances at central bank	16	15 811	14 143	16 695	15 811	14 143	16 695
Due from banks	17	556 829	494 313	459 119	556 829	494 313	459 119
Reverse repurchase agreements	18	101 034	75 555	75 186	101 034	75 555	75 186
Sovereign debt securities	19	–	20 575	–	–	20 575	–
Bank debt securities	20	34 691	88 612	137 604	34 691	88 612	137 604
Other debt securities	21	22 583	24 978	30 172	22 583	24 978	30 172
Derivative financial instruments	22	735	17 061	17 437	735	17 061	17 437
Investment portfolio	23	2 402	5 445	12 993	2 402	5 445	12 993
Loans and advances to customers	24	892 566	1 034 269	952 637	892 566	1 034 269	952 637
Investment in associate	25	2 856	4 635	4 598	2 856	4 635	4 598
Deferred taxation asset	26	421	297	438	421	295	437
Other assets	27	4 101	4 300	7 203	3 978	4 128	7 137
Property, plant and equipment	28	1 191	354	395	1 190	353	394
Amount due from group companies	29	1 771	1 010	3 366	1 772	1 016	3 365
Investment in subsidiary	30	–	–	–	467	467	467
		1 636 991	**1 785 547**	**1 717 843**	**1 637 335**	**1 785 845**	**1 718 241**
Liabilities							
Derivative financial instruments	22	13 045	1 672	3 508	13 045	1 672	3 508
Repurchase agreements	18	–	76 963	101 924	–	76 963	101 924
Customer deposits	31	944 650	1 036 836	893 397	945 944	1 037 608	893 717
Debt securities in issue	32	256 932	252 866	258 563	256 932	252 866	258 563
Amount due to group companies	29	22 789	26 713	32 030	22 779	26 643	32 024
Current taxation liabilities	10	1 064	573	1 020	1 052	508	1 020
Other liabilities	33	14 295	21 836	7 425	14 193	21 731	7 322
		1 252 775	**1 417 459**	**1 297 867**	**1 253 945**	**1 417 991**	**1 298 078**
Equity							
Ordinary share capital	34	56 478	56 478	56 478	56 478	56 478	56 478
Other reserves		65 582	75 109	65 152	65 582	75 109	65 152
Retained income		262 156	236 501	298 346	261 330	236 267	298 533
		384 216	**368 088**	**419 976**	**383 390**	**367 854**	**420 163**
Total liabilities and equity		**1 636 991**	**1 785 547**	**1 717 843**	**1 637 335**	**1 785 845**	**1 718 241**

Signed on behalf of the board

David M Lawrence
Chairman

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Chief executive officer

1 July 2020

		Other reserves					
US$'000	Ordinary share capital	Foreign currency reserves	Fair value reserve*/ available-for-sale reserve	Regulatory general risk reserve	Statutory reserve	Retained income	**Total equity**
Group							
At 1 April 2017	**56 478**	**(419)**	**(110)**	**10 328**	**56 478**	**265 260**	**388 015**
Movement in reserves 1 April 2017 – 31 March 2018							
Profit after taxation	–	–	–	–	–	31 700	31 700
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	(75)	–	–	–	(75)
Foreign currency adjustments on translating associated undertakings	–	300	–	–	–	–	300
Other comprehensive income	–	–	–	36	–	–	36
Total comprehensive income	**–**	**300**	**(75)**	**36**	**–**	**31 700**	**31 961**
Transfer from regulatory general risk reserve	–	–	–	(1 386)	–	1 386	–
At 31 March 2018	**56 478**	**(119)**	**(185)**	**8 978**	**56 478**	**298 346**	**419 976**
IFRS 9 transitional adjustment	–	–	–	–	–	1 741	1 741
Movement in reserves 1 April 2018 – 31 March 2019							
Profit after taxation	–	–	–	–	–	33 568	33 568
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	222	–	–	(185)	37
Foreign currency adjustments on translating associated undertakings	–	(107)	–	–	–	–	(107)
Other comprehensive income	–	–	–	(27)	–	–	(27)
Total comprehensive income	**–**	**(107)**	**222**	**(27)**	**–**	**33 383**	**33 471**
Transfer to regulatory general risk reserve	–	–	–	9 869	–	(9 869)	–
Ordinary dividend paid	–	–	–	–	–	(87 100)	(87 100)
At 31 March 2019	**56 478**	**(226)**	**37**	**18 820**	**56 478**	**236 501**	**368 088**
Movement in reserves 1 April 2019 – 31 March 2020							
Profit after taxation	–	–	–	–	–	33 877	33 877
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	(3 978)	–	–	–	(3 978)
Foreign currency adjustments on translating associated undertakings	–	(235)	–	–	–	–	(235)
Other comprehensive income	–	–	–	(10)	–	–	(10)
Employee liability adjustment**	–	–	–	–	–	(159)	(159)
Total comprehensive income	**–**	**(235)**	**(3 978)**	**(10)**	**–**	**33 718**	**29 495**
Transfer from regulatory general risk reserve	–	–	–	(5 304)	–	5 304	–
Ordinary dividend paid	–	–	–	–	–	(13 367)	(13 367)
At 31 March 2020	**56 478**	**(461)**	**(3 941)**	**13 506**	**56 478**	**262 156**	**384 216**

* *On adoption of IFRS 9 in 2019, "available-for-sale resource" has been transitioned to "fair value reserve".*

** *Refer to note 9.*

US$'000	Ordinary share capital	Other reserves: Foreign currency reserves	Other reserves: Fair value reserve*/ available-for-sale reserve	Other reserves: Regulatory general risk reserve	Statutory reserve	Retained income	Total equity
Bank							
At 1 April 2017	**56 478**	**(419)**	**(110)**	**10 328**	**56 478**	**265 695**	**388 450**
Movement in reserves 1 April 2017 – 31 March 2018							
Profit after taxation	–	–	–	–	–	31 452	31 452
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	(75)	–	–	–	(75)
Foreign currency adjustments on translating associated undertakings	–	300	–	–	–	–	300
Other comprehensive income	–	–	–	36	–	–	36
Total comprehensive income	**–**	**300**	**(75)**	**36**	**–**	**31 452**	**31 713**
Transfer from regulatory general risk reserve	–	–	–	(1 386)	–	1 386	–
At 31 March 2018	**56 478**	**(119)**	**(185)**	**8 978**	**56 478**	**298 533**	**420 163**
IFRS 9 transitional adjustment	–	–	–	–	–	1 741	1 741
Movement in reserves 1 April 2018 – 31 March 2019							
Profit after taxation	–	–	–	–	–	33 147	33 147
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	222	–	–	(185)	37
Foreign currency adjustments on translating associated undertakings	–	(107)	–	–	–	–	(107)
Other comprehensive income	–	–	–	(27)	–	–	(27)
Total comprehensive income	**–**	**(107)**	**222**	**(27)**	**–**	**32 962**	**33 050**
Transfer to regulatory general risk reserve	–	–	–	9 869	–	(9 869)	–
Ordinary dividend paid	–	–	–	–	–	(87 100)	(87 100)
At 31 March 2019	**56 478**	**(226)**	**37**	**18 820**	**56 478**	**236 267**	**367 854**
Movement in reserves 1 April 2019 – 31 March 2020							
Profit after taxation	–	–	–	–	–	33 285	33 285
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	(3 978)	–	–	–	(3 978)
Foreign currency adjustments on translating associated undertakings	–	(235)	–	–	–	–	(235)
Other comprehensive income	–	–	–	(10)	–	–	(10)
Employee liability adjustment**	–	–	–	–	–	(159)	(159)
Total comprehensive income	**–**	**(235)**	**(3 978)**	**(10)**	**–**	**33 126**	**28 903**
Transfer from regulatory general risk reserve	–	–	–	(5 304)	–	5 304	–
Ordinary dividend paid	–	–	–	–	–	(13 367)	(13 367)
At 31 March 2020	**56 478**	**(461)**	**(3 941)**	**13 506**	**56 478**	**261 330**	**383 390**

* *On adoption of IFRS 9 in 2019, "available-for-sale resource" has been transitioned to "fair value reserve".*

** *Refer to note 9.*

For the year ended 31 March US$'000	Notes	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Cash flows from operating activities							
Profit before taxation adjusted for non-cash items	35	27 817	26 535	37 066	27 204	26 026	36 768
Taxation paid		(1 857)	(2 201)	(1 915)	(1 784)	(2 176)	(1 915)
Decrease/(increase) in operating assets	35	130 710	(70 938)	(35 523)	130 665	(70 840)	(35 116)
(Decrease)/increase in operating liabilities	35	(93 674)	150 698	(343 365)	(93 089)	151 084	(343 475)
Net cash inflow/(outflow) from operating activities		**62 996**	**104 094**	**(343 737)**	**62 996**	**104 094**	**(343 738)**
Cash flows from investing activities							
Purchase of bank debt securities and investment portfolio		(35 150)	(22 520)	(45 000)	(35 150)	(22 520)	(45 000)
Proceeds from disposal of sovereign and bank securities		112 727	55 257	93 348	112 727	55 257	93 348
Acquisition of equipment		(57)	(65)	(213)	(57)	(65)	(212)
Net cash inflow from investing activities		**77 520**	**32 672**	**48 135**	**77 520**	**32 672**	**48 136**
Cash flows from financing activities							
Dividends paid to ordinary shareholders		(13 367)	(87 100)	–	(13 367)	(87 100)	–
Reverse repurchase agreement		(25 000)	–	(75 087)	(25 000)	–	(75 087)
Repurchase agreement		(76 129)	(18 400)	–	(76 129)	(18 400)	–
Debt securities issued		8 397	–	–	8 397	–	–
Net cash outflow from financing activities		**(106 099)**	**(105 500)**	**(75 087)**	**(106 099)**	**(105 500)**	**(75 087)**
Effects of exchange rates on cash and cash equivalents		**1 964**	**4 138**	**21 864**	**1 964**	**4 138**	**21 864**
Net increase/(decrease) in cash and cash equivalents		**36 381**	**35 404**	**(348 825)**	**36 381**	**35 404**	**(348 825)**
Cash and cash equivalents at the beginning of the year		502 649	467 245	816 070	502 649	467 245	816 070
Cash and cash equivalents at the end of the year		**539 030**	**502 649**	**467 245**	**539 030**	**502 649**	**467 245**
Cash and cash equivalents is defined as including:							
Cash in hand	16	4	5	4	4	5	4
Cash and balances at central banks-unrestricted	16	9 894	8 320	8 122	9 894	8 320	8 122
Due from banks (excluding placement with maturity date greater than 3 months)	17	529 064	494 313	459 119	529 064	494 313	459 119
Expected credit loss on cash and cash equivalents	17	68	11	–	68	11	–
Cash and cash equivalents at the end of the year		**539 030**	**502 649**	**467 245**	**539 030**	**502 649**	**467 245**

Cash and cash equivalents have a maturity profile of less than three months.

1. Corporate information

Investec Bank (Mauritius) Limited (the bank) is a public company incorporated and domiciled in the Republic of Mauritius on 20 April 1990. The bank's principal activity is the provision of banking facilities. Its registered office is 6th Floor, Dias Pier Building, Caudan Waterfront, Caudan, Port Louis, Mauritius.

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 1 July 2020.

2. Accounting policies

The accounting policies are both for the group and bank (the group unless specifically noted otherwise).

2.1 *Basis of preparation*

The consolidated and separate financial statements of the group have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and financial liabilities measured at fair value through profit or loss (FVTPL) financial asset at fair value through other comprehensive income (FVOCI)and the investment in associate which has been equity accounted. All values are rounded to the nearest thousand United States Dollars (US$), unless otherwise indicated.

The impact of COVID-19 required management to apply significant judgements and estimates, to qualify the impact on the annual financial statements. The assumptions can specifically be viewed on pages 12, 21, 32, 62, 63, 67, 79, 127 and 182. Additional information regarding the impact and the assumption applied can be seen in the risk section and the annual financial statements.

Statement of compliance

The consolidated and separate financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the requirements of the Mauritius Companies Act, Banking Act and Financial Reporting Act.

Presentation of information

Some disclosures under IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements, relating to the nature and extent of risks, have been included in the risk management report on pages 16 to 61 in sections marked as audited.

Going concern

The group's management has made an assessment of the group's ability to continue as a going concern and is satisfied that the bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

As stated on page 84, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.2 *Significant accounting judgements and estimates*

In the process of applying the group's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models.

The input to these models is taken from observable market data where possible, but where observable data are not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives. Further details in respect of the fair valuation of financial instruments are included in note 14 to the financial statements.

Expected credit loss (ECL)/impairment charge

The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at FVOCI involves a high degree of uncertainty as it involves using assumptions that are highly subjective and sensitive to risk factors. The most significant judgements relate to defining what is considered to be a significant increase in credit risk; determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) and future cash flows; incorporating information about forecast economic conditions and the weighting to be applied to economic scenarios.

2.3 *Change in accounting policies*

The group and the bank have adopted IFRS 16 from 1 April 2019, using the modified retrospective approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

The group and the bank have recognised lease liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These lease liabilities are measured at the present value of the remaining lease payments, discounted using the bank's incremental weighted average borrowing rate on initial application date as at 1 April, 2019. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor and are recognised as adjustments to the related right-of-use assets after the date of initial application.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The group and the bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the group:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contigent Assets
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Further, the group and the bank have not entered into any new leases during the year ended 31 March 2020

Impact on financial statement	1 April 2019 USD '000
Right-of-use assets presented in property and equipment	1 233
Lease liabilities	(1 233)
Retained earnings	–

When measuring lease liabilities for leases that were classified as operating leases, the group and the bank discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 5% for the lease denominated in MUR and 1.43% for the lease denominated in USD.

2.4 *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Foreign currency translation

The group's functional currency and presentation currency is US Dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the spot rate of exchange ruling at the reporting date. All differences are taken to 'net trading income or loss' in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of the recognition.

Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Investec Bank (Mauritius) Limited and its subsidiary as at 31 March 2020. The bank uses the direct method of consolidation.

The bank consolidates a subsidiary when it controls it. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights. The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received

- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in income statement
- Reclassifies the parent's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

Investment in subsidiaries

Financial statements of the bank

Investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the bank and entities controlled by the bank (its subsidiaries). Business combinations are accounted for using the purchase method of accounting.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The group classifies disclosed fair values according to a hierarchy that reflects the significance of observable market inputs.

A transfer is made between the hierarchy levels when the inputs have changed or there has been a change in the valuation method. Transfers are deemed to occur at the end of each semi-annual reporting period.

Financial instruments

Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the timeframe established by market convention are recorded at trade date.

Business model assessment

Policy after 1 April 2018

For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business model:

- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI.
- Hold to sell/manage on a fair value basis: the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVTPL.

However, the group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- a debt instrument that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the entity's business model for managing the assets and the contractual cash flow characteristics of the assets.

2. Accounting policies *(continued)*

Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets and liabilities measured at amortised cost

Policy after 1 April 2018

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost the undrawn commitment is also considered to be and is included in the impairment calculation below.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the initial fair vale are lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Policy before 1 April 2018

Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks and loans and advances to customers as well as held-to-maturity financial assets), the bank first assesses individually whether objective evidence of impairment exists. If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's orginal effective interest rate. If a loan has a variable interest rate, the discount rate of measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the bank's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not effect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year-to-year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Policy after 1 April 2018

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

Policy before 1 April 2018

Available-for-sale (AFS) financial asset

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement the impairment loss is reversed through the income statement.

Impairment of financial assets held at amortised cost or FVOCI

At each balance sheet date each financial asset or portfolio of advances categorised at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is measured for ECL impairment. Loss allowances are forward-looking, based on 12-month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, credit losses are rebased from 12-month to lifetime expectations. A change in credit risk is typically but not necessarily associated with a change in the expected cash flows.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances except where the asset has been wholly or partially written off.

Financial assets where 12-month ECL is recognised are considered to be 'stage 1', financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2', and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit-impaired are in 'stage 3'.

Write off policy

A loan or advance is normally written-off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is considered on a case by case basis considering indication such as:

- Exposures with prolonged arrears amount
- Exposures which are restructured
- Enforcement activities undertaken by the bank have not been successful or have a high probability of not being successful.

Financial assets and liabilities held at fair value through profit or loss

Financial instruments held at fair value through profit or loss include all instruments classified as those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- they eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or both financial assets and financial liabilities is managed and its performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the group's key management personnel; or
- a financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Own credit risk on financial liabilities designated at fair value is recognised in other comprehensive income.

2. Accounting policies *(continued)*

Day-one profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the group's rights to cash flows have expired or when the group has transferred its rights to cash flows relating to the financial assets and either: (a) the group has transferred substantially all the risks and rewards associated with the financial assets or (b) the group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Reclassification of financial instruments

Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative instruments

All derivative instruments of the group are recorded on the balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities, respectively.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through the income statement, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions

Embedded derivatives

To the extent that a derivative may be embedded in a hybrid contract and the hybrid contract is not carried at

fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt financial instruments

Financial instruments issued by the group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

The cash collateral from agency-based scrip lending transactions are disclosed on a net basis, in accordance with master netting agreements and the intention to settle net.

Financial guarantees

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount recognised less cumulative amortisation and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Operating leases and rental agreements

Policy after 1 April 2019

At inception of a contract, the group and the bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group and bank use the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the group and bank allocate consideration in the contract to each lease component on the basis of its relative standalone price.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the bank's incremental borrowing rate. The bank uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group and the bank's estimate of the amount expect to be payable under a residual value guarantee, if the group and the bank change the assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The group and the bank present right-of-use assets in property, plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position. The right-of-use relates to rental of buildings

Policy applicable before 1 April 2019

Assets held under other leases were classified as operating leases and were not recognised in the group and the bank's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

Repurchase agreements

Securities sold under agreements to repurchase at a specified future date (repos) are not derecognised from the balance sheet as the bank retains substantially all the risks and rewards of ownership. The corresponding cash received, including accrued interest, is recognised on the balance sheet as 'repurchase agreement', reflecting its economic substance as a loan to the bank.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate (EIR). When the counterparty has the right to sell or re-pledge the securities, the bank reclassifies those securities in its balance sheet to 'reverse repurchase agreement'.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the balance sheet. The consideration paid, including accrued interest, is recorded in the balance sheet, within 'repurchase agreements', reflecting the transaction's economic substance as a loan by the bank. The difference between the purchase and resale prices is recorded in 'net interest income' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale and measured at fair value with any gains or losses included in 'net trading income'.

Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the balance sheet if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the balance sheet, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in 'net trading income or loss'

Renegotiated loans/modification of financial assets

Policy after 1 April 2018

If the terms of financial assets are modified, then the group and the bank evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flow from the original financial assets are deemed to have expired. In this case, the original assets are derecognised and a new financial asset is recognised.

If the modification does not result in derecognition of the financial assets, then the group and bank first calculate the gross carrying amount of the financial assets using the original effective interest rate of the assets and recognise the resulting adjustment as a modification gain or loss in the statement of profit or loss.

Policy before 1 April 2018

Where possible, the bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

2. Accounting policies *(continued)*

Collateral valuation

The bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

The fair value of collateral is generally assessed, at a minimum, at inception.

To the extent possible, the bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Recognition of income and expenses

Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management and other trading activities and other operating income.

After 1 April 2018 revenue is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price, allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Interest income is recognised in the income statement using the effective interest rate method. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transactions costs.

The effective interest method is based on the estimated life of the underlying instrument and, where this estimate is not readily available, the contractual life.

Fee income includes fees earned from providing advisory services as well as portfolio management. Investment advisory and management fees are earned over the period in which the services are provided. Performance fees can be variable and are recognised when all uncertainties are resolved and the services related to the transactions have been completed under the terms of the engagement.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Customer flow trading income includes income from trading activities arising from making and facilitating client activities.

Trading income arising from balance sheet management and other trading activities consists of proprietary trading income and other gains or losses arising from balance sheet management.

Trading profit includes the unrealised profit on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in investment portfolio and valued accordingly.

Dividend income is recognised when the group's right to receive payment is established.

Operating costs associated with these investments are included in operating costs in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Investment in associates

An associate is an entity in which the bank has significant influence and which is neither a subsidiary nor a joint venture.

The group and bank have equity accounted interests in associated undertakings. Subsequent to initial recognition, the group and banks share of profit and OCI in the associated are recognised in the financial statement.

The bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the impairment is calculated as the difference between the recoverable amount of the investment and its carrying value, with the impairment being recognised against income.

Property, plant and equipment

Equipment is initially and subsequently measured at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

	Rate %
Right of use assets*	3 years
Furniture and fittings	10
Office equipment	20
Computer equipment	33
Motor vehicles	20

* *Right of use assets depreciation rates are determined by reference to the period of the lease.*

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in 'investment income' in the year the asset is derecognised.

Residual values and useful lives are reviewed at least at each financial year end.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the bank estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement in the period in which they are identified.

Contingent liabilities

Contingent liabilities, which include certain guarantees, other than financial guarantees, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the bank's control. Contingent liabilities are not recognised in the financial statements but are disclosed in note 38 to the financial statements.

Pension benefits

Defined contribution pension plan

The bank operates a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the bank by the employees and is recorded as an expense under 'personnel expenses'. Unpaid contributions are recorded as a liability.

Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

Share-based payment transactions

Employees of the group receive remuneration in the form of share-based payment transactions which can only be settled in equity (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the shares or share options at the grant date.

The cost is expensed in personnel expenses over the period until the vesting date in note 8.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The loss of control of an employing subsidiary of the group gives rise to an acceleration of the equity settled share based payments charge for the related employees and on loss of control, the group recognises the amount that would have been recognised for the award if it remained in place on its original terms.

Employee benefits

The group operates various defined contribution schemes. All employer contributions are charged to the income statement as incurred, in accordance with the rules of the scheme, and included under staff costs. The group has no liabilities for other post -retirement benefits.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The long-term employment benefits liability relates to the obligation of Investec to deliver ordinary shares of Ninety One pie and Ninety One Limited to employees over a predetermined vesting period. The fair value of this liability is calculated by applying the BlackScholes option pricing model at each reporting date. The liability is included in other liabilities on the balance sheet.

Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2. Accounting policies *(continued)*

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of 'other assets' or 'other liabilities' in the balance sheet.

Corporate social responsibility

Corporate social responsibility (CSR) was legislated by the government of Mauritius in July 2009. In terms of the legislation, the bank is required to allocate 2% of its Segment A chargeable income of the preceding financial year to government-approved CSR NGOs. This is recorded as part of income tax expense and 50% payable to the Mauritius Revenue Authority (MRA).

Bank levy

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity threshold is reached.

For the year ended 31 March 2018, the bank provided for 10% of its segment A taxable income as special levy and an effective special levy of 3.4% on its segment B book profit and 1% of operating income of segment B as required by the Mauritius Revenue Authority.

As from the year ended 31 March 2019, the levy is based on the aggregate of the net interest income an other income from banking transactions with residents before expenses. Income from global business companies are exempt from the levy. The rate of the levy is being increased from 4.5% to 5.5% where the operating income is more that Rs 1.2 billion.

Ordinary shares

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's board of directors. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Equity reserves

The reserves recorded in equity on the bank's statement of financial position include:

- 'Statutory reserve' which represents 15% of the net profit transferred in accordance with the Banking Act 2004 until the amount equals the stated capital of the bank; and

- 'Regulatory general risks reserves' which comprises:
  - the difference between the expected credit loss and the statutory general provision and the provision computed under the Prudential Norm which are both in line with the Bank of Mauritius Guidelines on Credit Impairment Measurement and Income Recognition; and
  - country risk allowance computed in accordance with the Bank of Mauritius Guidelines on Country Risk Management.

Statutory segmental reporting

The bank's segmental reporting is based on the requirements of the Bank of Mauritius Guideline on Public Disclosure of Information, which requires that segment information should be provided by segment A and segment B banking businesses.

Segment A

Segment A activity relates to all banking business other than Segment B activity. The financial services provided under Segment A may be fund and/or non-fund-based. Segment A business will essentially consist of transactions with residents of Mauritius, excluding GBLs (Global Business Licence) companies, both on the liability side and asset side.

Segment B

Segment B activity essentially relates to the provision of international financial services that give rise to 'foreign source income'. Such services may be fund-based and/or non-fund-based. Segment B assets will generally consist of placements with and advances to foreign companies, institutions as well as individuals including stocks and debt instruments and claims on non-resident and/or GBLs. Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs and capital.

Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the group's financial statements are listed below. This listing is of standards and interpretations issued, which the group reasonably expects to be applicable at a future date. The group intends to adopt those standards when they become effective. .

Where the standards and interpretations may affect the group's financial position and performance in the future periods, the impact has been disclosed below:

	Effective for accounting period beginning on or after
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The documents contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 22 and SIC 32. Not all amendments, however update those pronouncements with regards to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definition in the standard have not been adapted with the new definitions developed in the revised Conceptual Framework.

In addition to the changes noted above, IFRS 9, IAS 39 and IFRS 7 are all currently being reviewed as a result of planned reforms to interest rate benchmarks.

This is a global initiative to replace or reform interbank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as loans to customers, debt securities and derivatives.

Consequently, financial contracts referencing these benchmarks with a maturity beyond 2021 may need to be amended to reference the alternative risk free rates ('RFR') in the applicable currency. There remain many uncertainties associated with the IBOR transition, including the prospective assessment of hedge accounting effectiveness.

The IFRS amendments include reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform by allowing entities to assume the benchmark interest rate is not altered as a result of IBOR reform. Following endorsement of the amendments by the EU in January 2020, the group has elected to early adopt the interest rate benchmark reform amendments for the current period. The amendments would have otherwise taken mandatory effect for accounting periods starting on or after 1 January 2020.

This election reduces the effects of any uncertainty arising from IBOR reform on the current period's financial statements and allow the group to assume that the interest rate benchmark on which the cash flows of the hedged item and/or hedging instrument are based is not altered by IBOR reform for the purposes of fair value hedge accounting. External progress on the transition to RFR is being monitored, with the objective of ensuring a smooth transition for the group's hedge accounting relationships.

The group expects that the IASB will issue further amendments to these standards concerning the potential financial reporting implications when an existing interest rate benchmark is replaced with an alternative RFR.

Definition of Material (Amendments to IAS 1 and IAS 8)

Together with the revised Conceptual Framework

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The bank is still assessing the impact of these new standards.

3. Net interest income

For the year to 31 March US$'000	Notes	Group 2020 Balance sheet value	Group 2020 Interest income
Cash, bank debt and sovereign debt securities*	1	708 365	12 819
Loans and advances*	2	892 566	46 687
Other debt securities*		22 583	2 268
Interest income on derivative financial instruments	4	735	13 217
Total interest-earning assets/interest income		**1 624 249**	**74 991**

* *Interest income calculated using effective interest rate.*

For the year to 31 March US$'000	Notes	Group 2020 Balance sheet value	Group 2020 Interest expense
Debt related securities	3	256 932	(8 293)
Customer deposits		944 650	(17 359)
Other interest-bearing liabilities	5	22 789	(1 712)
Interest expense on derivative financial instruments	4	13 045	(5 203)
Total interest-bearing liabilities/interest expense		**1 237 416**	**(32 567)**
Net interest income			**42 424**

1. *Comprises (as per the balance sheet) cash and balances at central banks, due from banks, reverse repurchase agreement, sovereign and bank debt securities*
2. *Comprises (as per the balance sheet) loans and advances to customers*
3. *Comprises (as per the balance sheet) debt securities in issue and repurchase agreements*
4. *Comprises (as per the balance sheet) derivative assets and liabilities*
5. *Comprises (as per the balance sheet) amount due to group companies*

Group				Bank					
2019		2018		**2020**		2019		2018	
Balance sheet value	Interest income	Balance sheet value	Interest income	**Balance sheet value**	**Interest income**	Balance sheet value	Interest income	Balance sheet value	Interest income
693 198	13 389	691 970	14 538	708 365	12 823	693 198	13 392	691 970	14 571
1 034 269	47 440	952 637	45 741	892 566	46 687	1 034 269	47 440	952 637	45 741
24 978	2 326	30 172	472	22 583	2 268	24 978	2 326	30 172	472
17 061	10 391	17 437	8 787	735	13 217	17 061	10 391	17 437	8 787
1 769 506	**73 546**	**1 692 216**	**69 538**	**1 624 249**	**74 995**	**1 769 506**	**73 549**	**1 692 216**	**69 571**

Group				Bank					
2019		2018		**2020**		2019		2018	
Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**	Balance sheet value	Interest expense	Balance sheet value	Interest expense
329 829	(10 341)	360 487	(8 729)	256 932	(8 293)	329 829	(10 341)	360 487	(8 729)
1 036 836	(15 668)	893 397	(11 138)	945 944	(17 359)	1 037 608	(15 668)	893 717	(11 138)
26 713	(1 846)	32 030	(983)	22 779	(1 732)	26 643	(1 857)	32 024	(997)
1 672	(2 918)	3 508	(5 619)	13 045	(5 203)	1 672	(2 918)	3 508	(5 619)
1 395 050	**(30 773)**	**1 289 422**	**(26 469)**	**1 238 700**	**(32 587)**	**1 395 752**	**(30 784)**	**1 289 736**	**(26 483)**
	42 773		**43 069**		**42 408**		**42 765**		**43 088**

4. Net fee income

	Group			Bank		
For the year to 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Fee income						
Credit related fees	5 821	4 433	5 527	5 821	4 433	5 527
Foreign exchange dealings	1 258	1 186	1 757	1 258	1 186	1 757
Client transactions and maintenance fees	1 128	1 059	1 972	1 128	1 059	1 972
Wealth management fees	911	798	1 116	–	–	–
	9 118	**7 476**	**10 372**	**8 207**	**6 678**	**9 256**
Fee expense						
Credit related fees paid	(1 431)	(2 143)	(1 426)	(1 431)	(2 143)	(1 426)
Other fees paid	(2)	(14)	(8)	–	–	(8)
	(1 433)	**(2 157)**	**(1 434)**	**(1 431)**	**(2 143)**	**(1 434)**
Net fee income	**7 685**	**5 319**	**8 938**	**6 776**	**4 535**	**7 822**

5. Investment income/(loss)

	Group and Bank			
For the year to 31 March US$'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories**	**Total**
2020				
Realised***	1 215	–	–	1 215
	1 215	**–**	**–**	**1 215**
2019				
Realised***	(4 240)	111	2 692	(1 437)
Unrealised	(3 194)	–	3 224	30
	(7 434)	**111**	**5 916**	**(1 407)**
2018				
Realised***	–	1 364	(3)	1 361
Unrealised	(3 039)	–	–	(3 039)
	(3 039)	**1 364**	**(3)**	**(1 678)**

* *Include stay-in-option, matured during the year 2020.*
** *Including profit shares in financial year 2019.*
*** *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the realised item.*

6. Net trading (loss)/income

	Group			Bank		
For the year to 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Changes in fair value of derivative financial instruments	(15)	(495)	559	(15)	(494)	559
Net foreign exchange (loss)/gain	(288)	217	(190)	(272)	220	(238)
	(303)	**(278)**	**369**	**(287)**	**(274)**	**321**

7a. Expected credit loss impairment (charges)/reversals

For the year to 31 March US$'000	Group and Bank 2020	2019	2018
Expected credit loss impairment (charges)/reversals recognised on the following assets:			
Loans and advances to customers	(383)	2 720	–
Other balance sheet assets	(85)	(197)	–
Off-balance sheet commitments and guarantees	11	(304)	–
	(457)	2 219	–
Expected credit loss impairment (charges)/reversals comprise:			
Stage 1	(448)	359	–
Stage 2	193	1 649	–
Stage 3	(202)	211	–
	(457)	2 219	–

US$'000	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2019	2 925	570	3 897	7 392
Transfer	–	–	12	12
Bad debts written off	–	–	(879)	(879)
Expected credit loss	448	(193)	202	457
Balance at 31 March 2020	**3 373**	**377**	**3 232**	**6 982**

US$'000	Stage 1	Stage 2	Stage 3	Total
Portfolio impairments				7 174
Specific impairments				4 876
Balance at 1 April 2018				12 050
IFRS 9 transitional				(1 741)
Adjusted balance at 1 April 2018	3 284	2 219	4 806	10 309
Transfer	–	–	(458)	(458)
Bad debts written off	–	–	(240)	(240)
Impairment reversal recognised in income statement	(359)	(1 649)	(211)	(2 219)
Balance at 31 March 2019	**2 925**	**570**	**3 897**	**7 392**

7b. Impairment losses on loans and advances

For the year to 31 March US$'000	Group and Bank 2020	2019	2018
Impairment losses on loans and advances			
Specific impairment charges in income statement	–	–	(3 026)
Portfolio impairment charges in income statement	–	–	(188)
	–	–	(3 214)

8. Operating costs

	Group			Bank		
For the year to 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Staff costs	6 856	6 455	7 105	6 615	6 230	6 322
– Salaries and wages (including directors' remuneration*)	5 868	5 392	6 168	5 659	5 192	5 453
– Training and other costs	140	140	85	140	140	85
– Share-based payments expense	710	785	730	681	762	663
– Pension fund contributions	138	138	122	135	136	121
Premises expenses	206	571	567	204	569	563
Equipment expenses	3 164	3 530	3 248	3 164	3 529	3 247
Business expenses**	2 092	2 303	2 805	2 044	2 254	2 754
Marketing expenses	153	123	184	148	121	177
Depreciation on property, plant, and equipment	453	105	109	453	105	109
Special levy	–	220	–	–	220	–
	12 924	**13 307**	**14 018**	**12 628**	**13 028**	**13 172**
Auditors' fees (included in business expenses)						
Fees payable to the bank's auditors for the audit of the bank accounts	191	190	180	186	180	170
Minimum operating lease payments recognised in operating costs* **	**–**	**373**	**383**	**–**	**373**	**383**

* *Details of the directors' emoluments, pensions and their interests are disclosed in the corporate governance report on page 73.*
** *Business expenses mainly comprise insurance costs, consulting and professional fees, subscriptions and IT costs.*
*** *On adoption of IFRS 16, the bank is required to recognise a right of use asset and a lease liability, in respect of operating leases with term of more than 12 months, representing the present value of the future lease payments. For 2019 and 2018, minimum operating lease payments were recognised in operating cost. The depreciation of the right of use asset is reflected in note 28.*

Retirement benefit costs

Defined contribution plan

The assets of the plan are held separately from those of the group in a fund under the control of the trustees.

Where employees leave the plan prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of US$137 528 (2019: US$137 848 and 2018: US$121 506) represents contributions payable to these plans by the group at rates specified in the rules of the plan.

The defined contribution made by the group in respect of key management personnel amounts to US$54 120 (2019: US$56 826 and 2018: US$49 860).

9. Share-based payments and employee benefits

The group operates share option and long-term share incentive plans for employees the majority of which are on an equity basis.

The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of the Investec group performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

	Group			Bank		
For the year to 31 March	**2020**	2019	2018	**2020**	2019	2018
Equity-settled share-based payment expense charged to the income statement (US$'000)	**710**	785	730	**681**	762	693
Fair value of options at grant date (US$'000)	**584**	760	132	**534**	696	132

	Group			Bank		
For the year to 31 March	**2020**	2019	2018	**2020**	2019	2018
Details of options and shares outstanding during the year						
Outstanding at the beginning of the year	391 583	385 771	699 395	380 446	379 834	559 064
Relocation of employees during the year	2 016	–	(97 252)	2 016	–	30 026
Granted during the year	118 593	119 040	16 065	108 392	109 040	16 065
Exercised during the year^	(121 630)	(106 188)	(160 122)	(120 493)	(101 388)	(153 006)
Lapsed during the year	(440)	(7 040)	(72 315)	(440)	(7 040)	(72 315)
Outstanding at the end of the year	**390 122**	**391 583**	**385 771**	**369 921**	**380 446**	**379 834**
Vested and exercisable at the end of the year	**6 931**	**1 788**	**1 405**	**6 931**	**1 788**	**1 405**

^ *The weighted average exercise price during the year was Rnil (2019 and 2018: Rnil).*

9. Share-based payments and employee benefits *(continued)*

	Group			Bank		
For the year to 31 March	**2020**	2019	2018	**2020**	2019	2018
The exercise price range and weighted average remaining contractual life for the share options outstanding were as follows:						
Long-term incentive grants and long-term share awards with no strike price						
Exercise price range	Rnil	Rnil	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life	2.05 years	1.94 years	1.98 years	2.02 years	1.92 years	2.00 years
The fair values of share options granted were calculated using a Black-Scholes option pricing model.						
For share options granted during the year, the inputs into the model were as follows:						
– Share price at date of grant	R88	R90.96 – R92.55	R94.94 – R97.45	R88	R90.96 – R92.55	R94.94 – R97.45
– Exercise price	Rnil	Rnil	Rnil	Rnil	Rnil	Rnil
– Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a
– Option life	4.75 years	4.75 years	4.75 years	4.75 years	4.75 years	4.75 years
– Expected dividend yields	n/a	n/a	n/a	n/a	n/a	n/a
– Risk-free rate	n/a	n/a	n/a	n/a	n/a	n/a

Long-term employment benefits liability-Ninety One shares

As part of the Investec Asset Management (IAM) demerger, each participant of the Investec share option and long-term share incentive plan for employees, received one Ninety One share option for every two Investec share options they had. The Ninety One share options were granted on the same terms and vesting period as the Investec options they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share options; accordingly this obligation was classified and measured as an other long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of USD158 941 was calculated as the fair value of the liability at the date of demerger for the portion of the options already vested. The total value of the liability represented past service cost and was accounted for in retained income. The liability was subsequently measured through profit and loss.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2020 was USD2 814.

9. Share-based payments and employee benefits *(continued)*

	Group			Bank		
For the year ended 31 March	**2020**	2019	2018	**2020**	2019	2018
Details of options and shares outstanding during the year						
Number of share options						
IAM Demerger-Ninety One Shares Awards Issued 16 March 2020	196 829	–	–	186 728	–	–
Re-location of employees during the year	1 354	–	–	1 354	–	–
Exercised during the year^	(3 308)	–	–	(3 308)	–	–
Outstanding at the end of the year	**194 875**	**–**	**–**	**184 774**	**–**	**–**
Exercisable at the end of the year	**3 269**	**–**	**–**	**3 269**	**–**	**–**

^ *The weighted average exercise price during the year was Rnil (2019 and 2018: Rnil).*

	Group			Bank		
For the year ended 31 March	**2020**	2019	2018	**2020**	2019	2018
The exercise price range and weighted average remaining contractual life for the NY1 share options outstanding were as follows:						
Long-term incentive grants and Long-term share awards with no strike price						
Exercise price range	Rnil	–	–	Rnil	–	–
Weighted average remaining contractual life	2.05 years	–	–	2.02 years	–	–
The fair values of share options granted were calculated using a Black-Scholes option pricing model						
For share options granted during the year, the inputs into the model were as follows:						
– Share price at date of grant	R30.55	–	–	R30.55	–	–
– Exercise price	nil	–	–	nil	–	–
– Expected volatility	57%	–	–	57%	–	–
– Option life	0.14 – 4.19 years			0.14 – 4.19 years		
– Expected dividend yields	0% – 6.15%	–	–	0% – 6.15%	–	–
– Risk-free rate	5.73% – 7.71%	–	–	5.73% – 7.71%	–	–

Expected volatility was determined based on the implied volatility levels quoted by the equity derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months but also includes an element of forward expectation. The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting.

Managements concluded that the share price used to calculate the liability as at date the demerger (13 March 2020) approximated the fear value of the share price to be used to calculate the liability as at 31 March 2020.

10. Taxation

	Group			Bank		
For the year to 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Income tax liability						
Current year	2 334	7 496	8 595	2 307	7 406	8 595
Tax credit	–	(5 713)	(6 485)	–	(5 713)	(6 485)
Tax paid under Advance Payment Scheme	(1 270)	(1 210)	(1 090)	(1 255)	(1 185)	(1 090)
	1 064	**573**	**1 020**	**1 052**	**508**	**1 020**
Income statement tax charge						
Taxation on income	**2 219**	**1 895**	**1 904**	**2 198**	**1 807**	**1 853**
– Current taxation	2 343	2 036	1 985	2 324	1 949	1 985
in respect of the current year	2 326	2 023	2 110	2 307	1 935	2 110
in respect of prior year adjustments	17	13	(125)	17	14	(125)
– Deferred taxation	(124)	(141)	(81)	(126)	(142)	(132)
Total taxation charge as per income statement	**2 219**	**1 895**	**1 904**	**2 198**	**1 807**	**1 853**
Tax rate reconciliation:						
Profit before taxation as per income statement	**36 096**	**35 463**	**33 604**	**35 483**	**34 954**	**33 305**
Total taxation charge as per income statement	**2 219**	**1 895**	**1 904**	**2 198**	**1 807**	**1 853**
Effective rate of taxation	6%	5%	6%	6%	5%	6%
At statutory income tax rate of 5% (2019 and 2018: 15%)	1 805	5 320	5 041	1 774	5 243	4 996
Adjustment in respect of current income tax of prior years	17	14	(125)	17	14	(125)
Special levy	–	–	495	–	–	495
Corporate social responsibility	9	–	36	6	–	36
Other deductible items	(114)	(17)	(168)	(101)	(17)	(174)
Non-deductible expenses	502	2 500	425	502	2 489	425
Foreign tax credit	–	(5 906)	(3 766)	–	(5 906)	(3 766)
Deferred tax						
– Adjustment in respect of deferred tax of prior years	–	(16)	(34)	–	(16)	(34)
Income tax expense reported in the income statement	**2 219**	**1 895**	**1 904**	**2 198**	**1 807**	**1 853**

For the financial year ended 31 March 2020, the corporate tax rate is 5% if the taxable profit is higher than the taxable profit for the year of assessment 2017/2018 provided that the bank grants at least 5% of its new banking facilities to certain categories of businesses.

For the financial years ended 31 March 2019 and 2018, the corporate tax rate of the bank was 15%. The bank benefits from a presumed foreign tax credit of 80% on its tax payable in so far as it relates to income earned from Segment B activities.

10. Taxation *(continued)*

Tax paid under Advance Payment Scheme

The Finance Act 2007 introduced an Advance Payment System (APS) whereby companies having a turnover of 100 million Mauritian Rupee or more are required to file a quarterly corporate tax return as from 1 July 2008.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the bank is required to allocate 2% of its Segment A activities of the preceding financial year to Government approved CSR projects.

Special Levy

The bank is liable for a special levy pursuant to the provisions of the Income Tax Act 1995.

For the financial years ended 31 March 2020 and 2019, following changes to the Finance Act 2018, the special levy is calculated at 5.5% of leviable income derived from resident sources excluding GBLs in accordance with section 53J Liability to special levy of the VAT Act 2018 and is reflected as part of operating costs (see note 8).

For the financial year ended 31 March 2018, the levy on Segment A activities was computed at 10% of the preceding year chargeable income; the levy for Segment B activities was computed at 3.4% of its book profit and 1.0% of the preceding year operating income.

11. Dividends

	Group and Bank		
For the year to 31 March US$'000	**2020**	2019	2018
Ordinary dividend			
Declared and paid during the year			
Equity dividends on ordinary shares	**13 367**	**87 100**	**–**

Dividend of US$ 0.24 per share was declared in December 2019 and paid to the ordinary shareholder in respect of the financial year ended 31 March 2020 (2019: US$1.5 per share and 2018: nil).

12. Analysis of income and impairments by category of financial instruments

For the year to 31 March Group	**At fair value through profit or loss**		**At fair value through OCI**			
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	Amortised cost	Other fee income	**Total**
2020						
Net interest income	8 012	–	2 017	32 395	–	42 424
Fee income	–	–	–	8 207	911	9 118
Fee expense	–	–	–	(1 431)	(2)	(1 433)
Investment income	–	1 215	–	–	–	1 215
Net trading (loss)/income	(15)	–	–	(288)	–	(303)
Total operating income/(loss) before impairment	**7 997**	**1 215**	**2 017**	**38 883**	**909**	**51 021**
Expected credit loss impairment reversals/(charges)	–	–	129	(586)	–	(457)
Operating income/(loss)	**7 997**	**1 215**	**2 146**	**38 297**	**909**	**50 564**

12. Analysis of income and impairments by category of financial instruments *(continued)*

For the year to 31 March
Group

	At fair value through profit or loss		At fair value through OCI			
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	Amortised cost	Other fee income	**Total**
2019						
Net interest income	7 473	805	2 010	32 485	–	42 773
Fee income	–	–	–	6 678	798	7 476
Fee expense	–	–	–	(2 143)	(14)	(2 157)
Investment loss	–	(1 407)	–	–	–	(1 407)
Net trading income/(loss)	590	–	–	(868)	–	(278)
Total operating income/(loss) before impairment	**8 063**	**(602)**	**2 010**	**36 152**	**784**	**46 407**
Expected credit loss impairment reversals	–	–	360	1 859	–	2 219
Operating income/(loss)	**8 063**	**(602)**	**2 370**	**38 011**	**784**	**48 626**

US$'000	Trading	Designated at inception	Available-for-sale	Held to maturity	Loans and receivables	Financial liabilities at amortised cost	Other fee income	**Total**
2018								
Net interest income	3 961	–	3 894	5 237	49 277	(19 300)	–	43 069
Fee income	1 757	–	–	–	6 643	1 972	–	10 372
Fee expense	–	–	–	–	(1 434)	–	–	(1 434)
Investment (loss)/income	–	(3 042)	1 364	–	–	–	–	(1 678)
Net trading income/(loss)	607	–	–	–	(238)	–	–	369
Total operating income/(loss) before impairment	**6 325**	**(3 042)**	**5 258**	**5 237**	**54 248**	**(17 328)**	**–**	**50 698**
Impairment losses on loans and advances	–	–	–	–	(3 214)	–	–	(3 214)
Operating income/(loss)	**6 325**	**(3 042)**	**5 258**	**5 237**	**51 034**	**(17 328)**	**–**	**47 484**

12. Analysis of income and impairments by category of financial instruments *(continued)*

For the year to 31 March
Bank

	At fair value through profit or loss		At fair value through OCI			
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	Amortised cost	Other fee income	**Total**
2020						
Net interest income	8 012	–	2 017	32 379	–	42 408
Fee income	–	–	–	8 207	–	8 207
Fee expense	–	–	–	(1 431)	–	(1 431)
Investment income	–	1 215	–	–	–	1 215
Net trading loss	(15)	–	–	(272)	–	(287)
Total operating income/(loss) before impairment	**7 997**	**1 215**	**2 017**	**38 883**	**–**	**50 112**
Expected credit loss impairment reversals/(charges)	–	–	129	(586)	–	(457)
Operating income/(loss)	**7 997**	**1 215**	**2 146**	**38 297**	**–**	**49 655**
2019						
Net interest income	7 473	805	2 010	32 477	–	42 765
Fee income	–	–	–	6 678	–	6 678
Fee expense	–	–	–	(2 143)	–	(2 143)
Investment loss	–	(1 407)	–	–	–	(1 407)
Net trading income/(loss)	593	–	–	(867)	–	(274)
Total operating income/(loss) before impairment	**8 066**	**(602)**	**2 010**	**36 145**	**–**	**45 619**
Expected credit loss impairment reversals	–	–	360	1 859	–	2 219
Operating income/(loss)	**8 066**	**(602)**	**2 370**	**38 004**	**–**	**47 838**

US$'000	Trading	Designated at inception	Available-for-sale	Held to maturity	Loans and receivables	Financial liabilities at amortised cost	Other fee income	**Total**
2018								
Net interest income	3 961		3 894	5 237	49 296	(19 300)	–	43 088
Fee income	1 757	–	–	–	5 527	1 972	–	9 256
Fee expense	–	–	–	–	(1 434)	–	–	(1 434)
Investment (loss)/income	–	(3 042)	1 364	–	–	–	–	(1 678)
Net trading income/(loss)	559	–	–	–	(238)	–	–	321
Total operating income/(loss) before impairment	**6 277**	**(3 042)**	**5 258**	**5 237**	**53 151**	**(17 328)**	**–**	**49 553**
Impairment losses on loans and advances	–	–	–	–	(3 214)	–	–	(3 214)
Operating income/(loss)	**6 277**	**(3 042)**	**5 258**	**5 237**	**49 937**	**(17 328)**	**–**	**46 339**

13. Analysis of financial assets and liabilities by category of financial instrument

As at 31 March Group	At fair value through profit or loss		At fair value through OCI				
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments**	**Total**
2020							
Assets							
Cash and balances at central banks	–	–	–	–	15 811	–	15 811
Due from banks	–	–	–	–	556 829	–	556 829
Reverse repurchase agreements	–	–	–	–	101 034	–	101 034
Bank debt securities	–	–	34 691	34 691	–	–	34 691
Other debt securities	–	–	–	–	22 583	–	22 583
Derivative financial instruments	735	–	–	735	–	–	735
Investment portfolio	–	2 402	–	2 402	–	–	2 402
Loans and advances to customers	–	–	–	–	892 566	–	892 566
Interests in associated undertaking	–	–	–	–	–	2 856	2 856
Deferred taxation assets	–	–	–	–	–	421	421
Other assets	–	–	–	–	3 092	1 009	4 101
Property, plant and equipment	–	–	–	–	–	1 191	1 191
Amount due from group companies	–	–	–	–	1 771	–	1 771
	735	**2 402**	**34 691**	**37 828**	**1 593 686**	**5 477**	**1 636 991**
Liabilities							
Derivative financial instruments	13 045	–	–	13 045	–	–	13 045
Customer deposits	–	–	–	–	944 650	–	944 650
Debt securities in issue	–	–	–	–	256 932	–	256 932
Amount due to group companies	–	–	–	–	22 789	–	22 789
Current taxation liabilities	–	–	–	–	–	1 064	1 064
Other liabilities	–	–	–	–	8 209	6 086	14 295
	13 045	**–**	**–**	**13 045**	**1 232 580**	**7 150**	**1 252 775**

* *Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.*

13. Analysis of financial assets and liabilities by category of financial instrument *(continued)*

As at 31 March Group	At fair value through profit or loss		At fair value through OCI				
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments**	**Total**
2019							
Assets							
Cash and balances at central banks	–	–	–	–	14 143	–	14 143
Due from banks	–	–	–	–	494 313	–	494 313
Reverse repurchase agreements	–	–	–	–	75 555	–	75 555
Sovereign debt securities	–	–	20 575	20 575	–	–	20 575
Bank debt securities	–	–	–	–	88 612	–	88 612
Other debt securities	–	–	–	–	24 978	–	24 978
Derivative financial instruments	17 061	–	–	17 061	–	–	17 061
Investment portfolio	–	5 445	–	5 445	–	–	5 445
Loans and advances to customers	–	34 265	–	34 265	1 000 004	–	1 034 269
Interests in associated undertaking	–	–	–	–	–	4 635	4 635
Deferred taxation assets	–	–	–	–	–	297	297
Other assets	–	–	–	–	2 861	1 439	4 300
Property, plant and equipment	–	–	–	–	–	354	354
Amount due from group companies	–	–	–	–	1 010	–	1 010
	17 061	**39 710**	**20 575**	**77 346**	**1 701 476**	**6 725**	**1 785 547**
Liabilities							
Derivative financial instruments	1 672	–	–	1 672	–	–	1 672
Repurchase agreements	–	–	–	–	76 963	–	76 963
Customer deposits	–	–	–	–	1 036 836	–	1 036 836
Debt securities in issue	–	–	–	–	252 866	–	252 866
Amount due to group companies	–	–	–	–	26 713	–	26 713
Current taxation liabilities	–	–	–	–	–	573	573
Other liabilities	–	–	–	–	16 976	4 860	21 836
	1 672	**–**	**–**	**1 672**	**1 410 354**	**5 433**	**1 417 459**

* *Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio and loans and advances to customers at fair value.*

13. Analysis of financial assets and liabilities by category of financial instrument *(continued)*

As at 31 March **Group** **US$'000**	Trading	Designated at inception	Available-for-sale	**Total instruments at fair value**
2018				
Assets				
Cash and balances at central banks	–	–	–	–
Due from banks	–	–	–	–
Reverse repurchase agreements	–	–	–	–
Bank debt securities	–	–	25 069	25 069
Other debt securities	–	–	20 036	20 036
Derivative financial instruments	17 437	–	–	17 437
Investment portfolio	–	12 993	–	12 993
Loans and advances to customers	–	–	–	–
Interests in associated undertaking	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	–	–	–	–
Property, plant and equipment	–	–	–	–
Amount due from group companies	–	–	–	–
	17 437	**12 993**	**45 105**	**75 535**
Liabilities				
Derivative financial instruments	3 508	–	–	3 508
Repurchase agreements	–	–	–	–
Customer deposits	–	–	–	–
Debt securities in issue	–	–	–	–
Amount due to group companies	–	–	–	–
Current taxation liabilities	–	–	–	–
Other liabilities	–	–	–	–
	3 508	**–**	**–**	**3 508**

Held to maturity	Loans and receivables	Financial liabilities at amortised cost	**Total instruments at amortised cost**	Non-financial instruments	**Total**
–	16 695	–	16 695	–	16 695
–	459 119	–	459 119	–	459 119
–	75 186	–	75 186	–	75 186
112 535	–	–	112 535	–	137 604
7 094	3 042	–	10 136	–	30 172
–	–	–	–	–	17 437
–	–	–	–	–	12 993
–	952 637	–	952 637	–	952 637
–	–	–	–	4 598	4 598
–	–	–	–	438	438
–	5 744	–	5 744	1 459	7 203
–	–	–	–	395	395
–	3 366	–	3 366	–	3 366
119 629	**1 515 789**	**–**	**1 635 418**	**6 890**	**1 717 843**
–	–	–	–	–	3 508
–	–	101 924	101 924	–	101 924
–	–	893 397	893 397	–	893 397
–	–	258 563	258 563	–	258 563
–	–	32 030	32 030	–	32 030
–	–	–	–	1 020	1 020
–	–	2 818	2 818	4 607	7 425
–	**–**	**1 288 732**	**1 288 732**	**5 627**	**1 297 867**

13. Analysis of financial assets and liabilities by category of financial instrument *(continued)*

As at 31 March Bank	**At fair value through profit or loss**		**At fair value through OCI**				
US$'000	Trading	Non-Trading*	Debt instruments with a dual business model	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS	**Total**
2020							
Assets							
Cash and balances at central banks	–	–	–	–	15 811	–	15 811
Due from banks	–	–	–	–	556 829	–	556 829
Reverse repurchase agreements	–	–	–	–	101 034	–	101 034
Bank debt securities	–	–	34 691	34 691	–	–	34 691
Other debt securities	–	–	–	–	22 583	–	22 583
Derivative financial instruments	735	–	–	735	–	–	735
Investment portfolio	–	2 402	–	2 402	–	–	2 402
Loans and advances to customers	–	–	–	–	892 566	–	892 566
Interests in associated undertaking	–	–	–	–	–	2 856	2 856
Deferred taxation assets	–	–	–	–	–	421	421
Other assets	–	–	–	–	3 036	942	3 978
Property, plant and equipment	–	–	–	–	–	1 190	1 190
Amount due from group companies	–	–	–	–	1 772	–	1 772
Investment in subsidiary	–	–	–		–	467	467
	735	**2 402**	**34 691**	**37 828**	**1 593 631**	**5 876**	**1 637 335**
Liabilities							
Derivative financial instruments	13 045	–	–	13 045	–	–	13 045
Customer deposits	–	–	–	–	945 944	–	945 944
Debt securities in issue	–	–	–	–	256 932	–	256 932
Amount due to group companies	–	–	–	–	22 779	–	22 779
Current taxation liabilities	–	–	–	–	–	1 052	1 052
Other liabilities	–	–	–	–	8 198	5 995	14 193
	13 045	**–**	**–**	**13 045**	**1 233 853**	**7 047**	**1 253 945**

* *Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.*

13. Analysis of financial assets and liabilities by category of financial instrument *(continued)*

As at 31 March
Bank

US$'000	At fair value through profit or loss: Trading	At fair value through profit or loss: Non-Trading*	At fair value through OCI: Debt instruments with a dual business model	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS	Total
2019							
Assets							
Cash and balances at central banks	–	–	–	–	14 143	–	14 143
Due from banks	–	–	–	–	494 313	–	494 313
Reverse repurchase agreements	–	–	–	–	75 555	–	75 555
Sovereign debt securities	–	–	20 575	20 575	–	–	20 575
Bank debt securities	–	–	–	–	88 612	–	88 612
Other debt securities	–	–	–	–	24 978	–	24 978
Derivative financial instruments	17 061	–	–	17 061	–	–	17 061
Investment portfolio	–	5 445	–	5 445	–	–	5 445
Loans and advances to customers	–	34 265	–	34 265	1 000 004	–	1 034 269
Interests in associated undertaking	–	–	–	–	–	4 635	4 635
Deferred taxation assets	–	–	–	–	–	295	295
Other assets	–	–	–	–	2 739	1 389	4 128
Property, plant and equipment	–	–	–	–	–	353	353
Amount due from group companies	–	–	–	–	1 016	–	1 016
Investment in subsidiary	–	–	–	–	–	467	467
	17 061	**39 710**	**20 575**	**77 346**	**1 701 360**	**7 139**	**1 785 845**
Liabilities							
Derivative financial instruments	1 672	–	–	1 672	–	–	1 672
Repurchase agreements	–	–	–	–	76 963	–	76 963
Customer deposits	–	–	–	–	1 037 608	–	1 037 608
Debt securities in issue	–	–	–	–	252 866	–	252 866
Amount due to group companies	–	–	–	–	26 643	–	26 643
Current taxation liabilities	–	–	–	–	–	508	508
Other liabilities	–	–	–	–	16 966	4 765	21 731
	1 672	**–**	**–**	**1 672**	**1 411 046**	**5 273**	**1 417 991**

* *Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio and loans and advances to customers at fair value.*

13. Analysis of financial assets and liabilities by category of financial instrument *(continued)*

As at 31 March Bank US$'000	Trading	Designated at inception	Available-for-sale	Total instruments at fair value
2018				
Assets				
Cash and balances at central banks	–	–	–	–
Due from banks	–	–	–	–
Reverse repurchase agreements	–	–	–	–
Bank debt securities	–	–	25 069	25 069
Other debt securities	–	–	20 036	20 036
Derivative financial instruments	17 437	–	–	17 437
Investment portfolio	–	12 993	–	12 993
Loans and advances to customers	–	–	–	–
Interests in associated undertaking	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	–	–	–	–
Property, plant and equipment	–	–	–	–
Amount due from group companies	–	–	–	–
Investment in subsidiary	–	–	–	–
	17 437	**12 993**	**45 105**	**75 535**
Liabilities				
Derivative financial instruments	3 508	–	–	3 508
Repurchase agreements	–	–	–	–
Customer deposits	–	–	–	–
Debt securities in issue	–	–	–	–
Amount due to group companies				–
Current taxation liabilities	–	–	–	–
Other liabilities	–	–	–	–
	3 508	**–**	**–**	**3 508**

Held to maturity	Loans and receivables	Financial liabilities at amortised cost	**Total instruments at amortised cost**	Non-financial instruments	**Total**
–	16 695	–	16 695	–	16 695
–	459 119	–	459 119	–	459 119
–	75 186	–	75 186	–	75 186
112 535	–	–	112 535	–	137 604
7 094	3 042	–	10 136	–	30 172
–	–	–	–	–	17 437
–	–	–	–	–	12 993
–	952 637	–	952 637	–	952 637
–	–	–	–	4 598	4 598
–	–	–	–	437	437
–	5 738	–	5 738	1 399	7 137
–	–	–	–	394	394
–	3 365	–	3 365	–	3 365
–	–	–	–	467	467
119 629	**1 515 782**	**–**	**1 635 411**	**7 295**	**1 718 241**
–	–	–	–	–	3 508
–	–	101 924	101 924	–	101 924
–	–	893 717	893 717	–	893 717
–	–	258 563	258 563	–	258 563
–	–	32 024	32 024		32 024
–	–	–	–	1 020	1 020
–	–	2 808	2 808	4 514	7 322
–	**–**	**1 289 036**	**1 289 036**	**5 534**	**1 298 078**

14. Financial instruments at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group and Bank			
		Fair value category		
For the year to 31 March US$'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
2020				
Assets				
Bank debt securities	34 691	34 691	–	–
Derivative financial instruments	735	–	735	–
Investment portfolio	2 402	2		2 400
	37 828	**34 693**	**735**	**2 400**
Liabilities				
Derivative financial instruments	13 045	–	13 045	–
	13 045	**–**	**13 045**	**–**
Net financial assets/(liabilities) at fair value	**24 783**	**34 693**	**(12 310)**	**2 400**
2019				
Assets				
Sovereign debt securities	20 575	20 575	–	–
Derivative financial instruments	17 061	–	17 061	–
Investment portfolio	5 445	3 195	–	2 250
Loans and advances to customers	34 265	–	–	34 265
	77 346	**23 770**	**17 061**	**36 515**
Liabilities				
Derivative financial instruments	1 672	–	1 672	–
	1 672	**–**	**1 672**	**–**
Net financial assets at fair value	**75 674**	**23 770**	**15 389**	**36 515**
2018				
Assets				
Bank debt securities	25 069	25 069	–	–
Other debt securities	20 036	20 036	–	–
Derivative financial instruments	17 437	–	17 437	–
Investment portfolio	12 993	9	12 984	–
	75 535	**45 114**	**30 421**	**–**
Liabilities				
Derivative financial instruments	3 508	–	3 508	–
	3 508	**–**	**3 508**	**–**
Net financial assets at fair value	**72 027**	**45 114**	**26 913**	**–**

14. Financial instruments at fair value *(continued)*

Transfers between level 1 and level 2

During the year ended 31 March 2020, there was no financial instrument that had been transferred from level 2 to level 1 (2019: US$ 3.2 million and 2018: nil).

Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting year in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	VALUATION BASIS/TECHNIQUES	MAIN ASSUMPTIONS
Assets		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances	Discounted cash flow model	Yield curve
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities

Measurement of financial assets and liabilities at level 3

The table below sets out information about the valuation techniques used at the end of the reporting year in measuring financial instruments categorised as level 3 in the fair value hierarchy:

Investment portfolio	*Amount (US$ '000)*	*Valuation method*	*Unobservable input*
Israeli Technology Fund LP	2 400	Calibrated price of recent	N/A

The investment in Israeli Technology Fund LP has been kept at cost due to the fact that the underlying investee is still in its start-up phase and due to the current uncertainty in the market following COVID-19, management believes that the cost is the best representative of the fair value.

The reconciliation of level 3 instruments is as follows:

	2020	2019	2018
Opening balance	2 250	–	–
Additions	150	2 250	–
Closing balance	**2 400**	2 250	–

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured at cost for 2020. Hence, the sensitivity is not applicable.

Discount rates

Discount rates are the interest rates used to discount future cash flows in the discounted cash flow valuation method. The discount rate takes into account time value of money and uncertainty of cash flows.

15. Fair value of financial instruments at amortised cost

At 31 March US$'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Group					
2020					
Assets					
Cash and balances at central banks	15 811	15 811	^	^	^
Due from banks	556 829	556 829	^	^	^
Reverse repurchase agreements	101 034	101 034	^	^	^
Other debt securities	22 583	22 562	–	22 562	–
Loans and advances to customers	892 566	894 582	–	–	894 582
Other assets	3 092	3 092	^	^	^
Amount due from group companies	1 771	1 771	^	^	^
	1 593 686	**1 595 681**			
Liabilities					
Customer deposits	944 650	945 820	–	945 820	–
Debt securities in issue	256 932	256 932	–	256 932	–
Amount due to group companies	22 789	22 789	^	^	^
Other liabilities	8 209	8 209	^	^	^
	1 232 580	**1 233 750**			
2019					
Assets					
Cash and balances at central banks	14 143	14 143	^	^	^
Due from banks	494 313	494 313	^	^	^
Reverse repurchase agreements	75 555	75 555	^	^	^
Bank debt securities	88 612	89 450	89 450	–	–
Other debt securities	24 978	25 015	–	25 015	–
Loans and advances to customers	1 000 004	1 000 677	–	–	1 000 677
Other assets	2 739	2 739	^	^	^
Amount due from group companies	1 016	1 016	^	^	^
	1 701 360	**1 702 908**			
Liabilities					
Repurchase agreements	76 963	76 963	^	^	^
Customer deposits	1 036 836	1 037 608	–	1 037 608	–
Debt securities in issue	252 866	252 866	–	252 866	–
Amount due to group companies	26 713	26 713	^	^	^
Other liabilities	16 976	16 976	^	^	^
	1 410 354	**1 411 126**			
2018					
Assets					
Cash and balances at central banks	16 695	16 695	^	^	^
Due from banks	459 119	459 119	^	^	^
Reverse repurchase agreements	75 186	75 186	^	^	^
Bank debt securities	112 535	115 575	115 575	–	–
Other debt securities	10 136	11 177	–	11 177	–
Loans and advances to customers	952 637	961 563	–	–	961 316
Other assets	5 738	5 738	^	^	^
Amount due from group companies	3 366	3 366	^	^	^
	1 635 412	**1 648 419**			
Liabilities					
Repurchase agreements	101 924	101 924	^	^	^
Customer deposits	893 397	893 717	–	893 717	–
Debt securities in issue	258 563	261 530	–	261 530	–
Amount due to group companies	32 030	32 030	^	^	^
Other liabilities	7 425	7 425	^	^	^
	1 293 339	**1 296 626**			

^ *Financial instruments for which fair value approximates carrying value.*

15. Fair value of financial instruments at amortised cost *(continued)*

At 31 March US$'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Bank					
2020					
Assets					
Cash and balances at central banks	15 811	15 811	^	^	^
Due from banks	556 829	556 829	^	^	^
Reverse repurchase agreements	101 034	101 034	^	^	^
Other debt securities	22 583	22 562	–	22 562	–
Loans and advances to customers	892 566	894 582	–	–	894 582
Other assets	3 036	3 036	^	^	^
Amount due from group companies	1 772	1 772	^	^	^
	1 593 631	**1 595 626**			
Liabilities					
Customer deposits	945 944	947 114	–	947 114	–
Debt securities in issue	256 932	256 932	–	256 932	–
Amount due to group companies	22 779	22 779	^	^	^
Other liabilities	8 199	8 199	^	^	^
	1 233 854	**1 235 024**			
2019					
Assets					
Cash and balances at central banks	14 143	14 143	^	^	^
Due from banks	494 313	494 313	^	^	^
Reverse repurchase agreements	75 555	75 555	^	^	^
Bank debt securities	88 612	89 450	89 450	–	–
Other debt securities	24 978	25 015	–	25 015	–
Loans and advances to customers	1 000 004	1 000 677	–	–	1 000 677
Other assets	2 739	2 739	^	^	^
Amount due from group companies	1 016	1 016	^	^	^
	1 701 360	**1 702 908**			
Liabilities					
Repurchase agreements	76 963	76 963	^	^	^
Customer deposits	1 037 608	1 038 830	–	1 038 830	–
Debt securities in issue	252 866	252 866	–	252 866	–
Amount due to group companies	26 643	26 643	^	^	^
Other liabilities	16 966	16 966	^	^	^
	1 411 046	**1 412 268**			
2018					
Assets					
Cash and balances at central banks	16 695	16 695	^	^	^
Due from banks	459 119	459 119	^	^	^
Reverse repurchase agreements	75 186	75 186	^	^	^
Bank debt securities	112 535	115 575	115 575	–	–
Other debt securities	10 136	11 177	–	11 177	–
Loans and advances to customers	952 637	961 563	–	–	961 316
Other assets	5 738	5 738	^	^	^
Amount due from group companies	3 365	3 365	^	^	^
	1 635 411	**1 648 418**			
Liabilities					
Repurchase agreements	101 924	101 924	^	^	^
Customer deposits	893 717	894 648	–	894 648	–
Debt securities in issue	258 563	261 530	–	261 530	–
Amount due to group companies	32 024	32 024	^	^	^
Other liabilities	2 808	2 808	^	^	^
	1 289 036	**1 292 934**			

^ *Financial instruments for which fair value approximates carrying value.*

15. Fair value of financial instruments at amortised cost *(continued)*

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption also applies to demand deposits and savings accounts without a specific maturity included in customer accounts (deposits) and variable rate financial instruments.

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring level 2 and level 3 financial instruments not held at fair value:

	VALUATION BASIS/TECHNIQUE	MAIN INPUTS
Assets		
Other debt securities	Discounted cash flow model	Discount rates
Loans and advances to customers	Discounted cash flow model	Discount rates
Liabilities		
Customer deposits	Discounted cash flow model	Interest rate yield curve
Debt securities in issue	Discounted cash flow model	Discount rates

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity.

16. Cash and balances at central bank

	Group and Bank		
As at 31 March **US$'000**	**2020**	2019	2018
Cash on hand	4	5	4
Cash balance with the central bank			
– Restricted*	5 913	5 818	8 569
– Unrestricted	9 894	8 320	8 122
	15 811	**14 143**	**16 695**

* *The restricted reserve, represents the Cash Reserve Ratio with the Central Bank of Mauritius, which is not available to finance the bank's day-to-day operations.*

17. Due from banks

	Group and Bank		
At 31 March **US$'000**	**2020**	2019	2018
Holding bank^	232 053	91 368	15 762
Placement with maturity date greater than 3 months	27 765	–	–
Other banks (excluding placement with maturity date greater than 3 months)	297 011	402 945	443 357
	556 829	**494 313**	**459 119**
Gross amount	556 897	494 324	459 119
Expected credit loss*	(68)	(11)	–
	556 829	**494 313**	**459 119**

* *On adoption of IFRS 9 in 2019, there is a move from an incurred loss model to an expected credit loss methodology.*

^ *Investec Bank Limited is referred as the holding bank.*

** *For cash flow purposes – placements with maturity date of more than 3 months have not been considered as cash and cash equivalent.*

18. Repurchase and reverse repurchase agreements

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Assets			
Reverse repurchase agreements:			
Group companies	26 041	25 541	25 089
Others	74 993	50 014	50 097
	101 034	**75 555**	**75 186**
Gross amount	101 055	75 574	75 186
Expected credit loss*	(21)	(19)	–
	101 034	**75 555**	**75 186**
Liabilities			
Repurchase agreements	–	76 963	101 924
	–	**76 963**	**101 924**

The assets transferred and not derecognised in the above repurchase agreements were matured during the financial year ended 31 March 2020 (2019: USD88.6 million and 2018: USD113 million). They are pledged as security for the term of the underlying repurchase agreement. The securities under the repurchase agreement comprise of bond instruments.

The bank has a programme to sell securities under agreements to repurchase (repos).

The securities sold under agreements to repurchase are transferred to a third party and the bank receives cash in exchange. These transactions are conducted under terms based on the applicable ISDA Collateral Guidelines. If the securities increase or decrease in value the bank may, in certain circumstances, require, or be required, to pay additional cash collateral. The bank has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

* *On adoption of IFRS 9 in 2019 there is a move from an incurred loss model to an expected credit loss methodology.*

19. Sovereign debt securities

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Bonds	–	20 575	–
	–	**20 575**	**–**
The country risk of the sovereign debt securities lies in the following geography:			
South Africa	–	20 575	–
	–	**20 575**	**–**

20. Bank debt securities

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Bonds	34 691	88 612	137 604
	34 691	**88 612**	**137 604**
South Africa	**17 473**	**–**	**–**
United Kingdom	–	50 418	51 250
Europe excluding UK	**17 218**	**–**	**–**
United States	–	38 194	86 354
	34 691	**88 612**	**137 604**
Gross amount	34 691	88 672	137 604
Expected credit loss*	–	(60)	–
	34 691	**88 612**	**137 604**

* *On adoption of IFRS 9 in 2019, there is a move from an incurred loss model to an expected credit loss methodology.*

For the year ended 31 March 2020, all the bank debt securities are measured at fair value through OCI with ECL accounted in fair value reserve.

21. Other debt securities

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
At amortised cost			
Bonds	22 583	22 717	27 129
Other investments	–	2 261	3 043
	22 583	**24 978**	**30 172**
United Kingdom	2 552	2 667	2 889
Europe excluding UK	20 031	20 050	24 240
Australia	–	2 261	3 043
	22 583	**24 978**	**30 172**
Gross amount	22 681	25 085	–
Expected credit loss*	(98)	(107)	–
	22 583	**24 978**	**–**

* *On adoption of IFRS 9 in 2019, there is a move from an incurred loss model to an expected credit loss methodology.*

22. Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures.

These include financial futures, options, swaps and forward rate agreements.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk.

The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

	Group and Bank								
	2020			2019			2018		
At 31 March US$'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives									
Forward foreign exchange contracts	387 836	29	(9 436)	455 756	4 875	(32)	447 211	834	(405)
Currency swaps	24 161	–	(2 275)	–	–	(1 137)	16 667	–	(2 981)
Credit default swaps	8 340	–	(136)	–	–	–	–	–	–
Dual currency deposits	775	–	(9)	–	–	–	–	–	–
	421 112	**29**	**(11 856)**	**455 756**	**4 875**	**(1 169)**	**463 878**	**834**	**(3 386)**
Interest rate derivatives									
Interest rate swaps	142 556	706	(1 189)	100 772	168	(503)	55 879	497	(122)
Equity and stock index derivatives									
Stay in option	–	–	–	–	12 018	–	–	16 106	–
Derivatives per balance sheet	**563 668**	**735**	**(13 045)**	**556 528**	**17 061**	**(1 672)**	**519 757**	**17 437**	**(3 508)**

Most of the bank's derivative trading activities relate to deals with customers which are normally offset by transactions with other counterparties. The group and the bank may also take positions with the expectation of profiting from favourable movements in prices, rates and indices.

Forwards

Forwards contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. The group and the bank have credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and are therefore considered to bear a high liquidity risk. Such contracts also result in market risk exposure.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payment over time based on specified notional amounts in relation to movements in interest rate, foreign currency rate or equity index.

Equity derivative – stay-in option

The equity derivative related to the group's and the bank's right in listed share and was measured at fair value through profit and loss using quoted market price as observable input. The option was settled during the year.

23. Investment portfolio

At 31 March US$'000	Group and Bank **2020**	 2019	 2018
Listed equities	2	3 195	9
Unlisted equities	2 400	2 250	12 984
	2 402	**5 445**	**12 993**

24. Loans and advances to customers

At 31 March US$'000	Group and Bank **2020**	 2019	 2018
At amortised cost	898 961	1 002 903	964 687
At fair value	–	38 245	–
Gross amount	**898 961**	**1 041 148**	**964 687**
Expected credit loss*	(6 395)	(6 879)	–
Impairment charges	–	–	(12 050)
Net loans and advances to customers	**892 566**	**1 034 269**	**952 637**

* *On adoption of IFRS 9 in 2019, there is a move from an incurred loss model to an expected credit loss methodology.*

For further analysis on loans and advances refer to pages 32 to 39 in the risk management section.

Reconciliation of movements in expected credit loss

At 31 March US$'000	Group and Bank **2020**	 2019	 2018
Expected credit loss			
Balance at beginning of year	6 879	12 050	–
IFRS 9 transitional adjustment	–	(1 741)	–
	6 879	**10 309**	**–**
Expected credit loss impairment charge/(reversal)	383	(2 720)	–
Written off out of allowance	(879)	(240)	–
Intergroup transfers	12	(470)	–
Balance at end of year	**6 395**	**6 879**	**–**

24. Loans and advances to customers *(continued)*

Reconciliation of movements in specific and portfolio impairments

At 31 March US$'000	Group and Bank 2020	2019	2018
Specific impairment			
Balance at beginning of year	–	–	653
Charge recognised in the income statement	–	–	3 026
Written off out of allowance	–	–	–
Intergroup transfers	–	–	1 130
Exchange adjustment	–	–	67
Balance at end of year	**–**	**–**	**4 876**
Portfolio impairment			
Balance at beginning of year	–	–	7 142
Charge recognised in the income statement	–	–	188
Transfers	–	–	(156)
Balance at end of year	**–**	**–**	**7 174**
	–		
Total impairments	**–**	**–**	**12 050**
Interest income recognised on loans that have been impaired	**108**	**63**	**420**
Reconciliation of income statement (charge)/reversal			
Loans and advances to customers	**(383)**	**2 720**	**(3 214)**
Expected credit impairment (charge)/reversal	(383)	2 720	–
Specific impairment charged to income statement	–	–	(3 026)
Portfolio impairment charged to income statement	–	–	(188)
Income statement (charge)/reversal	**(383)**	**2 720**	**(3 214)**
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	13 481	10 256	13 467

Expected credit loss

When determining the expected credit loss, the group and the bank estimated the probability of default and loss given default on exposures classified as stage 1 and 2 exposures. The probability of default and loss given default include both quantitative and qualitative information, based on the group's historical experience and forward-looking information. For the year ended 31 March 2020, the table below highlights the probability of default and loss given default, which have been used in the expected credit loss:

	Range	Sensitivity
Probability of default	0.23% to 3.95%	An increase/decrease of 0.25% would result in an increase/decrease in ECL of US$555,000
Loss given default	5% to 74%	An increase/decrease of 10% would result in an increase/decrease in ECL of US$735,000

25. Interests in associated undertaking

At 31 March US$'000	Group and Bank 2020	2019	2018
Interests in associated undertaking consist of:			
Net asset value	2 856	4 635	4 598
Investment in associated undertaking	**2 856**	**4 635**	**4 598**
Investment in associate			
Analysis of the movement in our share of net assets:			
At beginning of year	4 635	4 598	4 160
Share of (loss)/profit in associate	(1 544)	144	138
Foreign currency adjustments through OCI	(235)	(107)	300
At end of year	**2 856**	**4 635**	**4 598**

The group and the bank own 34.54% interest in Dolphin Coast Marina Estate Ltd (DCME), a company incorporated in Mauritius and operating an Integrated Resort Scheme (IRS). The group and the bank's interest in DCME is accounted for using the equity accounting method.

The following table illustrates the summarised financial information of the group and the bank's investment in the above associate.

At 31 March US$'000	Group and Bank 2020	2019	2018
Share of associate's balance sheet:			
Assets	11 250	18 432	21 040
Liabilities	(2 981)	(5 016)	(7 729)
Net assets	**8 269**	**13 416**	**13 311**
Share of net associate's assets	**2 856**	**4 635**	**4 598**
Share of associate's revenue and profit:			
Revenue	**695**	**874**	**1 611**
Share of (loss)/profit	**(1 544)**	**144**	**138**

26. Deferred taxation

At 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Deferred taxation assets	484	514	614	484	512	613
Deferred taxation liabilities	(63)	(217)	(176)	(63)	(217)	(176)
Net deferred taxation assets	**421**	**297**	**438**	**421**	**295**	**437**
The net deferred taxation assets arise from:						
Impairment of loans and advances to customers	313	345	597	313	345	597
Capital allowances	5	4	2	5	2	1
Income and expenditure accruals	103	(52)	(161)	103	(52)	(161)
Net deferred taxation assets	**421**	**297**	**438**	**421**	**295**	**437**
Reconciliation of net deferred taxation assets						
At beginning of year	297	438	357	295	437	305
Charge to income statement – current year taxation	124	(141)	81	126	(142)	132
At year end	**421**	**297**	**438**	**421**	**295**	**437**

Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred taxation assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential losses is uncertain.

27. Other assets

At 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Settlement debtors	18	25	29	18	25	29
Prepayments and accruals	1 009	1 439	1 459	942	1 389	1 399
Other	3 074	2 836	5 715	3 018	2 714	5 709
	4 101	**4 300**	**7 203**	**3 978**	**4 128**	**7 137**

28. Property, plant and equipment

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Rights-of-use Assets*	Total
Group						
2020						
Cost						
At beginning of year	214	583	494	33	–	1 324
Additions	54	1	2	–	1 233	1 290
Disposals	–	–	–	–	–	–
Adjustments	–	–	–	–	–	–
At end of year	**268**	**584**	**496**	**33**	**1 233**	**2 614**
Accumulated depreciation						
At beginning of year	181	403	353	33	–	970
Disposals	–	–	–	–	–	–
Depreciation charge for year	35	38	36	–	344	453
Adjustments	–	–	–	–	–	–
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**107**	**–**	**889**	**1 191**
Group						
2019						
Cost						
At beginning of year	217	643	410	33	–	1 303
Additions	47	5	13	–	–	65
Disposals	–	–	–	–	–	–
Adjustments	(50)	(65)	71	–	–	(44)
At end of year	**214**	**583**	**494**	**33**	**–**	**1 324**
Accumulated depreciation						
At beginning of year	187	359	329	33	–	908
Disposals	–	–	–	–	–	–
Depreciation charge for year	2	52	51	–	–	105
Adjustments	(8)	(8)	(27)	–	–	(43)
At end of year	**181**	**403**	**353**	**33**	**–**	**970**
Net carrying value	**33**	**180**	**141**	**–**	**–**	**354**

* *On adoption of IFRS 16, the bank is required to recognise a right of use asset and a lease liability representing the present value of the future lease payments in respect of operating leases with term of more than 12 months. Refer to detail in accounting policy on page 101.*

28. Property, plant and equipment *(continued)*

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Rights-of-use Assets*	Total
Group						
2018						
Cost						
At beginning of year	206	489	393	76	–	1 164
Additions	12	174	27	–	–	213
Disposals	–	–	–	(43)	–	(43)
Adjustments	(1)	(20)	(10)	–	–	(31)
At end of year	**217**	**643**	**410**	**33**	**–**	**1 303**
Accumulated depreciation						
At beginning of year	171	318	305	76	–	870
Disposals	–	–	–	(43)	–	(43)
Depreciation charge for year	17	51	41	–	–	109
Adjustments	(1)	(10)	(17)	–	–	(28)
At end of year	**187**	**359**	**329**	**33**	**–**	**908**
Net carrying value	**30**	**284**	**81**	**–**	**–**	**395**
Bank						
2020						
Cost						
At beginning of year	214	583	493	33	–	1 323
Additions	54	1	2	–	1 233	1 290
Disposals	–	–	–	–	–	–
Adjustments	–	–	–	–	–	–
At end of year	**268**	**584**	**495**	**33**	**1 233**	**2 613**
Accumulated depreciation						
At beginning of year	181	403	353	33	–	970
Disposals	–	–	–	–	–	–
Depreciation charge for year	35	38	36	–	344	453
Adjustments	–	–	–	–	–	–
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**106**	**–**	**889**	**1 190**

* *On adoption of IFRS 16, the bank is required to recognise a right of use asset and a lease liability representing the present value of the future lease payments in respect of operating leases with term of more than 12 months. Refer to detail in accounting policy on page 101.*

28. Property, plant and equipment *(continued)*

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Total
Bank					
2019					
Cost					
At beginning of year	217	643	409	33	1 302
Additions	47	5	13	–	65
Disposals	–	–	–	–	–
Adjustments	(50)	(65)	71	–	(44)
At end of year	**214**	**583**	**493**	**33**	**1 323**
Accumulated depreciation					
At beginning of year	187	359	329	33	908
Disposals	–	–	–	–	–
Depreciation charge for year	2	52	51	–	105
Adjustments	(8)	(8)	(27)	–	(43)
At end of year	**181**	**403**	**353**	**33**	**970**
Net carrying value	**33**	**180**	**140**	**–**	**353**
Bank					
2018					
Cost					
At beginning of year	206	489	393	76	1 164
Additions	12	174	26	–	212
Disposals	–	–	–	(43)	(43)
Adjustments	(1)	(20)	(10)	–	(31)
At end of year	**217**	**643**	**409**	**33**	**1 302**
Accumulated depreciation					
At beginning of year	171	318	305	76	870
Disposals	–	–	–	(43)	(43)
Depreciation charge for year	17	51	41	–	109
Adjustments	(1)	(10)	(17)	–	(28)
At end of year	**187**	**359**	**329**	**33**	**908**
Net carrying value	**30**	**284**	**80**	**–**	**394**

29. Amounts due to/from group companies

At 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Assets						
Amount due from group companies						
Holding bank	1 158	1 010	1 276	1 158	1 010	1 275
Fellow subsidiaries	613	–	2 090	614	6	2 090
	1 771	**1 010**	**3 366**	**1 772**	**1 016**	**3 365**
Liabilities						
Amount due to group companies						
Holding bank	17 393	21 282	26 051	17 383	21 212	26 051
Fellow subsidiaries	5 396	5 431	5 979	5 396	5 431	5 973
	22 789	**26 713**	**32 030**	**22 779**	**26 643**	**32 024**

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. For the year ended 31 March 2020, the bank has not made any impairment loss relating to amounts owed by related parties (2019 and 2018: nil).

30. Investment in subsidiary

At 31 March	Nature of business	Holding (%)	Number of issued ordinary shares 2020 '000	2019 '000	2018 '000	Shares at book value 2020 US$'000	2019 US$'000	2018 US$'000	Net indebtedness 2020 US$'000	2019 US$'000	2018 US$'000
Investec Wealth and Investment (Mauritius) Limited	Investment manager	100	1 050	1 050	1 050	467	467	467	10	10	5
Analysis of the movement in investment in subsidiary											
At the beginning of the year			1 050	1 050	1 050	467	467	467			
Acquisition of shares			–	–	–	–	–	–			
At the end of the year			**1 050**	**1 050**	**1 050**	**467**	**467**	**467**	**10**	**10**	**5**

Consolidated structured entities
IBM consolidates its financial statements as at 31 March 2020.

31. Customer deposits

At 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Private clients						
– Current accounts	78 756	59 533	54 743	78 756	59 533	54 743
– Term deposits	46 897	47 932	31 214	46 897	47 932	31 214
Corporates						
– Current accounts	592 114	658 812	570 493	593 408	659 584	570 813
– Term deposits	226 883	270 559	236 947	226 883	270 559	236 947
	944 650	**1 036 836**	**893 397**	**945 944**	**1 037 608**	**893 717**

32. Debt securities in issue

At 31 March US$'000	Group and Bank 2020	Group and Bank 2019	Group and Bank 2018
Redeemable cumulative non-participating preference shares of nominal value US$191 525 000, EUR52 700 000 and ZAR120 000 000 at no par value (2019 and 2018: US$191 525 000 and EUR52 700 000)			
	256 932	**252 866**	**258 563**

The 10-years redeemable preference shares bear interest as follows and are listed on the Johannesburg Stock Exchange.

CLASS IMRP1	Fixed rate 3.962% up to 4 September 2019 thereafter 3 month EURIBOR+1.35% up to 27 August 2021
CLASS IMRP2	Fixed rate 3.99% up to 23 October 2019 thereafter 3 month EURIBOR+1.35% up to 27 August 2021
CLASS IMRP3	3 month EURIBOR+1.63% up to 28 November 2021
CLASS IMRP4	Fixed rate 3.075% up to 1 April 2018 thereafter 3 month USD LIBOR+1.35% up to 27 August 2021
CLASS IMRP5	Fixed rate 1.912% up to 28 July 2017 thereafter 3 month USD LIBOR+1% up to 28 July 2023
CLASS IMRP6	3 month USD LIBOR+1.35% up to 31 August 2021
CLASS IMRP7	Fixed rate 3.394% up to 22 May 2019 thereafter 3 month USD LIBOR+1.35% up to 27 August 2021
IMRP8	3 month JIBAR-0.06% up to 19 December 2024
IMRP9	3 month JIBAR-0.06% up to 19 December 2024

33. Other liabilities

At 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Settlement liabilities	3 617	14 019	1 374	3 617	14 019	1 374
Other creditors and accruals	5 168	4 860	4 607	5 077	4 764	4 514
Other non-interest-bearing liabilities	4 288	2 653	1 444	4 277	2 644	1 434
Lease liability*	918	–	–	918	–	–
Expected credit loss on off-balance sheet financial instruments	304	304	–	304	304	–
	14 295	**21 836**	**7 425**	**14 193**	**21 731**	**7 322**

* *On adoption of IFRS 16, the bank is required to recognise a right of use asset and a lease liability representing the present value of the future lease payments in respect of operating leases with term of more than 12 months.*

Reconciliation of lease liability

At 31 March US$'000	Group and Bank 2020	Group and Bank 2019	Group and Bank 2018
Adoption of IFRS 16	1 233	–	–
Interest	40	–	–
Amortisation of lease liabilities	(355)	–	–
Balance at the end of the year	**918**	**–**	**–**

34. Ordinary share capital

At 31 March US$'000	Group and Bank 2020	Group and Bank 2019	Group and Bank 2018
Authorised			
Issued and fully paid			
56 478 463 (2019 and 2018: 56 478 463) ordinary shares	56 478	56 478	56 478

Fair value reserve/available-for-sale reserve

This reserve comprises fair value movements recognised on financial assets at FVOCI/available-for-sale financial assets.

Foreign currency translation reserve

The reserve comprises foreign exchange differences arising from the translation of financial statements of associated undertaking.

Regulatory general risk reserve

This reserve comprises amounts set aside for general banking risks, including future losses and other unforeseeable risks. It also includes the country risk provision as required by the BOM guideline on country risk management and the Prudential Norm provision computed under the Prudential Norm in accordance with the guideline on credit impairment measurement and income recognition.

Statutory reserve

The reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the profit for the year is transferred each year until the balance is equal to the balance on stated capital.

Holding Company

The immediate holding Company is Investec Bank Limited, and the ultimate holding Company is Investec Limited, both incorporated in Republic of South Africa.

35. Notes to the cash flow statements

	Group			Bank		
At 31 March US$'000	**2020**	2019	2018	**2020**	2019	2018
Profit before taxation adjusted for non-cash items is derived as follows:						
Profit before taxation	36 096	35 463	33 604	35 483	34 954	33 305
Adjustment for non-cash items included in net income before taxation:						
Foreign exchange gain on cash and cash equivalent	(1 964)	(4 138)	(21 846)	(1 964)	(4 138)	(21 846)
Loss on disposal of equipment	–	–	3	–	–	3
Depreciation of equipment	453	105	109	453	105	109
Expected credit loss Impairment charge/(reversal) excluding cash and cash equivalents	320	(2 208)	–	320	(2 208)	–
Impairment losses on loans and advances	–	–	3 214	–	–	3 214
Interest and foreign exchange (gain)/loss on debt securities in issue	(4 332)	(5 694)	8 683	(4 332)	(5 694)	8 684
Interest and foreign exchange (gain)/loss on debt and investment securities	(1 790)	2 264	591	(1 790)	2 264	591
Interest and foreign exchange (gain)/loss on securities sold under repurchase agreement	(1 312)	(6 931)	15 720	(1 312)	(6 931)	15 720
Profit on disposal of investment	–	(110)	(1 364)	–	(110)	(1 364)
Share of loss/(gain) in associate	1 544	(144)	(138)	1 544	(144)	(138)
(Gain)/loss on debt and investment securities and derivatives	(1 198)	7 928	(1 510)	(1 198)	7 928	(1 510)
Profit before taxation adjusted for non-cash items	**27 817**	**26 535**	**37 066**	**27 204**	**26 026**	**36 768**
Decrease/(increase) in operating assets						
Balance with central bank – restricted	95	2 751	1 452	95	2 751	1 452
Derivative financial instruments	17 695	(1 249)	7 358	17 694	(1 249)	7 358
Loans and advances to customers	141 246	(77 701)	(41 856)	141 246	(77 701)	(41 856)
Other assets	200	2 906	(2 812)	151	3 011	(2 747)
Placement with maturity date greater than 3 months	(27 765)	–	–	(27 765)	–	–
Amount due from group companies	(761)	2 355	335	(756)	2 348	677
	130 710	**(70 938)**	**(35 523)**	**130 665**	**(70 840)**	**(35 116)**
(Decrease)/increase in operating liabilities						
Derivative financial instruments	11 374	(1 836)	(1 034)	11 374	(1 836)	(1 034)
Customer deposits	(92 186)	143 439	(308 784)	(91 664)	143 891	(308 464)
Amount due to group companies	(3 924)	(5 317)	20 140	(3 864)	(5 381)	19 704
Other liabilities	(8 938)	14 412	(53 687)	(8 935)	14 410	(53 681)
	(93 674)	**150 698**	**(343 365)**	**(93 089)**	**151 084**	**(343 475)**

36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Group			Bank		
At 31 March US$'000	Less than 12 months	Over 12 months	**Total**	Less than 12 months	Over 12 months	**Total**
2020						
Assets						
Cash and balances at central banks	9 898	5 913	15 811	9 898	5 913	15 811
Due from banks	556 829	–	556 829	556 829	–	556 829
Reverse repurchase agreements	101 034	–	101 034	101 034	–	101 034
Bank debt securities	–	34 691	34 691	–	34 691	34 691
Other debt securities	2 552	20 031	22 583	2 552	20 031	22 583
Derivative financial instruments	249	486	735	249	486	735
Investment portfolio	–	2 402	2 402	–	2 402	2 402
Loans and advances to customers	293 703	598 863	892 566	293 703	598 863	892 566
Investment in associate	–	2 856	2 856	–	2 856	2 856
Deferred taxation assets	–	421	421	–	421	421
Other assets	4 101	–	4 101	3 978	–	3 978
Property, plant and equipment	–	1 191	1 191	–	1 190	1 190
Amount due from group companies	1 771	–	1 771	1 772	–	1 772
Investment in subsidiary	–	–	–	–	467	467
Total	**970 137**	**666 854**	**1 636 991**	**970 015**	**667 320**	**1 637 335**
Liabilities						
Derivative financial instruments	9 553	3 492	13 045	9 553	3 492	13 045
Customer deposits	921 263	23 387	944 650	922 557	23 387	945 944
Debt securities in issue	–	256 932	256 932	–	256 932	256 932
Amount due to group companies	5 972	16 817	22 789	5 962	16 817	22 779
Current taxation liabilities	1 064	–	1 064	1 052	–	1 052
Other liabilities	14 295	–	14 295	14 193	–	14 193
Total	**952 147**	**300 628**	**1 252 775**	**953 317**	**300 628**	**1 253 945**
Net	**17 990**	**366 226**	**384 216**	**16 698**	**366 692**	**383 390**
2019						
Assets						
Cash and balances at central bank	8 325	5 818	14 143	8 325	5 818	14 143
Due from banks	494 313	–	494 313	494 313	–	494 313
Reverse repurchase agreements	75 555	–	75 555	75 555	–	75 555
Sovereign debt securities	20 575	–	20 575	20 575	–	20 575
Bank debt securities	88 612	–	88 612	88 612	–	88 612
Other debt securities	–	24 978	24 978	–	24 978	24 978
Derivative financial instruments	17 061	–	17 061	17 061	–	17 061
Investment portfolio	–	5 445	5 445	–	5 445	5 445
Loans and advances to customers	445 327	588 942	1 034 269	445 327	588 942	1 034 269
Investment in associate	–	4 635	4 635	–	4 635	4 635
Deferred taxation assets	–	297	297	–	295	295
Other assets	4 300	–	4 300	4 128	–	4 128
Equipment	–	354	354	–	353	353
Amount due from group companies	1 010	–	1 010	1 016	–	1 016
Investment in subsidiary	–	–	–	–	467	467
Total	**1 155 078**	**630 469**	**1 785 547**	**1 154 912**	**630 933**	**1 785 845**
Liabilities						
Derivative financial instruments	295	1 377	1 672	295	1 377	1 672
Repurchase agreements	–	76 963	76 963	76 963	–	76 963
Customer deposits	1 031 719	5 117	1 036 836	1 032 491	5 117	1 037 608
Debt securities in issue	–	252 866	252 866	–	252 866	252 866
Amount due to group companies	26 713	–	26 713	26 643	–	26 643
Current taxation liabilities	573	–	573	508	–	508
Other liabilities	19 549	2 287	21 836	19 444	2 287	21 731
Total	**1 078 849**	**338 610**	**1 417 459**	**1 156 344**	**261 647**	**1 417 991**
Net	**76 229**	**291 859**	**368 088**	**(1 432)**	**369 286**	**367 854**

36. Maturity analysis of assets and liabilities *(continued)*

	Group			Bank		
At 31 March US$'000	Less than 12 months	Over 12 months	**Total**	Less than 12 months	Over 12 months	**Total**
2018						
Assets						
Cash and balances at central bank	8 126	8 569	16 695	8 126	8 569	16 695
Due from banks	459 119	–	459 119	459 119	–	459 119
Reverse repurchase agreements	75 186	–	75 186	75 186	–	75 186
Bank debt securities	18 980	118 624	137 604	18 980	118 624	137 604
Other debt securities	3 043	27 129	30 172	3 043	27 129	30 172
Derivative financial instruments	16 940	497	17 437	16 940	497	17 437
Investment portfolio	–	12 993	12 993	–	12 993	12 993
Loans and advances to customers	453 012	499 625	952 637	484 986	467 651	952 637
Investment in associate	–	4 598	4 598	–	4 598	4 598
Deferred taxation assets	–	438	438	–	437	437
Other assets	7 203	–	7 203	7 137	–	7 137
Property, plant and equipment	–	395	395	–	394	394
Amount due from group companies	3 366	–	3 366	3 365	–	3 365
Investment in subsidiary	–	–	–	–	467	467
Total	**1 044 975**	**672 868**	**1 717 843**	**1 076 882**	**641 359**	**1 718 241**
Liabilities						
Derivative financial instruments	405	3 103	3 508	405	3 103	3 508
Repurchase agreements	–	101 924	101 924	–	101 924	101 924
Customer deposits	887 890	5 507	893 397	888 210	5 507	893 717
Debt securities in issue	–	258 563	258 563	–	258 563	258 563
Amount due to group companies	32 030	–	32 030	32 024	–	32 024
Current taxation liabilities	1 020	–	1 020	1 020	–	1 020
Other liabilities	7 425	–	7 425	7 322	–	7 322
Total	**928 770**	**369 097**	**1 297 867**	**928 981**	**369 097**	**1 298 078**
Net	**116 205**	**303 771**	**419 976**	**147 901**	**272 262**	**420 163**

37. Commitments

To meet the financial needs of customers, the bank enters into various irrevocable commitments. Even though the obligations may not be recognised on the reporting date they do contain credit risk and are therefore part of the overall risk of the bank. The table below sets out such commitments.

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Undrawn facilities	142 285	239 293	178 125
	142 285	**239 293**	**178 125**

Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Operating lease commitments

The Bank has entered into operating leases for office buildings with lease terms up to three years. Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Not later than one year	–	342	438
Later than one year and not later than five years	–	1 480	232
	–	**1 822**	**670**

On adoption of IFRS 16 from 1 April 2019, the bank recognised lease liabilities. Refer to note 33.

38. Contingent liabilities

	Group and Bank		
At 31 March US$'000	**2020**	2019	2018
Guarantees and assets pledged as collateral security:			
– Guarantees and irrevocable letters of credit	24 061	9 426	5 384
	24 061	**9 426**	**5 384**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date. Guarantees are issued by Investec Bank (Mauritius) Limited on behalf of third parties. The guarantees are issued as part of the banking business.

Guarantees

Guarantees commit the bank to make payments on behalf of customers on the occurrence or non occurrence of a specific, uncertain future event.

Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business. The group and the bank have an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the year end, there were no legal claims against the group and the bank.

39. Related party transactions

For the year to 31 March US$'000	Group 2020	Group 2019	Group 2018	Bank 2020	Bank 2019	Bank 2018
Compensation of key management personnel						
Short-term employee benefits	2 443	2 274	2 531	2 251	2 080	1 865
Other benefits^	389	420	719	364	400	470
Transactions with key management personnel						
Loans and advances to key management personnel	397	311	141	259	180	–
Deposits from key management personnel	2 223	2 804	2 420	2 223	2 804	2 420

The above transactions were made in the ordinary course of business The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

For the year to 31 March 2020 US$'000	Holding Company	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	Total
Group						
Income statement						
Interest income	15 773	185	982	180	–	17 120
Interest expense	(14 829)	(4)	(137)	(207)	–	(15 177)
Fee expense	(518)	–	(224)	–	–	(742)
Contribution	–	–	–	–	(138)	(138)
Statement of financial position						
Assets						
Due from banks	232 053	–	–	–	–	232 053
Reverse repurchase agreements			26 050			26 050
Derivative assets	735	–	–	–	–	735
Interest in associated undertakings	–	2 856	–	–	–	2 856
Amount due from group companies	1 158	–	613	–	–	1 771
Loans and advances	–	1 926	–	2 388	–	4 314
Other assets	868	–	–	–	–	868
Liabilities						
Derivative liabilities	(11 415)	–	(1)	–	–	(11 416)
Amount due from group companies	(17 393)	–	(5 396)	–	–	(22 789)
Deposits	–	(1 003)	–	(27 410)	(458)	(28 871)
Debt securities in issue	(256 932)	–	–	–	–	(256 932)
Other liabilities	(16)	–	–	–	–	(16)
Off-balance sheet						
Guarantees received	2 920	–	–	–	–	2 920

* *This refers to significant influence as defined by the Bank of Mauritius (BoM) guidelines, but not as defined by IFRS.*
^ *Other benefits comprise mainly of share-based payment.*

39. Related party transactions *(continued)*

For the year to 31 March 2019 US$'000	Holding Company	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	Total
Group						
Income statement						
Interest income	11 051	278	1 042	120	–	12 491
Interest expense	(13 399)	(48)	(99)	(159)	–	(13 705)
Fee expense	(664)	–	(403)	–	–	(1 067)
Contribution	–	–	–	–	(136)	(136)
Statement of financial position						
Assets						
Due from banks	91 368	–	–	–	–	91 368
Reverse repurchase agreements	–	–	25 560	–	–	25 560
Derivative assets	17 058	–	3	–	–	17 061
Interest in associated undertakings	–	4 635	–	–	–	4 635
Amount due from group companies	1 010	–	–	–	–	1 010
Loans and advances	–	3 821	–	3 087	–	6 908
Other assets	1 081	195	–	–	–	1 276
Liabilities						
Derivative liabilities	(1 668)	–	(4)	–	–	(1 672)
Amount due from group companies	(21 212)	–	(5 431)	–	–	(26 643)
Deposits	–	(2 226)	–	(6 159)	(520)	(8 905)
Debt securities in issue	(252 866)	–	–	–	–	(252 866)
Other liabilities	–	(90)	–	–	–	(90)
Off-balance sheet						
Guarantees received	3 285	–	–	–	–	3 285

* *This refers to significant influence as defined by the Bank of Mauritius (BoM) guidelines, but not as defined by IFRS.*

39. Related party transactions *(continued)*

For the year to 31 March 2018 US$'000	Holding Company	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	Total
Group						
Income statement						
Interest income	770	330	754	2 589	–	4 443
Interest expense	(8 226)	(87)	(31)	–	–	(8 344)
Fee income	608	102	–	–	–	710
Fee expense	(1 094)	–	(410)	–	–	(1 504)
Contribution	–	–	–	–	(122)	(122)
Statement of financial position						
Assets						
Due from banks	15 762	–	–	–	–	15 762
Reverse repurchase agreements	–	–	25 089	–	–	25 089
Derivative assets	17 431	–	5	–	–	17 436
Investment portfolio	–	–	–	12 984	–	12 984
Investment in associate	–	4 598	–	–	–	4 598
Amount due from group companies	1 276	–	2 090	–	–	3 366
Loans and advances	–	4 487	–	592	–	5 079
Other assets	1 131	188	–	–	–	1 319
Liabilities						
Derivative liabilities	(3 508)	–	–	–	–	(3 508)
Amount due to group companies	(26 051)	–	(5 979)	–	–	(32 030)
Deposits	–	(3 745)	–	(6 673)	–	(10 418)
Debt securities in issue	(258 563)	–	–	–	–	(258 563)
Other liabilities	–	(36)	–	–	–	(36)
Off-balance sheet						
Guarantees received	1 893	–	–	–	–	1 893

* *This refers to significant influence as defined by the BoM guidelines, but not as defined by IFRS.*

39. Related party transactions *(continued)*

For the year to 31 March 2020 US$'000	Holding Company	Subsidiary	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	**Total**
Bank							
Income statement							
Interest income	15 773	4	185	982	65	–	17 009
Interest expense	(14 829)	(20)	(4)	(137)	(207)	–	(15 197)
Fee expense	(518)	–	–	(224)	–	–	(742)
Contribution	–	–	–	–	–	(138)	(138)
Statement of financial position							
Assets							
Due from banks	232 053	–	–	–	–	–	232 053
Reverse repurchase agreements				26 050			26 050
Derivative assets	735	–	–	–	–	–	735
Investment in associate	–	–	2 856	–	–	–	2 856
Investment in subsidiary	–	467	–	–	–	–	467
Amount due from group companies	1 158	–	–	614	–	–	1 772
Loans and advances	–	–	1 926	–	2 388	–	4 314
Other assets	868	–	–	–	–	–	868
Liabilities							
Derivative liabilities	(11 415)	–	–	(1)	–	–	(11 416)
Amount due from group companies	(17 383)	–	–	(5 396)	–	–	(22 779)
Deposits	–	(1 294)	(1 003)	–	(27 410)	(458)	(28 871)
Debt securities in issue	(256 932)	–	–	–	–	–	(256 932)
Other liabilities	(16)	–	–	–	–	–	(16)
Off-balance sheet							
Guarantees received	2 920	–	–	–	–	–	2 920

* *This refers to significant influence as defined by the BoM guidelines, but not as defined by IFRS.*

39. Related party transactions *(continued)*

For the year to 31 March 2019 US$'000	Holding Company	Subsidiary	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	Total
Bank							
Income statement							
Interest income	11 051	10	278	1 042	120	–	12 501
Interest expense	(13 399)	(3)	(48)	(99)	–	–	(13 549)
Fee expense	(664)	–	–	(403)	–	–	(1 067)
Contribution	–	–	–	–	–	(136)	(136)
Statement of financial position							
Assets							
Due from banks	91 368	–	–	–	–	–	91 368
Reverse repurchase agreements	–	–	–	25 560	–	–	25 560
Derivative assets	17 058	–	–	3	–	–	17 061
Investment in associate	–	–	4 635	–	–	–	4 635
Investment in subsidiary	–	467	–	–	–	–	467
Amount due from group companies	1 010	6	–		–	–	1 016
Loans and advances	–	–	3 821	–	764	–	4 585
Other assets	1 081	–	195	–	–	–	1 276
Liabilities							
Derivative liabilities	(1 668)	–	–	(3)	–	–	(1 671)
Amount due from group companies	(21 212)	–	–	(5 431)	–	–	(26 643)
Deposits	–	(772)	(2 226)	–	(6 159)	(520)	(9 677)
Debt securities in issue	(252 866)	–	–	–	–	–	(252 866)
Other liabilities	–	–	(90)	–	–	–	(90)
Off-balance sheet							
Guarantees received	3 285	–	–	–	–	–	3 285

* *This refers to significant influence as defined by the BoM guidelines, but not as defined by IFRS.*

39. Related party transactions *(continued)*

For the year to 31 March 2018 US$'000	Holding Company	Subsidiary	Associate	Fellow subsidiaries	Significant influence*	Pension Fund	Total
Bank							
Income statement							
Interest income	770	33	330	754	2 589	–	4 476
Interest expense	(8 226)	(14)	(87)	(31)	–	–	(8 358)
Fee income	76	–	102	–	–	–	178
Fee expense	(1 094)	–	–	(410)	–	–	(1 504)
Contribution	–	–	–	–	–	(122)	(122)
Statement of financial position							
Assets							
Due from banks	15 762	–	–	–	–	–	15 762
Reverse repurchase agreements	–	–	–	25 089	–	–	25 089
Derivative assets	17 431	–	–	5	–	–	17 436
Investment portfolio	–	–	–	–	12 984	–	12 984
Investment in associate	–	–	4 598	–	–	–	4 598
Investment in subsidiary	–	467	–	–	–	–	467
Amount due from group companies	1 275	–	–	2 090	–	–	3 365
Loans and advances	–	–	4 487	–	592	–	5 079
Other assets	1 131	–	188	–	–	–	1 319
Liabilities							
Derivative liabilities	(3 508)	–	–	–	–	–	(3 508)
Amount due to group companies	(26 051)	6	–	(5 979)	–	–	(32 024)
Deposits	–	–	(3 745)	–	(6 674)	–	(10 419)
Debt securities in issue	(258 563)	–	–	–	–	–	(258 563)
Other liabilities	–	–	(36)	–	–	–	(36)
Off-balance sheet							
Guarantees received	1 893	–	–	–	–	–	1 893

* *This refers to significant influence as defined by the BoM guidelines, but not as defined by IFRS.*

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. Outstanding balances at year-end are unsecured except for loans and advances where security is given. For the year ended 31 March 2020, the bank has not made any impairment loss relating to amounts owed by related parties (2019 and 2018: nil).

Refer to page 73 in the directors' remuneration report for other transactions relating to directors.

40. Liquidity analysis of financial liabilities based on undiscounted cash flows

At 31 March US$'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Group								
2020								
Liabilities								
Derivative financial instruments	–	9 446	–	33	74	3 492	–	13 045
Customer deposits	670 870	82 247	49 348	62 128	58 423	24 724	–	947 740
Debt securities in issue	–	484	1 198	1 681	3 363	262 630	–	269 356
Amount due to group companies	22 789	–	–	–	–	–	–	22 789
Other liabilities	4 478	4 019	2 974	488	1 033	820	483	14 295
Total on balance sheet liabilities	**698 137**	**96 196**	**53 520**	**64 330**	**62 893**	**291 666**	**483**	**1 267 225**
2019								
Liabilities								
Derivative financial instruments	–	31	–	264	–	1 369	8	1 672
Repurchase agreements	–	114	49 216	27 890	12 176	–	–	89 396
Customer deposits	719 117	124 638	79 361	23 853	88 180	6 121	–	1 041 270
Debt securities in issue	–	345	1 703	2 119	4 596	257 470	–	266 233
Amount due to group companies	26 713	–	–	–	–	–	–	26 713
Other liabilities	2 141	14 210	2 915	63	222	811	1 476	21 838
Total on balance sheet liabilities	**747 971**	**139 338**	**133 195**	**54 189**	**105 174**	**265 771**	**1 484**	**1 447 122**
2018								
Liabilities								
Derivative financial instruments	–	405	–	–	–	3 103	–	3 508
Repurchase agreements	–	108	338	446	892	108 182	–	109 966
Customer deposits	625 556	70 773	79 804	46 917	66 621	5 653	–	895 324
Debt securities in issue	–	283	1 479	2 359	3 506	269 980	–	277 607
Amount due to group companies	32 030	–	–	–	–	–	–	32 030
Other liabilities	3 645	243	3 018	68	447	–	–	7 421
Total on balance sheet liabilities	**661 231**	**71 812**	**84 639**	**49 790**	**71 466**	**386 918**	**–**	**1 325 856**

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flow on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading derivatives). Furthermore loan commitments are generally not recognised on the balance sheet.

40. Liquidity analysis of financial liabilities based on undiscounted cash flows *(continued)*

At 31 March US$'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Bank								
2020								
Liabilities								
Derivative financial instruments	–	9 446	–	33	74	3 492		13 045
Customer deposits	672 164	82 247	49 348	62 128	58 423	24 724	–	949 034
Debt securities in issue	–	484	1 198	1 681	3 363	262 630	–	269 356
Amount due to group companies	22 779	–	–	–	–	–	–	22 779
Other liabilities	4 376	4 019	2 974	488	1 033	820	483	14 193
Total on balance sheet liabilities	**699 319**	**96 196**	**53 520**	**64 330**	**62 893**	**291 666**	**483**	**1 268 407**
2019								
Liabilities								
Derivative financial instruments	–	31	–	264	–	1 369	8	1 672
Repurchase agreements	–	114	49 216	27 890	12 176	–	–	89 396
Customer deposits	719 117	124 638	79 361	23 853	88 180	6 121	–	1 041 270
Debt securities in issue	–	345	1 703	2 119	4 596	257 470	–	266 233
Amount due to group companies	26 643	–	–	–	–	–	–	26 643
Other liabilities	2 035	14 210	2 915	63	222	811	1 476	21 732
Total on balance sheet liabilities	**747 795**	**139 338**	**133 195**	**54 189**	**105 174**	**265 771**	**1 484**	**1 446 946**
2018								
Liabilities								
Derivative financial instruments	–	405	–	–	–	3 103	–	3 508
Repurchase agreements	–	108	338	446	892	108 182	–	109 966
Customer deposits	625 556	70 773	79 804	46 917	66 621	5 653	–	895 324
Debt securities in issue	–	283	1 479	2 359	3 506	269 980	–	277 607
Amount due to group companies	32 024	–	–	–	–	–	–	32 024
Other liabilities	3 645	243	3 121	68	447	–	–	7 524
Total on balance sheet liabilities	**661 225**	**71 812**	**84 742**	**49 790**	**71 466**	**386 918**	**–**	**1 325 953**

41. Segmental business units

For management purposes, the bank is organised into three operating segments based on products and services as follows:

Private Clients – Individual and corporate customer loans

Corporate Clients – Treasury function and corporate customer loans

Investment Strategies – Investment banking services and finance

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The following table presents income and profit and certain asset and liability information regarding the bank's operating segments.

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	**Total**
Group					
2020					
Interest income	16 171	86 447	5 074	(32 701)	74 991
Interest expense	(8 203)	(56 329)	(736)	32 701	(32 567)
Net interest income	**7 968**	**30 118**	**4 338**	**–**	**42 424**
Fee income	2 444	5 763	911	–	9 118
Fee expense	(128)	(1 303)	(2)	–	(1 433)
Net fee income	**2 316**	**4 460**	**909**	**–**	**7 685**
Investment income/(loss)	4	–	1 211	–	1 215
Net trading (loss)/income	393	(648)	(48)	–	(303)
Total operating income/(loss)	**10 681**	**33 930**	**6 410**	**–**	**51 021**
Expected credit loss reversals	(158)	388	(687)	–	(457)
Net operating income	**10 523**	**34 318**	**5 723**	**–**	**50 564**
Operating costs	(2 676)	(8 728)	(1 521)	–	(12 924)
Operating profit/(loss)	**7 847**	**25 590**	**4 202**	**–**	**37 640**
Cost to income ratio	**25.4%**	**25.4%**	**26.6%**		**25.6%**
Total assets	**435 642**	**2 409 919**	**475 263**	**(1 683 833)**	**1 636 991**
Total liabilities	**(419 255)**	**(2 384 091)**	**(133 263)**	**1 683 833**	**(1 252 775)**

41. Segmental business units *(continued)*

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	Total
Group					
2019					
Interest income	16 270	89 732	4 311	(36 767)	73 546
Interest expense	(7 745)	(59 275)	(520)	36 767	(30 773)
Net interest income	**8 525**	**30 457**	**3 791**	**–**	**42 773**
Fee income	1 112	5 566	798	–	7 476
Fee expense	(299)	(1 855)	(3)	–	(2 157)
Net fee income	**813**	**3 711**	**795**	**–**	**5 319**
Investment income/(loss)	5 918	109	(7 435)	–	(1 407)
Net trading (loss)/income	(359)	(495)	577	–	(278)
Total operating income/(loss)	**14 897**	**33 782**	**(2 272)**	**–**	**46 407**
Expected credit loss reversals	(124)	2 343	–	–	2 219
Impairment loss on asset classified as held-for-sale	–	–	–	–	–
Net operating income	**14 773**	**36 125**	**(2 272)**	**–**	**48 626**
Operating costs	(4 043)	(9 264)	–	–	(13 307)
Operating profit/(loss)	**10 730**	**26 861**	**(2 272)**	**–**	**35 319**
Cost to income ratio	**27.1%**	**27.4%**	**0.0%**	**0.0%**	**28.7%**
Total assets	**389 605**	**2 769 609**	**455 142**	**(1 828 809)**	**1 785 547**
Total liabilities	**(369 707)**	**(2 742 885)**	**(133 676)**	**1 828 809**	**(1 417 459)**
2018					
Interest income	18 586	76 938	5 870	(31 856)	69 538
Interest expense	(8 238)	(48 133)	(1 954)	31 856	(26 469)
Net interest income	**10 348**	**28 805**	**3 916**	**–**	**43 069**
Fee income	3 407	5 849	1 116	–	10 372
Fee expense	(364)	(1 070)	–	–	(1 434)
Net fee income	**3 043**	**4 779**	**1 116**	**–**	**8 938**
Investment income/(loss)	–	1 362	(3 040)	–	(1 678)
Net trading income/(loss)	109	1 085	(825)	–	369
Total operating income	**13 500**	**36 031**	**1 167**	**–**	**50 698**
Impairment (losses)/reversals on loans and advances	(1 699)	(1 803)	288	–	(3 214)
Impairment loss on asset classified as held-for-sale	–	–	–	–	–
Net operating income	**11 801**	**34 228**	**1 455**	**–**	**47 484**
Operating costs	(3 273)	(9 495)	(1 250)	–	(14 018)
Operating profit	**8 528**	**24 733**	**205**	**–**	**33 466**
Cost to income ratio	**24.2%**	**26.4%**	**107.1%**	**–**	**27.6%**
Total assets	**431 959**	**2 576 638**	**506 717**	**(1 797 471)**	**1 717 843**
Total liabilities	**(418 943)**	**(2 548 992)**	**(127 403)**	**1 797 471**	**(1 297 867)**

41. Segmental business units *(continued)*

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	Total
Bank					
2020					
Interest income	16 171	86 447	5 078	(32 701)	74 995
Interest expense	(8 203)	(56 329)	(756)	32 701	(32 587)
Net interest income	**7 968**	**30 118**	**4 322**	**–**	**42 408**
Fee income	2 444	5 763	–	–	8 207
Fee expense	(128)	(1 303)	–	–	(1 431)
Net fee income	**2 316**	**4 460**	**–**	**–**	**6 776**
Investment income/(loss)	4	–	1 211	–	1 215
Net trading (loss)/income	393	(649)	(31)	–	(287)
Total operating income/(loss)	**10 681**	**33 929**	**5 502**	**–**	**50 112**
Expected credit loss impairment	(158)	388	(687)	–	(457)
Net operating income (loss)	**10 523**	**34 317**	**4 815**	**–**	**49 655**
Operating costs	(2 676)	(8 728)	(1 224)	–	(12 628)
Operating profit	**7 847**	**25 589**	**3 591**	**–**	**37 027**
Cost to income ratio	**25.4%**	**25.4%**	**25.4%**	**–**	**25.4%**
Total assets	**435 642**	**2 409 920**	**475 606**	**(1 683 833)**	**1 637 335**
Total liabilities	**(419 255)**	**(2 383 967)**	**(134 556)**	**1 683 833**	**(1 253 945)**
2019					
Interest income	16 270	89 732	4 314	(36 767)	73 549
Interest expense	(7 745)	(59 275)	(531)	36 767	(30 784)
Net interest income	**8 525**	**30 457**	**3 783**	**–**	**42 765**
Fee income	1 112	5 566	–	–	6 678
Fee expense	(299)	(1 844)	–	–	(2 143)
Net fee income	**813**	**3 722**	**–**	**–**	**4 535**
Investment income/(loss)	5 918	109	(7 434)	–	(1 407)
Net trading (loss)/income	(359)	(495)	580	–	(274)
Total operating income/(loss)	**14 897**	**33 793**	**(3 071)**	**–**	**45 619**
Expected credit loss reversals	(124)	2 343	–	–	2 219
Operating income/(loss)	**14 773**	**36 136**	**(3 071)**	**–**	**47 838**
Operating costs	(4 023)	(9 005)	–	–	(13 028)
Operating profit/(loss)	**10 750**	**27 131**	**(3 071)**	**–**	**34 810**
Cost to income ratio	**27.0%**	**26.6%**	**–**	**–**	**28.6%**
Total assets	**389 605**	**2 769 907**	**455 142**	**(1 828 809)**	**1 785 845**
Total liabilities	**(369 707)**	**(2 743 418)**	**(133 676)**	**1 828 809**	**(1 417 991)**

41. Segmental business units *(continued)*

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	Total
Bank					
2018					
Interest income	18 586	76 937	5 904	(31 856)	69 570
Interest expense	(8 238)	(48 133)	(1 968)	31 856	(26 483)
Net interest income	**10 348**	**28 804**	**3 936**	**–**	**43 088**
Fee income	3 407	5 849	–	–	9 256
Fee expense	(364)	(1 070)	–	–	(1 434)
Net fee income	**3 043**	**4 779**	**–**	**–**	**7 822**
Investment income/(loss)	–	1 362	(3 040)	–	(1 678)
Net trading income/(loss)	109	1 085	(873)	–	321
Total operating income	**13 500**	**36 030**	**23**	**–**	**49 553**
Impairment (losses)/reversals on loans and advances	(1 699)	(1 803)	288	–	(3 214)
Net operating income	**11 801**	**34 227**	**311**	**–**	**46 339**
Operating costs	(3 355)	(9 729)	(88)	–	(13 172)
Operating profit	**8 446**	**24 498**	**223**	**–**	**33 167**
Cost to income ratio	**24.8%**	**27.0%**	**398.4%**	**–**	**26.6%**
Total assets	**431 959**	**2 576 959**	**506 794**	**(1 797 471)**	**1 718 241**
Total liabilities	**(418 943)**	**(2 549 313)**	**(127 293)**	**1 797 471**	**(1 298 078)**

42. Statutory segmental reporting

		Segment A		
For the year to 31 March US$'000		**2020**	2019	2018
Group				
Income statement				
Interest income	I	1 910	2 619	2 543
Interest expense	I	(541)	(659)	(554)
Net interest income		**1 369**	**1 960**	**1 989**
Fee income	II	1 157	1 264	1 705
Fee expense	II	(4)	(18)	–
Net fee income		**1 153**	**1 246**	**1 705**
Investment income/(loss)	III	–	–	–
Net trading (loss)/income	IV	(16)	(3)	48
Total operating income before impairment		**2 506**	**3 203**	**3 742**
Expected credit loss impairment reversals/(losses)	XII(b)(i)	231	563	–
Impairment losses on loans and advances	XII(b)(i)	–	–	(856)
Operating income		**2 737**	**3 766**	**2 886**
Operating costs	V	(763)	(1 090)	(1 341)
Operating profit		**1 974**	**2 676**	**1 545**
Share of profit in associate		(1 544)	144	138
Profit before taxation		**430**	**2 820**	**1 683**
Taxation		(21)	(435)	(259)
Profit after taxation		**409**	**2 385**	**1 424**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
73 081	70 927	66 995	74 991	73 546	69 538
(32 026)	(30 114)	(25 915)	(32 567)	(30 773)	(26 469)
41 055	**40 813**	**41 080**	**42 424**	**42 773**	**43 069**
7 961	6 212	8 667	9 118	7 476	10 372
(1 429)	(2 139)	(1 434)	(1 433)	(2 157)	(1 434)
6 532	**4 073**	**7 233**	**7 685**	**5 319**	**8 938**
1 215	(1 407)	(1 678)	1 215	(1 407)	(1 678)
(287)	(275)	321	(303)	(278)	369
48 515	**43 204**	**46 956**	**51 021**	**46 407**	**50 698**
(688)	1 656	–	(457)	2 219	–
–	–	(2 358)	–	–	(3 214)
47 827	**44 860**	**44 598**	**50 564**	**48 626**	**47 484**
(12 161)	(12 217)	(12 677)	(12 924)	(13 307)	(14 018)
35 666	**32 643**	**31 921**	**37 640**	**35 319**	**33 466**
–	–	–	(1 544)	144	138
35 666	**32 643**	**31 921**	**36 096**	**35 463**	**33 604**
(2 198)	(1 460)	(1 645)	(2 219)	(1 895)	(1 904)
33 468	**31 183**	**30 276**	**33 877**	**33 568**	**31 700**

42. Statutory segmental reporting *(continued)*

		Segment A		
As at 31 March **US$'000**	Notes	**2020**	2019	2018
Group				
Balance sheet				
Cash and balances at central bank		15 811	14 143	16 695
Due from banks		21 322	10 007	60 378
Reverse repurchase agreement	VI	–	–	–
Sovereign debt securities	VII	–	–	–
Bank debt securities	VIII	–	–	–
Other debt securities	IX	–	–	–
Derivative financial instruments		–	–	–
Investment portfolio	X	–	–	–
Loans and advances to customers	XII	31 195	50 815	54 374
Investment in associate		2 856	4 635	4 598
Deferred taxation asset		421	297	438
Other assets	XIII	1 126	1 652	1 486
Property, plant and equipment		1 191	354	395
Amount due from group companies	XI	–	4	10
		73 922	**81 907**	**138 374**
Liabilities				
Derivative financial instruments		–	–	–
Repurchase agreements		–	–	–
Customer deposits	XIV	29 989	29 263	34 934
Debt securities in issue		–	–	–
Amount due to group companies	XI	–	70	6
Current taxation liabilities		1 064	573	1 020
Other liabilities	XV	4 722	3 819	3 836
		35 775	**33 725**	**39 796**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
–	–	–	15 811	14 143	16 695
535 507	484 306	398 741	556 829	494 313	459 119
101 034	75 555	75 186	101 034	75 555	75 186
–	20 575	–	–	20 575	–
34 691	88 612	137 604	34 691	88 612	137 604
22 583	24 978	30 172	22 583	24 978	30 172
735	17 061	17 437	735	17 061	17 437
2 402	5 445	12 993	2 402	5 445	12 993
861 371	983 454	898 263	892 566	1 034 269	952 637
–	–	–	2 856	4 635	4 598
–	–	–	421	297	438
2 975	2 648	5 717	4 101	4 300	7 203
–	–	–	1 191	354	395
1 771	1 006	3 356	1 771	1 010	3 366
1 563 069	**1 703 640**	**1 579 469**	**1 636 991**	**1 785 547**	**1 717 843**
13 045	1 672	3 508	13 045	1 672	3 508
–	76 963	101 924	–	76 963	101 924
914 661	1 007 573	858 463	944 650	1 036 836	893 397
256 932	252 866	258 563	256 932	252 866	258 563
22 789	26 643	32 024	22 789	26 713	32 030
–	–	–	1 064	573	1 020
9 573	18 017	3 589	14 295	21 836	7 425
1 217 000	**1 383 734**	**1 258 071**	**1 252 775**	**1 417 459**	**1 297 867**
			56 478	56 478	56 478
			65 582	75 109	65 152
			262 156	236 501	298 346
			384 216	**368 088**	**419 976**
			1 636 991	**1 785 547**	**1 717 843**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Notes	Segment A 2020	 2019	 2018
Bank				
Income statement				
Interest income	I	1 913	2 622	2 577
Interest expense	I	(561)	(670)	(568)
Net interest income		**1 352**	**1 952**	**2 009**
Fee income	II	246	466	589
Fee expense	II	(1)	(4)	–
Net fee income		**245**	**462**	**589**
Investment income/(loss)	III	–	–	–
Net trading (loss)/income	IV	–	–	–
Total operating income before impairment		**1 597**	**2 414**	**2 598**
Expected credit loss impairment reversals/(loss)	XII(b)(i)	231	563	–
Impairment reversals	XII(b)(i)	–	–	(856)
Operating income		**1 828**	**2 977**	**1 742**
Operating costs	V	(465)	(811)	(495)
Operating profit		**1 363**	2 166	1 247
Share of profit in associate		(1 544)	144	138
Profit before taxation		**(181)**	**2 310**	**1 385**
Taxation		–	(347)	(208)
Profit after taxation		**(181)**	**1 963**	**1 177**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
73 082	70 927	66 994	74 995	73 549	69 571
(32 026)	(30 114)	(25 915)	(32 587)	(30 784)	(26 483)
41 056	**40 813**	**41 079**	**42 408**	**42 765**	**43 088**
7 961	6 212	8 667	8 207	6 678	9 256
(1 430)	(2 139)	(1 434)	(1 431)	(2 143)	(1 434)
6 531	**4 073**	**7 233**	**6 776**	**4 535**	**7 822**
1 215	(1 407)	(1 678)	1 215	(1 407)	(1 678)
(287)	(274)	321	(287)	(274)	321
48 515	**43 205**	**46 955**	**50 112**	**45 619**	**49 553**
(688)	1 656	–	(457)	2 219	–
–	–	(2 358)	–	–	(3 214)
47 827	**44 861**	**44 597**	**49 655**	**47 838**	**46 339**
(12 163)	(12 217)	(12 677)	(12 628)	(13 028)	(13 172)
35 664	**32 644**	**31 920**	**37 027**	**34 810**	**33 167**
–	–	–	(1 544)	144	138
35 664	**32 644**	**31 920**	**35 483**	**34 954**	**33 305**
(2 198)	(1 460)	(1 645)	(2 198)	(1 807)	(1 853)
33 466	**31 184**	**30 275**	**33 285**	**33 147**	**31 452**

42. Statutory segmental reporting *(continued)*

		Segment A		
As at 31 March US$'000	Notes	**2020**	2019	2018
Bank				
Balance sheet				
Cash and balances at central bank		15 811	14 143	16 695
Due from banks		21 322	10 007	60 378
Reverse repurchase agreements	VI	–	–	–
Sovereign debt securities	VII	–	–	–
Bank debt securities	VIII	–	–	–
Other debt securities	IX	–	–	–
Derivative financial instruments		–	–	–
Investment portfolio	X	–	–	–
Loans and advances to customers	XII	31 195	50 815	54 374
Investment in associate		2 856	4 635	4 598
Deferred taxation asset		421	295	437
Other assets	XIII	1 003	1 480	1 420
Property, plant and equipment		1 190	353	394
Amount due from group companies	XI	10	10	9
Investment in subsidiary		467	467	467
		74 275	**82 205**	**138 772**
Liabilities				
Derivative financial instruments		–	–	–
Repurchase agreements		–	–	–
Customer deposits	XIV	31 283	30 035	35 254
Debt securities in issue		–	–	–
Amount due to group companies	XI	–	–	–
Current taxation liabilities		1 052	508	1 020
Other liabilities	XV	4 620	3 714	3 733
		36 955	**34 257**	**40 007**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
–	–	–	15 811	14 143	16 695
535 507	484 306	398 741	556 829	494 313	459 119
101 034	75 555	75 186	101 034	75 555	75 186
–	20 575	–	–	20 575	–
34 691	88 612	137 604	34 691	88 612	137 604
22 583	24 978	30 172	22 583	24 978	30 172
735	17 061	17 437	735	17 061	17 437
2 402	5 445	12 993	2 402	5 445	12 993
861 371	983 454	898 263	892 566	1 034 269	952 637
–	–	–	2 856	4 635	4 598
–	–	–	421	295	437
2 975	2 648	5 717	3 978	4 128	7 137
–	–	–	1 190	353	394
1 762	1 006	3 356	1 772	1 016	3 365
–	–	–	467	467	467
1 563 060	**1 703 640**	**1 579 469**	**1 637 335**	**1 785 845**	**1 718 241**
13 045	1 672	3 508	13 045	1 672	3 508
–	76 963	101 924	–	76 963	101 924
914 661	1 007 573	858 463	945 944	1 037 608	893 717
256 932	252 866	258 563	256 932	252 866	258 563
22 779	26 643	32 024	22 779	26 643	32 024
–	–	–	1 052	508	1 020
9 573	18 017	3 589	14 193	21 731	7 322
1 216 990	**1 383 734**	**1 258 071**	**1 253 945**	**1 417 991**	**1 298 078**
			56 478	56 478	56 478
			65 582	75 109	65 152
			261 330	236 267	298 533
			383 390	**367 854**	**420 163**
			1 637 335	**1 785 845**	**1 718 241**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Segment A 2020	 2019	 2018
I. Net interest income			
Group			
Cash, near cash and bank debt and sovereign debt securities	129	380	340
Core loans and advances	1 781	2 239	2 203
Other debt securities	–	–	–
Interest income on derivative financial instruments	–	–	–
Total interest income	**1 910**	**2 619**	**2 543**
Deposits by banks and other debt-related securities	–	–	–
Customer accounts	541	659	554
Amount due to group companies	–	–	–
Interest expense on derivative financial instruments	–	–	–
Total interest expense	**541**	**659**	**554**
Net interest income	**1 369**	**1 960**	**1 989**
Bank			
Cash, near cash and bank debt and sovereign debt securities	132	383	374
Core loans and advances	1 781	2 239	2 203
Other debt securities	–	–	–
Interest income on derivative financial instruments	–	–	–
Total interest income	**1 913**	**2 622**	**2 577**
Deposits by banks and other debt-related securities	–	–	–
Customer accounts	541	660	567
Amount due to group companies	20	10	1
Interest expense on derivative financial instruments	–	–	–
Total interest expense	**561**	**670**	**568**
Net interest income	**1 352**	**1 952**	**2 009**
II. Net fee income			
Group			
Credit related fees	90	239	254
Brokerage fees received	80	110	194
Client transactions and maintenance fees	76	117	141
Wealth management fees	911	798	1 116
Other fees received	–	–	–
Total fee income	**1 157**	**1 264**	**1 705**
Credit related fees	2	4	–
Other fees paid	2	14	–
Total fee expense	**4**	**18**	**–**
Net fee income	**1 153**	**1 246**	**1 705**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
12 690	13 009	14 198	12 819	13 389	14 538
44 906	45 201	43 538	46 687	47 440	45 741
2 268	2 326	472	2 268	2 326	472
13 217	10 391	8 787	13 217	10 391	8 787
73 081	**70 927**	**66 995**	**74 991**	**73 546**	**69 538**
8 293	10 341	8 729	8 293	10 341	8 729
16 818	15 009	10 584	17 359	15 668	11 138
1 712	1 846	983	1 712	1 846	983
5 203	2 918	5 619	5 203	2 918	5 619
32 026	**30 114**	**25 915**	**32 567**	**30 773**	**26 469**
41 055	**40 813**	**41 080**	**42 424**	**42 773**	**43 069**
12 691	13 009	14 197	12 823	13 392	14 571
44 906	45 201	43 538	46 687	47 440	45 741
2 268	2 326	472	2 268	2 326	472
13 217	10 391	8 787	13 217	10 391	8 787
73 082	**70 927**	**66 994**	**74 995**	**73 549**	**69 571**
8 293	10 341	8 729	8 293	10 341	8 729
16 818	15 009	10 571	17 359	15 668	11 138
1 712	1 846	996	1 732	1 857	997
5 203	2 918	5 619	5 203	2 918	5 619
32 026	**30 114**	**25 915**	**32 587**	**30 784**	**26 483**
41 056	**40 813**	**41 079**	**42 408**	**42 765**	**43 088**
5 731	4 194	5 273	5 821	4 433	5 527
1 178	1 076	1 563	1 258	1 186	1 757
1 052	942	1 831	1 128	1 059	1 972
–	–	–	911	798	1 116
–	–	–	–	–	–
7 961	**6 212**	**8 667**	**9 118**	**7 476**	**10 372**
1 429	2 139	1 426	1 431	2 143	1 426
-	–	8	2	14	7 655
1 429	**2 139**	**1 434**	**1 433**	**2 157**	**1 434**
6 532	**4 073**	**7 233**	**7 685**	**5 319**	**8 938**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Segment A 2020	 2019	 2018
II. Net fee income *(continued)*			
Bank			
Credit related fees and commissions	90	239	254
Foreign exchange dealings	80	110	194
Client transactions and maintenance fees	76	117	141
Other fees received	–	–	–
Total fee income	**246**	**466**	**589**
Brokerage fees paid	–	–	–
Credit related fees	1	4	–
Other fees paid	–	–	–
Total fee expense	**1**	**4**	**–**
Net fee income	**245**	**462**	**589**
III. Investment income/(loss)			
Group and Bank			
Investment portfolio (listed and unlisted equities)			
– Realised	–	–	–
– Unrealised	–	–	–
Debt securities (sovereign, bank and other)			
– Realised	–	–	–
Other asset categories			
– Realised	–	–	–
– Unrealised	–	–	–
Dividend income	–	–	–
	–	**–**	**–**
IV. Net trading loss			
Group			
Changes in fair value of derivative financial instruments	–	–	–
Net foreign exchange gain/(loss)	(16)	(3)	48
	(16)	**(3)**	**48**
Bank			
Changes in fair value of derivative financial instruments	–	–	–
Net foreign exchange gain/(loss)	–	–	–
	–	**–**	**–**
V. Operating costs			
Group			
Staff costs	484	613	1 021
Premises expenses	10	38	25
Equipment expenses	117	220	123
Business expenses	123	189	155
Marketing expenses	11	10	14
Depreciation on equipment	18	7	3
Special levy	–	13	–
	763	**1 090**	**1 341**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
5 731	4 194	5 273	5 821	4 433	5 527
1 178	1 076	1 563	1 258	1 186	1 757
1 052	942	1 831	1 128	1 059	1 972
–	–	–	–	–	–
7 961	**6 212**	**8 667**	**8 207**	**6 678**	**9 256**
1 430	2 139	1 426	1 431	2 143	1 426
–	–	8	–	–	8
1 430	**2 139**	**1 434**	**1 431**	**2 143**	**1 434**
6 531	**4 073**	**7 233**	**6 776**	**4 535**	**7 822**
1 215	(4 240)	–	1 215	(4 240)	–
–	(3 194)	(3 039)	–	(3 194)	(3 039)
–	109	1 364	–	109	1 364
–	2 694	(3)	–	2 694	(3)
–	3 224	–	–	3 224	–
–	–	–	–	–	–
1 215	**(1 407)**	**(1 678)**	**1 215**	**(1 407)**	**(1 678)**
(15)	(495)	559	(15)	(495)	559
(272)	220	(238)	(288)	217	(190)
(287)	**(275)**	**321**	**(303)**	**(278)**	**369**
(15)	(495)	559	(15)	(495)	559
(272)	220	(238)	(272)	220	(238)
(287)	**(275)**	**321**	**(287)**	**(275)**	**321**
6 372	5 842	6 084	6 856	6 455	7 105
196	533	542	206	571	567
3 047	3 310	3 125	3 164	3 530	3 248
1 969	2 114	2 650	2 092	2 303	2 805
142	113	170	153	123	184
435	98	106	453	105	109
–	207	–	–	220	–
12 161	**12 217**	**12 677**	**12 924**	**13 307**	**14 018**

42. Statutory segmental reporting *(continued)*

	Segment A		
For the year to 31 March **US$'000**	**2020**	2019	2018
V. Operating costs *(continued)*			
Bank			
Staff costs	243	388	238
Premises expenses	8	35	21
Equipment expenses	117	220	122
Business expenses	75	140	104
Marketing expenses	5	8	7
Depreciation on equipment	17	7	3
Special levy	–	13	–
	465	**811**	**495**
VI. Reverse repurchase agreements			
Group and Bank			
Reverse repurchase agreements	**–**	**–**	**–**
VII. Sovereign debt securities			
Group and Bank			
Financial assets at fair value through other comprehensive income			
– Government related-debt securities	**–**	**–**	**–**
VIII. Bank debt securities			
Group and Bank			
– Bonds	**–**	**–**	**–**
IX. Other debt securities			
Group and Bank			
Amortised cost			
– Bonds	–	–	–
– Other investments	–	–	–
	–	**–**	**–**
X. Investment portfolio			
Group and Bank			
Financial assets designated at fair value through profit or loss			
– Quoted equities	–	–	–
– Unquoted equities	–	–	–
	–	**–**	**–**
XI. Amount due from/to group companies			
Remaining term to maturity			
(a) Amount due from group companies			
Group			
Within 3 months	–	4	10
	–	**4**	**10**
Bank			
Within 3 months	10	10	9
	10	**10**	**9**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
6 372	5 842	6 084	6 615	6 230	6 322
196	533	542	204	569	563
3 047	3 309	3 125	3 164	3 529	3 247
1 969	2 114	2 650	2 044	2 254	2 754
143	113	170	148	121	177
436	98	106	453	105	109
–	207	–	–	220	–
12 163	**12 218**	**12 677**	**12 628**	**13 028**	**13 172**
101 034	**75 555**	**75 186**	**101 034**	**75 555**	**75 186**
–	**20 575**	**–**	**–**	**20 575**	**–**
34 691	**88 612**	**137 604**	**34 691**	**88 612**	**137 604**
22 583	22 717	27 129	22 583	22 717	27 129
–	2 261	3 043	–	2 261	3 043
22 583	**24 978**	**30 172**	**22 583**	**24 978**	**30 172**
2	3 195	9	2	3 195	9
2 400	2 250	12 984	2 400	2 250	12 984
2 402	**5 445**	**12 993**	**2 402**	**5 445**	**12 993**
1 771	1 006	3 356	1 771	1 010	3 366
1 771	**1 006**	**3 356**	**1 771**	**1 010**	**3 366**
1 762	1 006	3 356	1 772	1 016	3 365
1 762	**1 006**	**3 356**	**1 772**	**1 016**	**3 365**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Segment A 2020	2019	2018
XI. Amount due from/to group companies *(continued)*			
Remaining term to maturity *(continued)*			
Group			
(b) Amount due to group companies			
Within 3 months	–	70	6
	–	**70**	**6**
Bank			
Within 3 months	–	–	–
	–	**–**	**–**
XII. Loans and advances to customers			
Group and Bank			
(a) Remaining term to maturity			
Within 3 months	2 923	6 911	1 411
Over 3 to 6 months	1 466	1 237	1 071
Over 6 to 12 months	317	2 266	3 903
Over 1 to 5 years	23 663	38 806	33 193
Over 5 years	2 826	1 595	14 796
	31 195	**50 815**	**54 374**
(b) Allowance for credit impairment losses			
(i) Expected credit loss impairment reversals			
Expected credit loss impairment reversals are recognised in the income statement on the following assets			
Loans and advances to customers	229	573	–
Other balance sheet assets	(2)	(1)	–
Off balance sheet commitments and guarantees	4	(9)	–
Total expected credit loss impairment reversals	**231**	**563**	**–**
Balance at beginning of year	–	1 770	–
IFRS 9 transitional adjustment	–	(295)	–
At 31 March,	**902**	**1 475**	**–**
Reversal recognised in the income statement	(229)	(573)	–
Written off out of allowance	(344)	–	–
Intergroup transfers	–	–	–
Balance at end of year	**329**	**902**	**–**
(ii) Portfolio impairment			
Balance at beginning of year	–	–	922
(Reversal)/charge recognised in the income statement	–	–	14
Exchange adjustment	–	–	–
IFRS 9 transitional adjustment			
Balance at end of year	**–**	**–**	**936**
(iii) Specific impairment			
Balance at beginning of year	–	–	–
(Reversal)/charge recognised in the income statement	–	–	842
Intergroup transfers	–	–	–
Exchange adjustment	–	–	(8)
Balance at end of year	**–**	**–**	**834**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
22 789	26 643	32 024	22 789	26 713	32 030
22 789	**26 643**	**32 024**	**22 789**	**26 713**	**32 030**
22 779	26 643	32 024	22 779	26 643	32 024
22 779	**26 643**	**32 024**	**22 779**	**26 643**	**32 024**
97 135	150 741	127 710	100 058	157 652	129 121
86 595	118 340	141 995	88 061	119 576	143 066
93 572	165 440	176 922	93 889	167 706	180 825
539 455	474 315	344 719	563 118	513 122	377 912
44 614	74 618	106 917	47 440	76 213	121 713
861 371	**983 454**	**898 263**	**892 566**	**1 034 269**	**952 637**
(612)	2 147	–	(383)	2 720	–
(83)	(196)	–	(85)	(197)	–
7	(295)	–	11	(304)	–
(688)	**1 656**	**–**	**(457)**	**2 219**	**–**
–	10 280	–	–	12 050	–
–	(1 446)	–	–	(1 741)	–
5 977	**8 834**	**–**	**6 879**	**10 309**	**–**
612	(2 147)	–	383	(2 720)	–
(535)	(240)	–	(879)	(240)	–
12	(470)	–	12	(470)	–
6 066	**5 977**	**–**	**6 395**	**6 879**	**–**
–	–	6 220	–	–	7 142
–	–	174	–	–	188
–	–	(156)	–	–	(156)
–	**–**	**6 238**	**–**	**–**	**7 174**
–	–	653	–	–	653
–	–	2 184	–	–	3 026
–	–	1 130	–	–	1 130
–	–	75	–	–	67
–	**–**	**4 042**	**–**	**–**	**4 876**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Segment A 2020	2019	2018
XII. Loans and advances to customers *(continued)*			
(b) Allowance for credit impairment losses *(continued)*			
(iv) Total impairment			
Balance at beginning of year	–	–	922
(Reversal)/charge recognised in the income statement	–	–	856
Intergroup transfers	–	–	–
Exchange adjustment	–	–	(8)
IFRS 9 transitional adjustment	–	–	–
Balance at end of year	**–**	**–**	**1 770**

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Specific impairment	Portfolio impairment
Group and Bank				
(c) Allowance for credit losses by sector				
Agriculture, forestry and fishing	8 024	–	–	65
Construction	63 564	–	–	222
Households	38 439	3 383	695	67
Real estate activities	255 939	1 762	228	686
Financial and insurance activities	239 466	–	–	443
Wholesale and retail trade	15 841	–	–	47
Manufacturing	3 805	–	–	8
Transportation and storage	158 980	7 302	1 711	1 233
Accommodation and food service activities	20 337	702	459	238
Electricity, gas, steam and air conditioning supply	40 000	–	–	60
Information and communication	18 558	332	139	48
Administrative and support service activities	–	–	–	–
Human health and social work activities	–	–	–	–
Mining and Quarrying	6 539	–	–	1
Other entities	29 469	–	–	45
	898 961	**13 481**	**3 232**	**3 163**
Analyst by segments:				
Segment A				
Households	**5 074**	–	–	31
Real estate activities	**5 997**	–	–	60
Financial and insurance activities	**487**	–	–	–
Manufacturing	**–**	–	–	–
Accommodation and food service activities	**19 672**	–	–	238
Other entities	**295**	–	–	–
	31 525	**–**	**–**	**329**

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
–	–	6 873	–	–	7 795
–	–	2 358	–	–	3 214
–	–	1 130	–	–	1 130
–	–	(81)	–	–	(89)
–	–	–	–	–	–
–	**–**	**10 280**	**–**	**–**	**12 050**

Total impairment		
2020	2019	2018
65	53	–
222	220	978
762	125	232
914	2 036	3 403
443	1 201	2 928
47	100	74
8	18	132
2 944	2 021	3 881
697	568	103
60	151	18
187	173	150
–	59	3
–	103	81
1	21	–
45	30	67
6 395	**6 879**	**12 050**
31	30	100
60	639	1 183
–	221	456
–	12	31
238	–	–
–	–	–
329	**902**	**1 770**

42. Statutory segmental reporting *(continued)*

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Specific impairment	Portfolio impairment
XII. Loans and advances to customers *(continued)*				
Segment B				
Agriculture, forestry and fishing	8 024	–	–	65
Construction	63 564	–	–	222
Households	33 365	3 383	695	36
Real estate activities	249 942	1 762	228	626
Financial and insurance activities	238 979	–	–	443
Wholesale and retail trade	15 841	–	–	47
Manufacturing	3 805	–	–	8
Transportation and storage	158 980	7 302	1 711	1 233
Accommodation and food service activities	665	702	459	–
Electricity, gas, steam and air conditioning supply	40 000	–	–	60
Information and communication	18 558	332	139	48
Administrative and support service activities	–	–	–	–
Human health and social work activities	–	–	–	–
Mining and Quarrying	6 539	–	–	1
Other entities	29 174	–	–	45
	867 436	**13 481**	**3 232**	**2 834**
	898 961	**13 481**	**3 232**	**3 163**

Total impairment		
2020	2019	2018
65	53	–
222	220	978
731	95	132
854	1 397	2 220
443	980	2 472
47	100	74
8	6	120
2 944	2021	3 881
459	568	108
60	151	18
187	173	180
–	59	3
–	103	81
1	21	–
45	30	67
6 066	**5 977**	**10 280**
6 395	**6 879**	**12 050**

42. Statutory segmental reporting *(continued)*

	Segment A		
For the year to 31 March US$'000	**2020**	2019	2018
XIII. Other assets			
Group			
Settlement debtors	–	–	–
Prepayments and accruals	975	1 235	1 243
Other	151	417	243
	1 126	**1 652**	**1 486**
Bank			
Settlement debtors	–	–	–
Prepayments and accruals	908	1 185	1 183
Other	95	295	237
	1 003	**1 480**	**1 420**
XIV. Customer deposits			
Group			
Demand	20 839	15 783	20 874
Term deposits with remaining term to maturity			
Within 3 months	5 150	7 848	3 139
Over 3 to 6 months	1 220	1 718	997
Over 6 to 12 months	2 780	3 914	4 417
Over 1 to 5 years	–	–	5 507
	29 989	**29 263**	**34 934**
Bank			
Demand	20 839	15 783	20 874
Term deposits with remaining term to maturity			
Within 3 months	6 444	8 620	3 459
Over 3 to 6 months	1 220	1 718	997
Over 6 to 12 months	2 780	3 914	4 417
Over 1 to 5 years	–	–	5 507
	31 283	**30 035**	**35 254**
XV. Other liabilities			
Group			
Amounts payable and sundry creditors	**4 722**	**3 819**	**3 836**
Bank			
Amounts payable and sundry creditors	**4 620**	**3 714**	**3 733**
XVI. Contingent liabilities			
Group and Bank			
To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. Even though the obligations may not be recognised on the balance sheet they do contain credit risk and are therefore part of the overall risk of the bank.			
Guarantees	5 686	1 714	2 139
Commitments			
– Irrevocable unutilised facilities	4 179	8 501	1 495
	9 865	**10 215**	**3 634**

Commitments to extend credit represent contractual commitments to make loans and revolving credits.

Segment B			Total		
2020	2019	2018	**2020**	2019	2018
18	25	29	18	25	29
34	204	216	1 009	1 439	1 459
2 923	2 419	5 472	3 074	2 836	5 715
2 975	**2 648**	**5 717**	**4 101**	**4 300**	**7 203**
18	25	29	18	25	29
34	204	216	942	1 389	1 399
2 923	2 419	5 472	3 018	2 714	5 709
2 975	**2 648**	**5 717**	**3 978**	**4 128**	**7 137**
651 325	703 334	604 682	672 164	719 117	625 556
136 411	194 945	146 525	141 561	202 793	149 664
28 084	21 850	45 853	29 304	23 568	46 850
79 090	82 326	61 403	81 870	86 240	65 820
19 751	5 118	–	19 751	5 118	5 507
914 661	**1 007 573**	**858 463**	**944 650**	**1 036 836**	**893 397**
651 325	703 334	604 682	672 164	719 117	625 556
136 411	194 945	146 525	142 855	203 565	149 984
28 084	21 850	45 853	29 304	23 568	46 850
79 090	82 326	61 403	81 870	86 240	65 820
19 751	5 118	–	19 751	5 118	5 507
914 661	**1 007 573**	**858 463**	**945 944**	**1 037 608**	**893 717**
9 573	**18 017**	**3 589**	**14 295**	**21 836**	**7 425**
9 573	**18 017**	**3 589**	**14 193**	**21 731**	**7 322**
18 375	5 153	7 287	24 061	6 867	9 426
138 106	230 792	176 630	142 285	239 293	178 125
156 480	**235 945**	**183 917**	**166 346**	**246 160**	**187 551**

43. Events after the reporting date

The significant judgements and estimates applied to prepare the financial statements as at 31 March 2020 reflected the impact of COVID-19 and the resulting lockdown as at the reporting date.

These judgements, specifically those relating to the impairment of loans and advances and valuation of fair value instruments were determined by considering a range of economic scenarios including the adverse impact of the lockdown and by applying the guidance issued by various international regulators and standard setting bodies.

The action of various governments and central banks, in particular in Mauritius, provides an indication of the potential severity of the downturn and that the recovery environment could be significantly different from past crises with a duration which is also difficult to predict.

Subsequent to the reporting date, extensions to lockdown periods have been announced and there has been further deterioration in certain macro-economic forecasts. In Mauritius, various government and social programmes were launched, aimed at reducing the impact of COVID-19 and to stimulate the economy.

Some of the markets in which we operate are showing signs of recovery with less new COVID-19 cases reported, lockdown rules beginning to ease and economic activity starting to increase slightly. The group believes that the significant judgements and estimates made at the reporting date incorporated the impact of COVID-19 and that the level of uncertainly relating to the deterioration in macro-economic forecasts and the positive impact of government assistance is currently too uncertain to quantify a subsequent impact. However, should the COVID-19 crisis cause disruption to global economic activity for a longer period than forecasted this could put upward pressure on our ECLs and downward pressure on other valuations.

The group is not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted to that which would require additional disclosures.

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CORPORATE INFORMATION

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Directorate

David M Lawrence (69)
BA(Econ) (Hons), MCom
Chairman

Craig C McKenzie (59)
BSc, MSc (Agric Economics), CFA
Chief executive officer (CEO)

Pierre de Chasteigner du Mée (67)
ACEA, FBIM, FMAAT

Zarina BM Bassa (56)
B Acc, DipAcc, CA(SA)

Ramdeo (Dev) Erriah (61)
LLB, LLM, TEP, Barrister-at-law (Grays Inn)

Board committees

Board sub-committee

David M Lawrence (chairman)
Pierre de Chasteigner du Mée
Craig C McKenzie

Audit committee

Zarina BM Bassa (chairperson)
Ramdeo (Dev) Erriah
Pierre de Chasteigner du Mée

In attendance

Craig C McKenzie (CEO)
Lara Ann Vaudin (COO)
David Desvaux de Marigny (head of finance)
Farzanah Nowbuth (head of risk)
James A Catto (head of treasury)
Ajam Joomun (head of compliance and MLRO)
Helena Cloete (head of legal)
Group head of internal audit
Group compliance officer
External auditors

Nomination and remuneration committee

David M Lawrence (chairman)
Pierre de Chasteigner du Mée
Zarina BM Bassa

In attendance

Craig C McKenzie (CEO)
Lara Ann Vaudin (COO)
Group head of HR

Conduct review committee

Pierre de Chasteigner du Mée (chairman)
David M Lawrence
Ramdeo (Dev) Erriah

In attendance

Craig C McKenzie (CEO)

Corporate governance committee

Ramdeo (Dev) Erriah (chairman)
David M Lawrence
Zarina BM Bassa

Investment committee

Craig C McKenzie (chairman)
David M Lawrence
Pierre de Chasteigner du Mée

Risk management committee

Pierre de Chasteigner du Mée (chairman)
Craig C McKenzie
David M Lawrence

In attendance

Zarina BM Bassa
Ramdeo (Dev) Erriah
Lara Ann Vaudin (COO)
David Desvaux de Marigny (head of finance)
Farzanah Nowbuth (head of risk)
James A Catto (head of treasury)
Ajam Joomun (head of compliance and MLRO)
Helena Cloete (head of legal)
Group head of internal audit
Group compliance officer
External auditors