OUT OF THE ORDINARY

Investec

Distinct
Agile
Resilient

Investec Bank (Mauritius) Limited
Annual financial statements
Annual report 2021

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

Refers readers to further information in our 2021 group sustainability and ESG supplementary report available on our website: www.investec.com

Reporting standard
Denotes our consideration of a reporting standard

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01

Investec Bank (Mauritius) Limited in perspective

OVERVIEW OF THE INVESTEC GROUP

Driving sustainable long-term growth

Our strategic direction
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 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**
- **We aim to 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.**

Medium-term strategic objectives

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

Capital discipline
A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy

OUR BUSINESS AT A GLANCE

One Investec

Our purpose

Our purpose is to create enduring worth, living in, not off, society.

Our mission

Investec is a distinctive bank and wealth manager, driven by commitment to our core philosophies and values. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and planet.

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported 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. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-tech and high-touch approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values innovative thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team and we employ passionate, talented people who are empowered and committed to our mission and values.

Our strategic direction

The One Investec strategy is, first and foremost, a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each and every client, regardless of specialisation or geography.

One Investec is also about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire group, not just within specific operating units or geographies.

And in our allocation of capital, the One Investec strategy demands a disciplined approach to optimising returns, not merely for one region or business area but for the group as a whole.

Our values

Investec exists to create enduring worth for all of our stakeholders: our clients, our people and the communities in which we operate. This purpose is expressed in five key values that shape the way that we work and live within society.

1

Cast-iron integrity

We believe in long-term relationships built on mutual trust, open and honest dialogue and cast-iron integrity.

2

Distinctive performance

We thrive on energy, ambition and outstanding talent. We are open to fresh thinking. We believe in diversity and respect for others.

3

Client focus

We are committed to genuine collaboration and unwavering dedication to our clients' needs and goals.

4

Entrepreneurial spirit

We are pioneers at heart. Shaped by our non-traditional origin and evolution, we share with our clients a willingness to challenge the status quo in pursuit of a better, more sustainable tomorrow.

5

Dedicated partnership

We collaborate unselfishly in pursuit of group performance, through open and honest dialogue – using process to test decisions, seek challenge and accept responsibility.

OUR BUSINESS MODEL

Creating sustainable, long-term value

Key highlights

Principal geographies	Core areas of activity	Total employees	Core loans	Customer deposits	Funds under management
2	2	8 200+	£26.4bn	£34.4bn	£58.4bn

Our clients and offering

Corporate / Institutional / Government / Intermediary

Private client (HNW / high income) / charities / trusts

Specialist Banking

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

Wealth & Investment

- Discretionary wealth management
- Investment advisory services
- Financial planning
- Stockbroking / execution only

Our approach

We have market-leading, distinctive client franchises

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

We are a people business backed by our Out of the Ordinary culture and entrepreneurial spirit

Our stakeholders

Our clients

We support our clients to grow their businesses by leveraging our financial expertise to provide bespoke solutions that are profitable, impactful and sustainable.

Our people

We employ people who are passionate and empowered to perform extraordinarily while building a diverse and representative workforce.

Our communities

We unselfishly contribute to communities by helping people become active economic participants, focusing on education and economic inclusion.

Our planet

We aim to operate sustainably, within our planetary boundaries and funding activities that support biodiversity and a zero-carbon world.

OUR BUSINESS AT A GLANCE

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Our focus today is on growth in our chosen markets.

Our journey so far

1974
Founded as a leasing company in Johannesburg

1980
We acquired a banking licence

1986
We were listed on the JSE Limited South Africa

2002
In July 2002, we implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg

2003
We concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited

2020
We successfully completed the demerger of Investec Asset Management which separately listed as Ninety One in March 2020

2021
Today, we have an efficient, integrated international business platform, offering all our core activities in the UK and South Africa

Investment proposition

Well positioned to pursue long-term growth

- Well capitalised and highly liquid balance sheet
- Diversified mix of business by geography, income and business
- Rightsized the cost structure of the business
- Improved capital allocation – anticipate excess capital
- Our clients have historically shown resilience through difficult macro environments

OUR BUSINESS AT A GLANCE

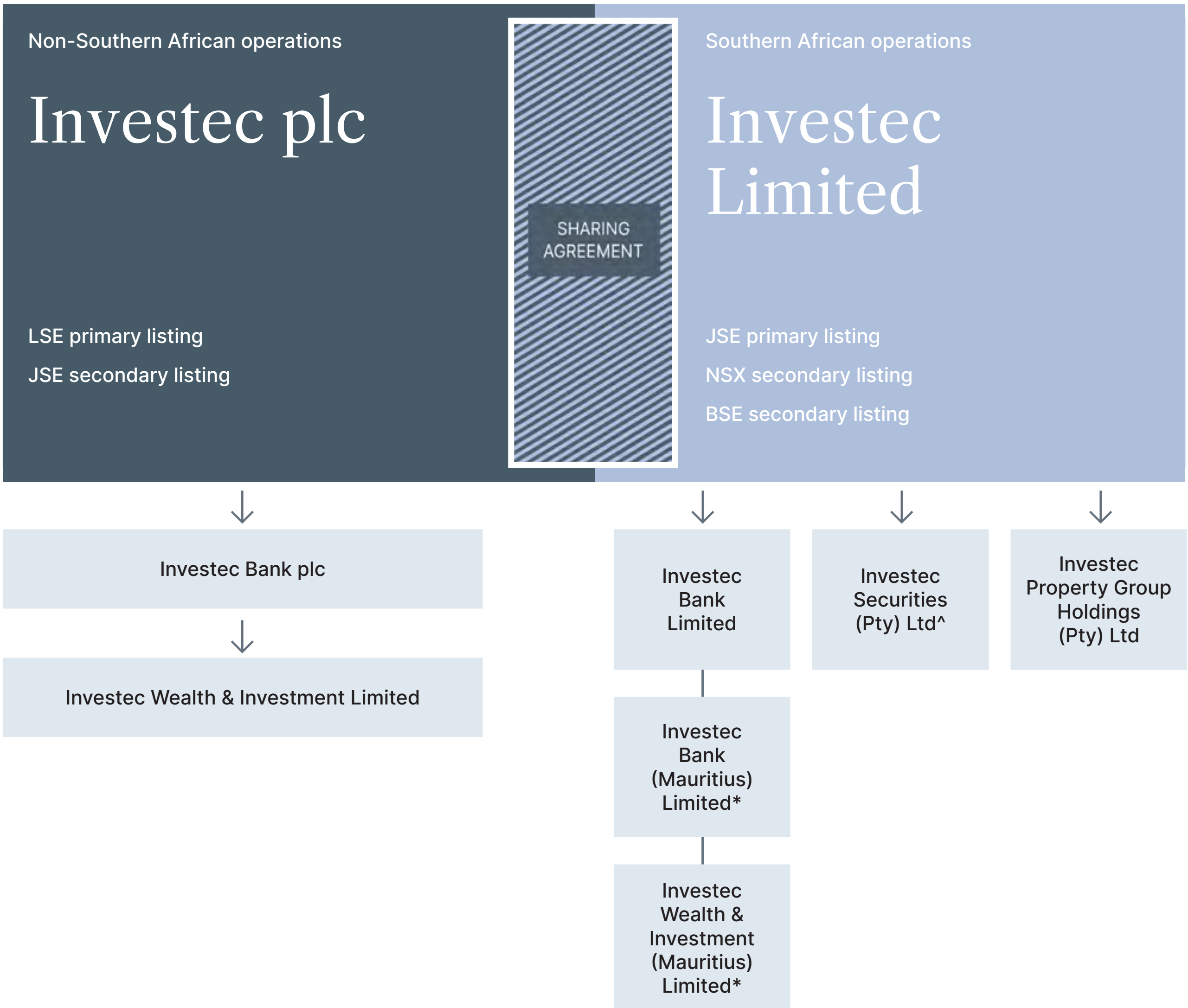
Our operational structure

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 Southern Africa, 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



^ Houses the Wealth & Investment business.
* In this report Investec Bank (Mauritius) Limited and Investec Wealth & Investment (Mauritius) Limited are referred together as 'the group'.

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). The Investec group retained a 25% shareholding in the Ninety One group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

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.

OVERVIEW OF THE ACTIVITIES OF INVESTEC BANK (MAURITIUS) LIMITED

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

Specialist Bank

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 manage wealth

High net worth and high income private clients

Private Banking

- Lending
- Transactional banking
- Savings
- Foreign exchange

A highly valued partner and adviser to our clients

Corporate, private equity, government and institutional clients

Corporate and Institutional Banking

- Asset finance
- Lending
- Treasury and risk management solutions

Value proposition

Established in 1997, Investec Bank (Mauritius) Limited (the bank) provides:

- High-quality specialised banking solutions to corporate and private clients
- High-touch personalised service with ability to execute quickly
- The ability to leverage international, cross-border platforms
- Financial opportunities between the developed and the emerging world
- Strong ability to originate, structure and distribute

OVERVIEW OF THE ACTIVITIES OF INVESTEC WEALTH AND INVESTMENT (MAURITIUS) LIMITED

Wealth & Investment

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

Investec Wealth & Investment (Mauritius) Limited 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$250 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).

Value proposition

- Investec Wealth & Investment Mauritius was established in 2017
- Strong collaboration with the global Wealth & Investment business
- 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.

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.

02

Management discussion and analysis

OUR OPERATING ENVIRONMENT

The 2021 financial year has been significantly affected by the Covid-19 pandemic which resulted in a global economic recession. No individual economy was spared and most had to face several 'waves' of contagions which resulted in the implementation of restrictions and containment measures. Governments worldwide have introduced fiscal and monetary measures to support their economies.

Locally, the tourism and hospitality industry has been the hardest hit due to the impact of the pandemic on international travel. The Mauritius Investment Corporation (MIC) has been set-up, as a subsidiary of the Bank of Mauritius, to provide financial assistance to leading domestically systemic important companies which have been severely impacted by the pandemic and to safeguard the stability and soundness of the financial system.

Continuous engagement with our clients has been maintained and our staff have been able to provide service in line with expectations during this crisis.

The operating environment was challenging and our operating profit has decreased by 38%, mainly due to margin contractions and higher than expected credit losses.

However, our risk management principles and our fundamentals remain solid with strong liquidity and capital positions, sufficient to absorb potential shocks.

Looking ahead, the global economic environment is expected to recover progressively with vaccination programs being rolled-out, albeit at different rate due to excess demand, across the various countries.

The group remains vigilant in this unstable environment whilst pursuing initiatives to grow our business.

FINANCIAL REVIEW

Performance against objectives

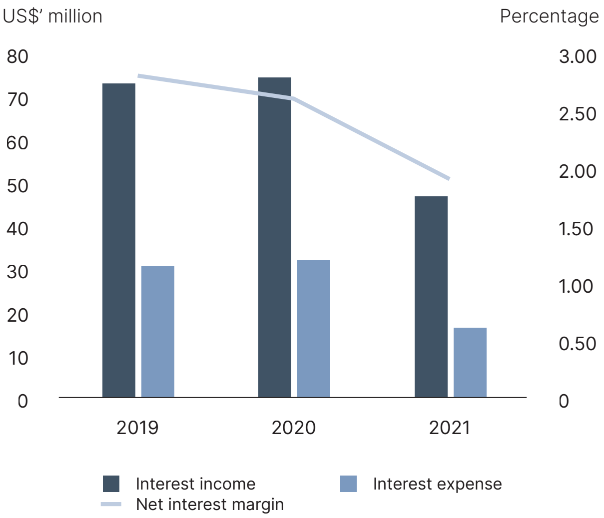
	OBJECTIVES 2021	PERFORMANCE 2021	OBJECTIVES 2022
Operating income	Operating income is expected to decrease to US$38.1 million.	Operating income was 7.1% below objective at US$35.4 million.	Operating income is expected to increase to US$37.0 million.
Operating expenses	Operating expenses are expected to decrease to US$12.1 million.	Costs were in line with objective at US$12.2 million.	Operating expenses are expected to increase to US$12.8 million.
Cost to income ratio	Cost to income ratio is expected to increase slightly above 30.0%.	Cost to income increased to 33.0%.	Cost to income ratio is expected to increase to 34.5%.
Return on average assets	Return on average asset is expected to decrease to 1.5%.	Return on average assets stood at 1.3%.	Return on average asset is expected to remain at 1.3%.
Return on average equity	Return on average equity is expected to decrease to 6.1%.	Return on average equity was 5.4%.	Return on average equity is expected to remain at 5.4%.
Loans and advances growth	Loans and advances are expected to decrease to US$847 million.	Loans and advances increased to US$919 million, 8.5% above objectives.	Loans and advances are expected to decrease to US$828 million.
Deposits growth	Deposits are expected to grow to US$1,000 million.	Deposit growth was 1.3% below objective at US$987 million.	Deposits are expected to decrease to US$950 million.
Asset quality	Credit loss ratio is expected to be below 1.0%.	Credit loss ratio stood at 0.2%.	Credit loss ratio to be maintained below 1.0%.
Capital management	Capital Adequacy ratio is expected to remain above 20.0%.	Capital Adequacy ratio stood at 32.2%.	Capital Adequacy ratio to be maintained at a minimum of 15%.
Gearing	Gearing ratio to be maintained below 6.5%	Gearing ratio stood at 4.2%.	Gearing ratio to be maintained below 6.0%.

FINANCIAL REVIEW
CONTINUED

Financial performance analysis

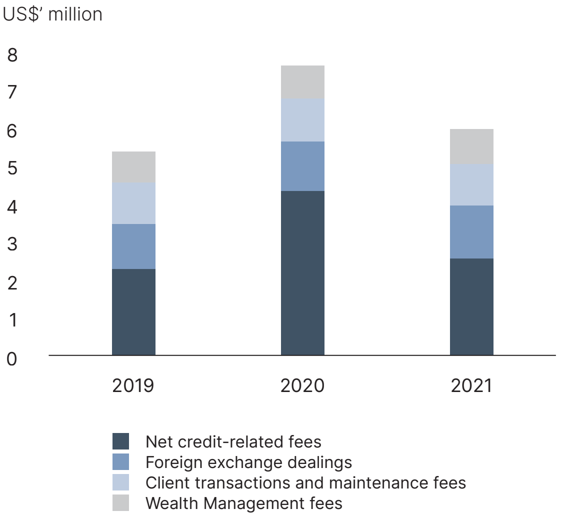
The overview that follows highlights the variances in the major line items on the face of the income statement for the year under review.

Net interest income



Net interest income decreased by 27.4% to US$30.8 million as average interest earning assets decreased and net interest margins contracted from 2.6% to 1.9% for the current financial year.

Net fee income



Net fee income decreased by 21.1% from US$7.7 million to US$6.1 million mainly due to lower deal related fees earned in the current financial year.

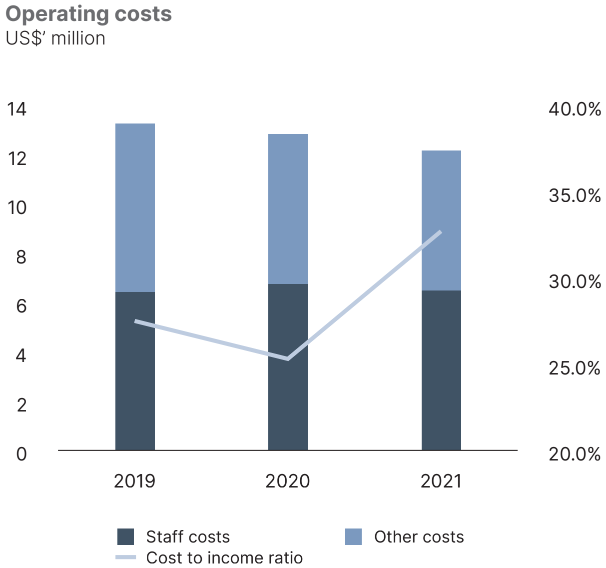
Net trading income

Trading income of US$0.5 million arose mainly from foreign exchange movement against the US dollar.

Expected credit loss (ECL)

ECL increased from US$0.5 million to US$1.7 million during the current financial year, reflecting a higher credit risk assessment of the impact of the pandemic on our assets.

Operating costs



Operating costs decreased by 5.4% to US$12.2 million due to cost containment measures and certain costs not being incurred during the pandemic. Staff costs represented 53.7% of the cost base compared to 53.1% for the previous year.

The cost-to-income ratio increased from 25.3% in prior year to 33.0% for the current year as a result of a decrease in operating income.

FINANCIAL REVIEW
CONTINUED

Financial position analysis

For the year to 31 March	2021	Change 2021 vs 2020	2020	Change 2020 vs 2019	2019
Loans and advances (US$'000)	918 967	(0.1%)	920 331	(11.0%)	1 034 269
Cash holdings (US$'000)	696 215	4.3%	667 761	15.5%	578 193
Customer deposits (US$'000)	986 918	4.5%	944 650	(8.9%)	1 036 836
Loan-to-deposit ratio (%)	93.1%	(1.5%)	94%	(5.3%)	100%

Loans and advances (loans to banks and customers)
Loans and advances decreased by 0.1% to US$919.0 million during the financial year.

Cash holdings
Cash holdings, which includes reverse repurchase agreements, increased by 4.3% to US$696.2 million.

Customer deposits
Customer deposits increased by 4.5% to US$986.9 million. The loan-to-deposit ratio remained relatively stable at 93.1%.

Performance ratios

For the year to 31 March %	2021	2020	2019
Return on average equity %	5.4	9.0	8.5
Return on average assets %*	1.3	2.0	1.9

* Figures based on average interest-earning assets.

Return on average equity
Return on average equity decreased from 9.0% to 5.4% as net profit decreased during the current financial year.

Return on average assets
Return on assets decreased from 2.0% last year to 1.3% for the current year, due to the decrease in profitability.

Capital

For the year to 31 March %	2021	2020	2019
Shareholders' equity (US$'000)	410 017	384 216	368 088
Capital adequacy ratio (%)	32.2	28.1	25.0
Tier 1 ratio (%)	31.1	27.0	23.8

Total equity increased from US$384.2 million to US$410.0 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 28.1% to 32.2%, well above the regulatory requirement of 11.875% (inclusive of the capital conservative buffer of 1.875%).

RISK MANAGEMENT

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 15 to 55) with further disclosures provided within the financial statements section (pages 89 to 183).

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

The bank's risk management's objectives are to:

- Maintain a strong 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 its 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.

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 by senior management ensuring stringent management of risk, liquidity and capital
- A strong risk and capital management culture embedded into its 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 and 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 a sound track record in the activity expected. Credit loss ratio for the year under review was 0.2%
- A low leverage ratio, defined as tier1 capital as a percentage of total asset exposure in terms of Basel III, of approximately 23.2%
- A high level of readily available, high-quality liquid assets with cash holdings representing 41.0% 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 and increased its asset base during the period.
- A high level of recurring income which continues to support sustainability of operating profit.

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 deposit and capital base remain core strategic imperatives.

RISK MANAGEMENT
CONTINUED

An overview of key risks

In the ordinary course of business the bank faces a number of risks that could affect its business operations

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

17 – 37 **Credit and counterparty risk** exposes the bank to losses caused by financial or other problems experienced by our clients.	**46 – 50** **Operational risk** may disrupt the business or result in regulatory action.	**50** **Legal and regulatory risks** are substantial in its businesses.
42 – 44 **Liquidity risk** may impair the ability of the Bank to fund its operation.	**50** Reputational, strategic and business risk.	**39 – 41** The bank's net interest earnings and net asset value may be adversely affected by **interest rate risk.**
46 – 50 The bank may be **vulnerable to the failure of its systems** and breaches of its security systems.	**45** 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.	**38 – 45** Market, business and general economic conditions and fluctuations could adversely affect its businesses in a number of ways.
50 – 55 **The bank may have insufficient capital** in the future and may be unable to secure additional financing as required.	**47** **Employee misconduct** could cause harm that is difficult to detect.	**11** The competitive nature of the financial and banking industries.
47 – 49 The bank may be unable to **recruit, retain and motivate key personnel.**	**38** **Equity and investment risk.**	**17** The bank may be exposed to country risk, i.e. the risk inherent in sovereign exposure and events in other countries.

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 a 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 entered into.

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. 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)
- 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 of 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 2021, 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 the 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 19 and 37 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

RISK MANAGEMENT
CONTINUED

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 1200 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.

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 2021, 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:

- 2021: US$466.9 million and 118.2% of Tier 1 Capital
- 2020: US$451.2 million and 123.4% of Tier 1 Capital and
- 2019: US$378.9 million and 108.7% of Tier 1 Capital

Large exposure (LE) committee

As from 2021, exposures exceeding 7.5% of Tier 1 capital must be approved by the LE committee.

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 risk and capital committee (GRCC) 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 regard 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) 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.

- 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 standardized approach for calculating capital requirements in the assessment of its credit and counterparty exposures. The group's banking subsidiaries conduct 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	2021	2020	2019
On- and off-balance sheet exposures with related parties (US$'million)	192.3	269.0	39.7
On- and off-balance sheet exposures with related parties (% of total exposures)	11.3	16.4	2.2
Amount of exposures to the six related parties with the highest exposure (US$'million)	192.3	268.6	39.5
Amount of exposures to six related parties with the highest exposure (% of tier 1 capital)	52.2	73.5	11.3

All the related party transactions were within the regulatory limits as recommended in the abovementioned guideline. No exposure to related parties were written off during the financial year ended 31 March 2021 (2020: nil and 2019: nil).

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.

A Credit risk classification and provisioning policy

International Financial Reporting Standard 9 Financial Investments (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.

RISK MANAGEMENT
CONTINUED

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 90 days or more, 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, it will be classified as Stage 3.

Loans which are 90 days or more 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 forward-looking and therefore, potentially 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 Standard are different from those computed under Prudential Provisioning Norm, the financial institution will be required to adhere to the following requirements:

- If the specific provision computed in terms of Prudential Provisioning Norm is higher than the specific provision computed in terms of Accounting Standard, the difference shall be accounted as General Provision, through an appropriation of distributable reserves.
- If the specific provision computed in terms of Accounting Standard is higher than the specific provision computed in terms of Prudential Provisioning Norm, then the entire specific provision computed under the Accounting Standard 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 below reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures (see page 30).

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 general banking provision is calculated as per the revised BOM guideline on 'Credit Impairment Measurement and Income Recognition'.

The guideline was suspended on 31 March 2020. However, the bank decided to continue to apply the guideline.

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.

RISK MANAGEMENT
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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 1 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 1 year but no more than 5 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 5 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 36 and 37.

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 limit.

Credit quality remains solid with non-performing loans standing at 2.0% of gross loans and advances to customers. These exposures remains relatively well secured with a coverage ratio of 19.6% and a provision amounting to 20% of these exposures.

Covid-19 related restructures stood at US$72 million as at 31 March 2021, representing 8% of net loans and advances to customers.

Exposures amounting US$0.4 million have been written-off during the year.

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Credit and counterparty risk information

Pages 17 to 23 describe where and how credit counterparty risk exists in the bank's operations

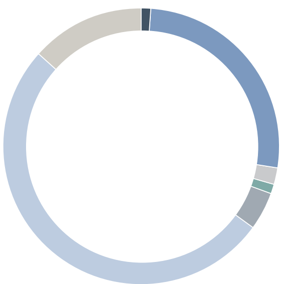
The tables that follow provide an analysis of the bank's credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

US$'000	31 March 2021	31 March 2020	31 March 2019	2021 vs 2020 % change	Average* 2021 vs 2020	2020 vs 2019 % change	Average* 2020 vs 2019
On-balance sheet exposures							
Cash and balances at central bank	20 362	15 807	14 138	28.8%	18 084	11.8%	14 972
Due from banks	453 830	324 844	402 956	39.7%	389 337	(19.4%)	363 900
Sovereign debt securities	–	–	20 575	–	–	(100%)	10 288
Bank debt securities	33 637	34 691	88 672	(3.0%)	34 164	(60.9%)	61 681
Other debt securities	20 056	22 681	25 085	(11.6%)	21 368	(9.6%)	23 883
Reverse repurchase agreements	75 000	75 004	50 033	(0.0%)	75 002	49.9%	62 518
Loans and advances to customers	891 587	898 961	1 041 148	(0.8%)	895 274	(13.7%)	970 055
Total on-balance sheet credit and counterparty exposures	**1 494 472**	**1 371 988**	**1 642 607**	**8.9%**	**1 433 230**	**(16.5%)**	**1 507 297**
Guarantees^	28 081	16 865	6 095	66.5%	22 473	>100%	11 480
Committed facilities	201 344	142 285	239 293	41.5%	171 815	(40.5%)	190 789
Off-balance sheet exposures	**229 425**	**159 150**	**245 388**	**44.2%**	**194 288**	**(35.1%)**	**202 269**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**1 723 897**	**1 531 138**	**1 887 995**	**12.6%**	**1 627 518**	**(18.9%)**	**1 709 566**

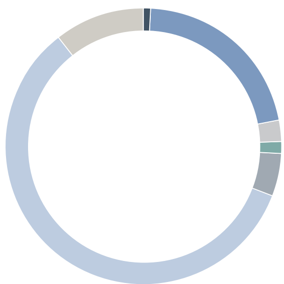
* Where the average is based on a straight-line average.
^ Excludes guarantees provided to clients which are backed/secured by cash deposit with the bank.

An analysis of gross credit and counterparty exposure



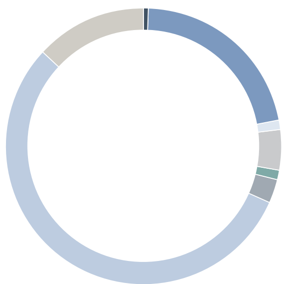
2021

- Cash and balances at central banks 1.2%
- Loans and advances to banks 26.3%
- Sovereign debt securities 0%
- Bank debt securities 2.0%
- Other debt securities 1.2%
- Reverse repurchase agreements and cash collateral on securities borrowed 4.4%
- Loans and advances to customers 51.6%
- Off-balance sheet exposures 13.3%



2020

- Cash and balances at central banks 1.0%
- Loans and advances to banks 21.2%
- Sovereign debt securities 0.0%
- Bank debt securities 2.3%
- Other debt securities 1.5%
- Reverse repurchase agreements and cash collateral on securities borrowed 4.9%
- Loans and advances to customers 58.7%
- Off-balance sheet exposures 10.4%

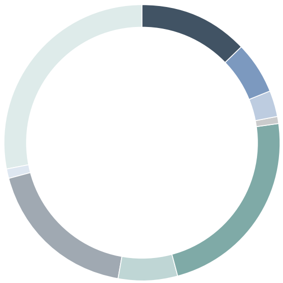


2019

- Cash and balances at central banks 0.7%
- Loans and advances to banks 21.3%
- Sovereign debt securities 1.1%
- Bank debt securities 4.7%
- Other debt securities 1.3%
- Reverse repurchase agreements and cash collateral on securities borrowed 2.7%
- Loans and advances to customers 55.2%
- Off-balance sheet exposures 13.0%

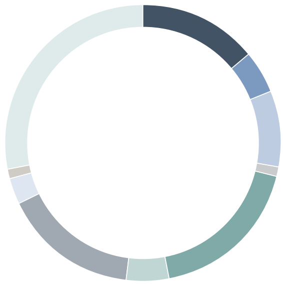
Concentration of risk is managed by client/counterparty, by geographical region and industry sector.

An analysis of gross credit and counterparty exposure



2021

Mauritius	13%
South Africa	6%
Africa (excl RSA)	3%
Asia	1%
European Union	23%
Europe (non EU)	7%
North America	18%
Other	1%
Australia	0%
United Kingdom	28%



2020

Mauritius	14%
South Africa	5%
Africa (excl RSA)	9%
Asia	1%
European Union	18%
Europe (non EU)	5%
North America	16%
Other	3%
Australia	1%
United Kingdom	28%

2019

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

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 refer-ence	**Total balance sheet**
2021					
Cash and balances at central banks	20 362	–	5		20 367
Due from banks	453 831	(66)	157 214	1	610 979
Bank debt securities	33 637	–	–		33 637
Other debt securities	20 056	(96)	–		19 960
Derivative financial instruments	–	–	1 604		1 604
Reverse repurchase agreements	75 000	(12)	25 016	1	100 004
Loans and advances to customers	891 587	(7 755)	–	2	883 832
Other assets	–		19 684		19 684
Investment portfolio	–		2 663	3	2 663
Investment in associate	–		2 130		2 130
Deferred taxation asset	–		498		498
Current taxation asset	–		256		256
Equipment	–		962		962
Amount due from group companies	–		1 835	1	1 835
Total on-balance sheet exposures	**1 494 473**	**(7 929)**	**211 867**		**1 698 411**

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

RISK MANAGEMENT
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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 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**

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
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**

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

As at 31 March US$'000	Gross core loans and advances			Other credit and counterparty exposures			Total		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Agriculture, forestry and fishing	11 178	8 024	17 259	15 033	–	–	26 211	8 024	17 259
Construction	17 911	63 564	71 036	–	34 353	47 787	17 911	97 917	118 823
Households	24 449	38 439	26 164	882	2 094	5 495	25 331	40 533	31 659
Real estate activities	284 597	255 939	217 213	112 852	38 692	41 497	397 449	294 631	258 710
Financial and Insurance activities	325 803	239 466	388 170	691 894	545 720	718 966	1 017 697	785 186	1 107 136
Wholesale and retail trade	19 737	15 841	32 556	1 455	–	–	21 192	15 841	32 556
Manufacturing	41 642	3 805	5 681	–	2 000	5 000	41 642	5 805	10 681
Transportation and storage	116 364	158 980	108 032	8 546	411	8 124	124 910	159 391	116 156
Accommodation and food service activities	32 604	20 337	1 321	–	–	24	32 604	20 337	1 345
Electricity, gas, steam and air conditioning supply	8 938	40 000	48 908	–	–	1 603	8 938	40 000	50 511
Information and communication	8 364	18 558	56 028	1 648	8 636	5 751	10 012	27 194	61 779
Administrative and support service activities	–	–	18 931	–	71	–	–	71	18 931
Human health and social work activities	–	–	33 443	–	–	2 112	–	–	35 555
Mining and Quarrying	–	6 539	6 822	–	–	–	–	6 539	6 822
Entertainment	–	–	–	–	–	–	–	–	–
Other entities	–	29 469	9 584	–	200	10 488	–	29 669	20 072
Total	**891 587**	**898 961**	**1 041 148**	**832 310**	**632 177**	**846 847**	**1 723 897**	**1 531 138**	**1 887 995**

RISK MANAGEMENT
CONTINUED

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
2021							
On-balance sheet exposures	**11 178**	**17 911**	**24 449**	**284 597**	**928 688**	**19 737**	**41 642**
Other debt securities	–	–	–	–	20 056	–	–
Bank debt securities	–	–	–	–	33 637	–	–
Sovereign debt securities	–	–	–	–	–	–	–
Bank placements	–	–	–	–	474 192	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	–	–	75 000	–	–
Derivative financial instruments	–	–	–	–	–	–	–
Other credit exposures	–	–	–	–	–	–	–
Gross core loans and advances to customers	11 178	17 911	24 449	284 597	325 803	19 737	41 642
Off-balance sheet exposures	**15 033**	**–**	**882**	**112 852**	**89 009**	**1 455**	**–**
Guarantees	–	–	–	3 901	23 852	–	–
Committed facilities	15 033	–	882	108 951	65 157	1 455	–
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**26 211**	**17 911**	**25 331**	**397 449**	**1 017 697**	**21 192**	**41 642**
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	–	–
Derivative financial instruments	–	–	–	–	–	–	–
Other credit exposures	–	–	–	–	–	–	–
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**	**117 507**	**–**	**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**	**118 823**	**31 659**	**258 710**	**1 107 136**	**32 556**	**10 681**

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
116 364	**32 604**	**8 938**	**8 364**	**–**	**–**	**–**	**–**	**–**	**1 494 472**
–	–	–	–	–	–	–	–	–	20 056
–	–	–	–	–	–	–	–	–	33 637
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	474 192
–	–	–	–	–	–	–	–	–	75 000
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
116 364	32 604	8 938	8 364	–	–	–	–	–	891 587
8 546	**–**	**–**	**1 648**	**–**	**–**	**–**	**–**	**–**	**229 425**
328	–	–	–	–	–	–	–	–	28 081
8 218	–	–	1 648	–	–	–	–	–	201 344
124 910	**32 604**	**8 938**	**10 012**	**–**	**–**	**–**	**–**	**–**	**1 723 897**
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	245 388
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

RISK MANAGEMENT
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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	2021	2020	2019
Gross core loans and advances to customers subject to ECL	**891 587**	**898 961**	**1 041 148**
Stage 1	815 332	842 851	976 572
Stage 2	57 378	47 870	26 505
Stage 3	18 877	8 240	38 071
Gross core loans and advances to customers subject to ECL (%)	**100%**	**100%**	**100%**
Stage 1	91.5%	93.8%	93.8%
Stage 2	6.4%	5.3%	2.5%
Stage 3	2.1%	0.9%	3.7%
Expected credit loss	**(7 755)**	**(6 395)**	**(6 879)**
Stage 1	(3 886)	(2 786)	(2 412)
Stage 2	(173)	(377)	(570)
Stage 3	(3 696)	(3 232)	(3 897)
ECL coverage ratio (%)			
Stage 1	0.5%	0.3%	0.2%
Stage 2	0.3%	0.8%	2.2%
Stage 3	19.6%	39.2%	10.2%
Net core loans and advances to customers	**883 832**	**892 566**	**1 034 269**
Average gross core loans and advances to customers	**895 274**	**970 055**	**1 002 917**
Current loans and advances to customers	812 166	783 238	973 716
Past due loans and advances to customers (1 – 60 days)	3 166	47 281	2 206
Special mention loans and advances to customers	57 378	60 202	52 721
Default loans and advances to customers	18 877	8 240	12 505
Gross Core loans and advances to customers	**891 587**	**898 961**	**1 041 148**
Current loans and advances to customers	869 544	821 677	1 026 035
Gross core loans and advances to customers that are past due but not impaired	3 166	69 043	4 857
Gross core loans and advances to customers that are impaired	18 877	8 240	10 256
Gross Core loans and advances to customers	**891 587**	**898 961**	**1 041 148**
ECL impairment (charge)/reversal on loans and advances	**(1 435)**	**(383)**	**2 720**
Stage 3 loans net of ECL	15 181	5 008	5 627
Aggregate collateral and other credit enhancements	27 639	19 478	32 714
Stage 3 net of ECL and collateral	–	–	–
Gross default loans and advances to customers	18 877	8 240	12 506
Expected credit loss	(7 755)	(6 395)	(6 879)
Defaults net of impairments	**11 122**	**1 846**	**5 627**
Collateral and other credit enhancements	27 639	19 478	32 714
Net default loans and advances to customers (limited to zero)	**–**	**–**	**–**
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.87%	0.71%	0.66%
Total impairments as a % of gross default loans	41.08%	77.60%	55.00%
Gross defaults as a % of gross core loans and advances to customers	2.12%	0.92%	1.20%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.26%	0.21%	0.54%
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)	0.16%	0.04%	(0.27%)

Stage 1: 91.5% 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 0.5%.

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 0.3%.

Stage 3: 2.1% of gross exposure is in Stage 3 which is made up of assets that are credit impaired. The coverage ratio totals 19.6% 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 2020 to 31 March 2021. 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 changes in the probability of default and loss given default resulting from macro-economic scenarios. Further analysis as at 31 March 2021 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 2021 US$'000	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
1 April 2020	842 851	(2 786)	47 870	(377)	8 240	(3 232)	898 961	(6 395)
Transfer from Stage 1	(12 767)	29	–	–	12 767	(29)	–	–
Transfer from Stage 2	664	(1)	(664)	1	–	–	–	–
ECL re-measurement arising from transfer of stage	–	–	–	–	–	(133)	–	(133)
Net new lending and repayments	(15 416)	455	10 172	203	(2 130)	183	(7 374)	841
Changes to risk parameters and models	–	(1 583)	–	–	–	(485)	–	(2 068)
At 31 March 2021	**815 332**	**(3 886)**	**57 378**	**(173)**	**18 877**	**(3 696)**	**891 587**	**(7 755)**

A further analysis of credit quality by risk category

	Stage 1		Stage 2		Stage 3		**Total**	
As at 31 March 2021 US$'000	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
Corporate	213 650	1 629	4 610	92	12 767	162	231 027	1 883
Sovereign	16 180	34	10 555	51	–	–	26 735	85
NBFI – Fund Finance	277 832	1 031	–	–	–	–	277 832	1 031
Investment and Portfolio Gearing	40 639	264	–	–	–	–	40 639	264
Mortgages	78 814	172	–	–	4 875	2 974	83 689	3 146
PB Corporate	15 547	127	–	–	–	–	15 547	127
HNW and Specialised Lending	9 330	4	–	–	–	–	9 330	4
Residential Real Estate Developments	104 542	112	–	–	–	–	104 542	112
Commercial Real Estate – Investment	50 184	61	27 605	30	1 235	560	79 024	651
Asset Finance	14 285	430	–	–	–	–	14 285	430
Project Finance	8 938	22	–	–	–	–	8 938	22
	829 941	**3 886**	**42 770**	**173**	**18 877**	**3 696**	**891 587**	**7 755**

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As at 31 March 2020 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 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

As at 31 March 2020 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
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**

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	76 461	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 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	**Total net core loans and advances (actual capital exposure)**	Actual amount in arrears
2021							
Current core loans and advances	**812 166**	**–**	**–**	**812 166**	**(3 882)**	**808 284**	**–**
Past due (1 – 60 days)	**–**	**3 166**	**–**	**3 166**	**(4)**	**3 162**	**61**
Special mention	**–**	**57 378**	**–**	**57 378**	**(173)**	**57 205**	**14 113**
Special mention (1 – 60 days and management well secured)	–	529	–	529	–	529	34
Special mention (61 – 90 days and item well secured)	–	14 079	–	14 079	–	14 079	14 079
Special mention – current	–	42 770		42 770	(173)	42 597	–
Default	**–**	**–**	**18 877**	**18 877**	**(3 696)**	**15 181**	**12 901**
Sub-standard	–	–	13 898	13 898	(370)	13 528	1 559
Doubtful	–	–	4 979	4 979	(3 326)	1 653	11 342
Loss	–	–	–	–	–	–	–
Total	**812 166**	**60 544**	**18 877**	**891 587**	**(7 755)**	**883 832**	**27 075**
2020							
Current core loans and advances	**783 238**	**–**	**–**	**783 238**	**(2 405)**	**780 451**	**–**
Past due (1 – 60 days)	**–**	**47 281**	**–**	**47 281**	**(381)**	**47 281**	**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 (1 – 90 days and management concerned)	–	–	–	–	–	–	–
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)**	**8 819**	**12 505**
Sub-standard	–	–	–	–	–	–	–
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**

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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)
2021				
Agriculture, forestry and fishing	11 178	–	–	–
Construction	17 911	–	–	–
Households	23 120	–	–	–
Real estate activities	241 679	–	14 079	–
Financial and Insurance activities	322 108	3 166	529	–
Wholesale and retail trade	19 737	–	–	–
Manufacturing	41 642	–	–	–
Transportation and storage	84 885	–	–	–
Accommodation and food service activities	32 604	–	–	–
Electricity, gas, steam and air conditioning supply	8 938	–	–	–
Information and communication	8 364	–	–	–
Administrative and support service activities	–	–	–	–
Human health and social work activities	–	–	–	–
Mining and Quarrying	–	–	–	–
Other entities	–	–	–	–
Total gross core loans and advances to customers	**812 166**	**3 166**	**14 608**	**–**
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**

Special mention – current	Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Expected credit loss
–	–	–	–	11 178	(87)
–	–	–	–	17 911	(35)
–	1 130	199	–	24 449	(246)
27 605	–	1 234	–	284 597	(1 226)
–	–	–	–	325 803	(1 162)
–	–	–	–	19 737	(59)
–	–	–	–	41 642	(272)
15 165	12 768	3 546	–	116 364	(4 609)
–	–	–	–	32 604	(34)
–	–	–	–	8 938	(22)
–	–	–	–	8 364	(2)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
42 770	**13 898**	**4 979**	**-**	**891 587**	**(7 755)**
–	–	–	–	8 024	(65)
–	–	–	–	63 564	(222)
666	1 068	2 092	–	38 439	(762)
35 902	–	966	–	255 939	(914)
1 871		–	–	239 466	(443)
–	–	–	–	15 841	(47)
–	–	–	–	3 805	(8)
–	–	3 322	–	158 980	(2 945)
–	–	459	–	20 337	(697)
–	–	–	–	40 000	(60)
–	333	–	–	18 558	(186)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	6 539	(1)
–	–	–	–	29 469	(45)
38 439	**1 401**	**6 839**	**–**	**898 961**	**(6 395)**
–	–	–	–	17 259	(53)
–	–	–	–	71 036	(220)
–	–	613	1 865	26 164	(125)
–	–	–	4 453	217 213	(2 036)
–	–	–	–	388 170	(1 201)
–	–	–	–	32 556	(100)
–	–	–	–	5 681	(18)
–	–	–	5 012	108 032	(2 021)
–	–	–	562	1 321	(568)
–	–	–	–	48 908	(151)
–	–	–	–	56 028	(173)
–	–	–	–	18 931	(59)
–	–	–	–	33 443	(103)
–	–	–	–	6 822	(21)
–	–	–	–	9 584	(30)
–	**–**	**613**	**11 892**	**1 041 148**	**(6 879)**

RISK MANAGEMENT
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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
2021			
Eligible financial collateral	**187 089**	**7 582**	**194 671**
Listed shares	170 712	–	170 712
Cash**	16 377	7 582	23 959
Mortgage bonds	**1 080 129**	**27 101**	**1 107 230**
Residential mortgages	129 533	20 530	150 064
Commercial property developments	928 077	6 571	934 647
Commercial property investments	22 519	–	22 519
Other collateral	**627 163**	**25 486**	**652 649**
Unlisted shares	110 277	5 921	116 198
Charges other than property	216 486	–	216 486
Asset backed lending	263 818	19 565	283 383
Guarantees	36 582	–	36 582
Total collateral	**1 894 381**	**60 169**	**1 954 550**
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**

Collateral *continued*

At 31 March US$'000	Collateral held against: Gross core loans and advances	Collateral held against: Other credit and counterparty exposures*	Total
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**

* 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$16.4 million (2020: US$11.5 million and 2019: US$12.2 million) with regard to loans and advances of US$73.4 million (2020: US$45.6 million and 2019: US$54.9 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$57.0 million (2020: US$34.1 million and 2019: US$42.7 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 seeks to review the performance of the investment portfolio at least quarterly and reports its findings to the board every quarter.

RISK MANAGEMENT
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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 2021	Valuation change stress test* 2021	On balance sheet value of investments 2020	Valuation change stress test* 2020	On balance sheet value of investments 2019	Valuation change stress test* 2019
Unlisted investments	2 660	399	2 400	360	2 250	337
Listed equities	3	1	2	–	3 195	799
Equity derivatives	–	–	–	–	12 018	4 206
Total	**2 663**	**400**	2 402	360	17 463	5 342

• 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 2021, 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, or 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.

RISK MANAGEMENT
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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 the earlier of contractual repricing or maturity date.

At 31 March 2021 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	731	–	–	–	–	–	731
Investment/trading assets	21	–	–	30	–	8	59
Advances	724	77	24	60	–	–	885
Other assets	–	–	–	–	–	21	21
Assets	**1 476**	**77**	**24**	**90**	**–**	**29**	**1 696**
Deposits – non-banks	(872)	(49)	(68)	–	–	–	(989)
Other liabilities	–	–	–	–	–	(8)	(8)
Liabilities	**(872)**	**(49)**	**(68)**	**–**	**–**	**(8)**	**(997)**
Intercompany loans	(287)	–	–	–	–	–	(287)
Shareholders' funds	–	–	–	–	–	(409)	(409)
Balance sheet	**317**	**28**	**(44)**	**90**	**–**	**(388)**	3
Off-balance sheet	106	–	(20)	(89)	–	–	(3)
Repricing gap	**423**	**28**	**(64)**	**1**	**–**	**(388)**	**–**
Cumulative repricing gap	423	451	387	388	388	–	

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
Securitised assets	–	–	–	–	–	–	–
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	–	

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)**
2021						
200bp down	(0.04)	0.50	0.36	0.54	(0.01)	1.35
200bp up	0.04	(0.50)	(0.36)	(0.54)	0.01	(1.35)
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)

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Liquidity risk

Liquidity risk description

Liquidity risk is the risk that, despite being solvent, we have insufficient 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 Liquidity Coverage Ratio (LCR) and 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
- 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 2021 US$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	311	285	125	–	10	–	–	731
Investment/trading assets	5	1	–	–	–	52	–	58
Advances	10	50	84	121	171	447	–	883
Other assets	–	–	–	21	–	–	–	21
Assets	**326**	**336**	**209**	**142**	**181**	**499**	**–**	**1 693**
Deposits – banks	–	–	–	–	–	–	–	–
Deposits – non-banks	(601)	(104)	(157)	(46)	(71)	(10)	–	(989)
Other liabilities	–	–	–	(8)	–	–	–	(8)
Liabilities	**(601)**	**(104)**	**(157)**	**(54)**	**(71)**	**(10)**	**–**	**(997)**
Intercompany loans	(4)	–	–	(186)	(23)	(72)	–	(285)
Shareholders' funds	–	–	–	–	–	–	(409)	(409)
Balance sheet	**(279)**	**232**	**52**	**(98)**	**87**	**417**	**(409)**	**2**
Off-balance sheet	–	–	–	–	(2)	–	–	(2)
Contractual liquidity gap	**(279)**	**232**	**52**	**(98)**	**85**	**417**	**(409)**	**–**
Cumulative liquidity gap	(279)	(47)	5	(93)	(8)	409	–	

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 – banks	–	–	–	–	–	–	–	–
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)	–	

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Contractual liquidity *(continued)*

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
Securitised assets	–	–	–	–	–	–	–	–
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 – banks	–	–	–	–	–	–	–	–
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)**	**90**	**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	–	

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**
2021								
Behavioural liquidity gap	**208**	**148**	**27**	**(180)**	**(32)**	**125**	**(295)**	**–**
Cumulative	208	356	383	204	171	295	–	
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)**	**(19)**	**–**
Cumulative	295	331	332	268	267	19	–	

Net Stable Funding Ratio (NSFR)

The bank's NSFR stood at 128% as at 31 March 2021 (March 2020: 136% and March 2019: 122%).

Liquidity Coverage Ratio (LCR)

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

As at 31 March 2021, the bank's LCR stood at 139% (March 2020: 128% and March 2019: 91%), well above regulatory requirements.

www 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							
2021							
Long/(short) position		2 921	3 404	(250)	685	(1 704)	7 010
Sensitivity on net income and equity	+5	146	170	(13)	34	(85)	351
	-5	**(146)**	**(170)**	**13**	**(34)**	**85**	**(351)**
2020							
Long/(short) position		1 930	1 200	(125)	34	(558)	3 164
Sensitivity on net income and equity	+5	96	60	(6)	2	(28)	158
	-5	**(96)**	**(60)**	**6**	**(2)**	**28**	**(158)**
2019							
Long/(short) position		6 550	3 537	(216)	405	(1 624)	10 491
Sensitivity on net income and equity	+5	328	177	(11)	20	(81)	525
	-5	**(328)**	**(177)**	**11**	**(20)**	**81**	**(525)**

Operational risk

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 the 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 approved risk appetite. Any breaches of limits are escalated via the bank's board risk committees to the 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 in 2014, the BCBS announced revisions to the calculations of capital requirements for operational risk. A single standardised approach was proposed to replace all existing approaches for the calculation of regulatory capital. The final implementation date has been postponed to 2023. The bank will continue to work closely with regulators and industry bodies on the implementation of the revisions.

RISK MANAGEMENT
CONTINUED

Operational risk management framework and governance

In line with regulatory developments, the operational risk management framework is embedded at all levels of the group, supported by the risk culture and enhanced on an ongoing basis. Policies, practices and processes that facilitate operational risk identification, assessment, mitigation, monitoring and reporting of operational risk are included in the framework.

Operational risk is managed in line with the bank's levels of defence approach which reinforces accountability by allocating roles and responsibilities.

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 to monitor the operational risk profile on an ongoing basis, 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 enable 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 operational risk framework is continually enhanced in line with regulatory developments and sound practices. Interactions with regulators promote an understanding of 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 COVID-19 pandemic, our priority is the safety of our staff and the continuous servicing of our clients, whilst remaining fully operational with business-as-usual processes and controls. To this end, the bank upgraded and improved the robustness of its technology infrastructure through increased capacity and security measures so as to facilitate a safe and durable global working environment for all staff.

Operational risk events

The bank continues to manage risk events within the agreed board approved operational risk appetite statement. The 'execution and process failures' (EDPM) and 'external fraud' Basel categories seem to be the drivers of risk events from a count and value perspective. Where COVID-19 is concerned, there has been no marked increase in EDPM or fraud losses directly attributable to the pandemic. Overall, causal analysis is performed on risk events to determine the reason for their occurrence and to identify and implement appropriate actions required to strengthen the associated control environment.

Looking forward

Key operational risk considerations for the year ahead:

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Business disruption and operational resilience	
Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes	• Effectively responding to significant business disruptions based on commitment and support of senior management and a dedicated team with robust governance processes • Understanding and mitigating risk to lessen the impact of disruptions • Establishing 'fit for purpose' and practical plans that include assurances of third party continued support under distressed situations • Regularly reviewing, validating and updating of business continuity plans and strategies • Embedding business continuity practices through awareness training and validations • Applying effective policy and programme management principles • Adhering to defined legal and regulatory requirements
Conduct	
Risk that inappropriate behaviour or business activities may lead to client, counterparty or market detriment and/or reputational and/or financial damage to the group and/or erosion of Investec values, culture and ethical standards expected of its staff	• Strong organisational culture and values, which form the cornerstone of Investec's behaviour towards all stakeholders, including clients • 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 • Promoting awareness of conduct related matters across the bank through appropriate employee training and communication to drive responsible behaviour • Ongoing engagement with the Group to set up a control framework and market surveillance programme
Cyber security	
Risk associated with cyber attacks which can result in data compromise, interruption to business processes or client services, financial losses, or reputational harm	• Maintaining a risk-based strategy integrating prediction, prevention, detection and response capabilities • Continually enhancing the security architecture using advanced technology, research and threat intelligence, to protect against evolving threats and sophisticated attacks • Improving cyber resilience through ongoing coordination across cyber, incident response, operational resilience and crisis management processes • Stress-testing of cyber controls through security assessments, red team exercises and attack simulations, run both internally and in conjunction with independent specialists • Embedding secure software development to ensure IT systems are secure by design • Provision of ongoing security training to staff to ensure high levels of awareness and vigilance
Data management	
Risk associated with poor governance in acquiring, processing, storing, and protecting data	• Establishing consistent mechanisms for unified data consolidation, storage and reporting • Enhancing system integration and automating feeds to reduce the need for manual tasks, minimise data processing delays and eliminate single points of failure • Monitoring, reporting on, and enhancing data quality and aggregation, in line with business needs and regulatory principles • Safeguarding internal and external information flows to preserve data completeness and integrity • Obtaining predictive intelligence through data analytics to support proactive risk management • Maintaining data retention and destruction processes to meet business needs • Complying with applicable legal obligations

RISK MANAGEMENT
CONTINUED

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Financial crime	
Risk associated with money laundering, terrorist financing, bribery and corruption	• Implementing and continuously enhancing our anti-money laundering (AML) controls and combating the financing of terrorism (CFT) and proliferation, sanctions, anti-bribery and corruption (ABC) policies and control mechanisms in line with local regulation and international guidance. • Ongoing sophistication of risk management methodologies to optimally allocate resources toward higher risk areas • Continuously enhancing and further automating our transaction monitoring capabilities, increasing detection and prevention of money laundering, terrorist financing and proliferation financing • Monitoring local and international legislative and best-practice developments and assimilate into Investec's controls • Mandatory training for all staff and specialist training for anti-financial crime roles • Industry participation to manage legislative requirements through engagement with regulators • Promoting employee awareness on anti-bribery and corruption, money laundering and terrorism financing typologies through training and communication
Fraud	
Risk associated with fraud, corruption, theft, forgery and integrity misconduct by staff, clients, suppliers and other stakeholders	• Evolving the group's global approach to fraud management through a holistic framework and consistent policies, standards and methodologies, while acknowledging there will always be geographical and cultural impacts that need to be considered • Maintaining an independent integrity (whistleblowing) line to ensure staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies • Conducting of 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 • Enhancing fraud detection and prevention controls in response to the continued upward trend in fraud and operational losses due to fraud attempts • Maintaining relevance of all aspects of the group's fraud prevention framework in light of the changing risks and remote working environment caused by the global COVID-19 pandemic • Maintaining collaboration with other financial institutions 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 • Continuing to create awareness of existing and horizon fraud threats by focusing on training staff, educating clients and intermediaries on fraud prevention and detection • Participating in industry working groups to gain an understanding of current trends in order to enhance the control environment
Information security	
Risk associated with the unauthorised access, use, disclosure, modification or destruction of data, which can impact their confidentiality, integrity, or availability	• Protecting high-value information assets based on confidentiality and business criticality • Implementing intelligent data loss prevention controls to protect against unauthorised access or disclosure of information • Managing role-based access to systems and data and controlled privileged IT access, supported by risk-aligned access and activity monitoring • Ensuring the secure configuration of systems in line with internal policies and standards to protect against compromise and unauthorised access • Maintaining safeguards to protect confidential physical documents and facilitate secure destruction • Continually improving data breach monitoring and response in line with relevant privacy laws

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Model	
Risk associated with the adverse consequences from decisions based on incorrect or misused model outputs and reports. Risk may be due to errors in the model, implementation of the model, use of the model or inherent limitations of the model	• Embedding appropriate governance and oversight for the development, validation and approval of key risk and financial models • Maintaining regular review cycles of key risk and financial models; the frequency and scale of which is determined by their assessed risk • Driving automation of models testing to validate model outputs • Further enhancements of exception reporting to proactively identify potential data errors feeding into the risk and financial models thereby providing assurance on data integrity
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 • Addressing 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 units • Thematic reviews across business areas to ensure consistent and efficient application of controls
Regulatory compliance	
Risk associated with identification, implementation and monitoring of compliance with regulations	• Legal and Compliance assist in the management of regulatory and compliance risk which includes the identification and adherence to legal and regulatory requirements • Aligning and effecting regulatory and compliance approach to reflect new regulatory landscapes particularly the change of regulatory structures (eg: transitioning from IBOR to Risk-Free Rates) • Managing 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 • Ensuring 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	• Implementing strategic roadmaps that leverage new technologies and reduce reliance on legacy IT systems • Leveraging cloud based and cloud native services to drive innovation while enhancing capacity, scalability, security and resilience • Driving automation to reduce human error whilst enhancing efficiency • Continuing to align technology standards across the group, to reduce complexity and leverage common functions and services • Maintaining proactive monitoring of the IT environment, for continual visibility of health and performance • Continuously improving 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 group	• Appropriate due diligence is in place to assess and approve third party arrangements • Policies and practices include adequate guidance over the assessment, selection, suitability and oversight of third party service providers • Continuing 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.

RISK MANAGEMENT
CONTINUED

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.

A 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%.

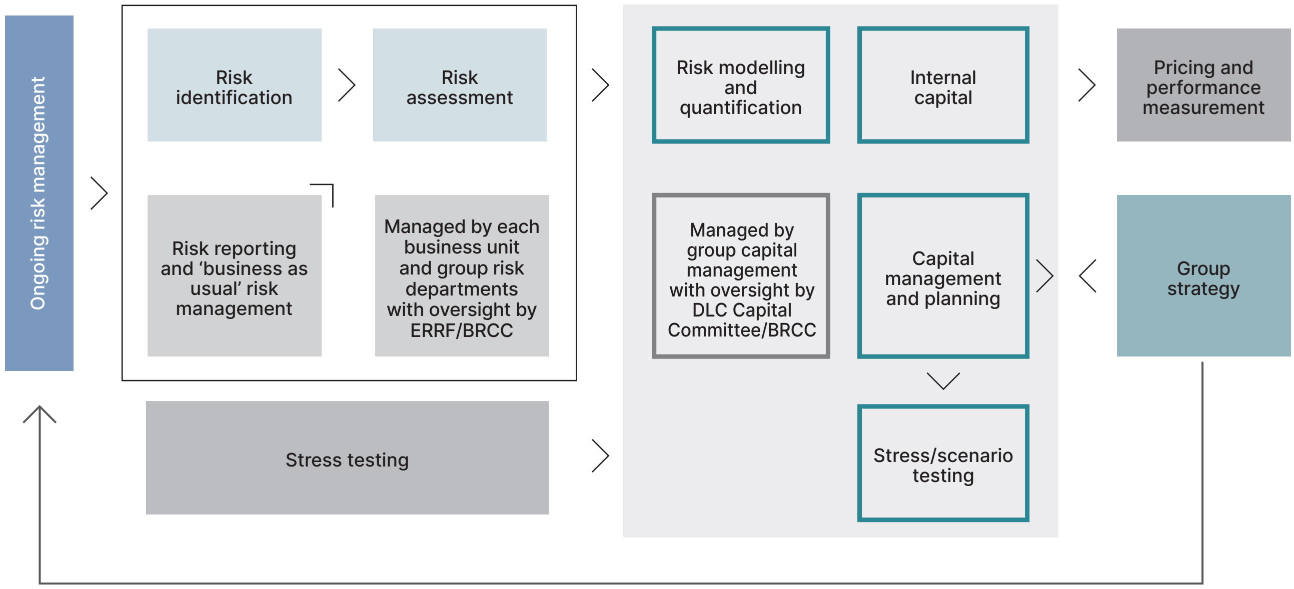
The bank reports information on its capital position to the Investec Limited capital committee which in turn reports to the Investec group DLC capital committee.

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, 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.

Internal capital requirements are quantified by analysis of the potential impact of key risks

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.

	1 January 2018	1 January 2019	1 January 2020
Minimum common equity tier 1 CAR	6.5%	6.5%	6.5%
Capital Conservation Buffer	1.25%	1.875%	2.5%
Minimum CAT 1 CAR plus Capital Conservation Buffer	7.75%	8.375%	9.0%
Phase-in of deductions from CAT 1*	80%	100%	100%
Minimum tier 1 CAR	8.0%	8.0%	8.0%
Minimum total CAR	10.0%	10.0%	10.0%
Minimum total CAR plus Capital Conservation Buffer**	11.25%	11.875%	11.875%
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.
** The bank of Mauritius reduced the ratio to 11.875% until further notice.

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

Summary information on the terms and conditions of the main features of all capital instruments is provided in the financial statements.

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

as at 31 March US$'000	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
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	**282 704**	262 156	236 501	**281 301**	261 330	236 267
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	**56 382**	52 076	56 289	**56 382**	52 076	56 289
Common equity tier 1 capital before regulatory adjustments	**395 564**	**370 710**	**349 268**	**394 161**	**369 884**	**349 035**
Deferred tax asset	**498**	421	297	**498**	421	295
Total regulatory adjustments to common equity tier 1 capital	**498**	**421**	**297**	**498**	**421**	**295**
Common equity tier 1 capital (CET1)	**395 066**	**370 289**	**348 971**	**393 663**	**369 463**	**348 739**
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)	**14 924**	16 148	17 260	**14 936**	16 161	17 260
Tier 2 capital (T2)	**14 924**	**16 148**	**17 260**	**14 936**	**16 161**	**17 260**
Total capital (capital base) (TC = T1 + T2)	**409 990**	**386 437**	**366 235**	**408 599**	**385 624**	**366 000**
Risk-weighted on balance sheet assets	**1 089 943**	1 208 122	1 267 828	**1 090 941**	1 209 163	1 269 010
Non-market-related off balance sheet risk-weighted assets	**100 190**	77 602	93 518	**100 190**	77 602	93 518
Market-related off balance sheet risk-weighted assets	**3 752**	6 104	18 300	**3 752**	6 104	18 300
Operational risk	**71 314**	78 608	75 925	**71 314**	78 608	75 925
Aggregate net open foreign exchange position	**7 010**	3 164	10 491	**7 010**	3 164	10 491
Total risk-weighted assets	**1 272 209**	**1 373 600**	**1 466 062**	**1 273 207**	**1 374 641**	**1 467 244**
Capital adequacy %						
Tier 1 capital ratio	**31.1%**	27.0%	23.8%	**31.0%**	26.9%	23.8%
Total capital ratio	**32.2%**	28.1%	25.0%	**32.1%**	28.1%	24.9%

RISK MANAGEMENT
CONTINUED

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

as at 31 March 2021 US$'000	Group		Bank	
	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	282 704	282 704	281 301	281 301
Other reserves	70 835	56 382	70 835	56 382
Common Equity Tier 1 capital before regulatory adjustments	**410 017**	**395 564**	**408 614**	**394 161**
Deferred tax asset		(498)		(498)
Common Equity Tier 1 capital (CET1)	**410 017**	**395 066**	**408 614**	**393 663**
Tier 2 capital (T2)		**14 924**		**14 936**
Total capital (capital base) (TC = T1 + T2)	**410 017**	**409 990**	**408 614**	**408 599**

Risk-weighted on balance sheet assets (the group)

31 March US$'000	2021			2020	2019
	Total on-balance sheet amount	Risk-weights %	**Risk-weighted asset**	Risk-weighted asset	Risk-weighted asset
Cash items	5	0%	**–**	–	–
Claims on sovereigns	16 165	0% – 150%	**21 442**	22 612	37 561
Claims on central banks and international institutions	20 362	0% – 50%	**566**	5 177	5 117
Claims on banks	746 542	20% – 100%	**217 049**	384 859	160 857
Claims on corporates	592 396	20% – 100%	**517 028**	500 455	808 209
Claims secured by residential property	50 902	35% – 125%	**48 210**	24 144	32 174
Claims secured by commercial real estate	232 401	100% – 125%	**237 962**	258 758	192 876
Past due claims	15 178	50% – 150%	**21 913**	2 347	9 230
Other assets	26 562	100% – 250%	**25 773**	9 770	21 804
Total on-balance sheet credit risk-weighted exposures			**1 089 943**	**1 208 122**	**1 267 828**

Risk-weighted on balance sheet assets (bank)

31 March US$'000	2021 Total on-balance sheet amount	2021 Risk-weights %	2021 Risk-weighted asset	2020 Risk-weighted asset	2019 Risk-weighted asset
Cash items	5	0%	**–**	–	–
Claims on sovereigns	16 165	0% – 150%	**21 442**	22 612	37 561
Claims on central banks and international institutions	20 362	0% – 50%	**566**	5 177	5 117
Claims on banks	746 542	20% – 100%	**217 049**	384 859	160 857
Claims on corporates	592 396	20% – 100%	**517 028**	500 455	808 209
Claims secured by residential property	50 902	35% – 125%	**48 210**	24 144	32 174
Claims secured by commercial real estate	232 401	100% – 125%	**237 962**	258 758	192 876
Past due claims	15 178	50% – 150%	**21 913**	2 347	9 230
Other assets	26 863	100% – 250%	**26 771**	10 811	22 986
Total on-balance sheet credit risk-weighted exposures			**1 090 941**	**1 209 163**	**1 269 010**

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

31 March US$'000	2021 Notional principal amount	2021 Credit conversion factor %	2021 Credit equivalent amount	2021 Risk-weighted asset	2020 Risk-weighted asset	2019 Risk-weighted asset
Direct credit substitutes	**10 471**	**100**	**10 471**	**10 471**	11 820	4 664
Transaction-related contingent items	**3 901**	**50**	**1 951**	**1 951**	2 967	822
Total other commitments	**201 266**	**20-50**	**87 774**	**87 768**	62 815	88 032
Total non-market-related off balance sheet risk-weighted credit exposures				**100 190**	**77 602**	**93 518**

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

31 March US$'000	2021 Notional principal amount	2021 Potential future exposure	2021 Current exposure	2021 Credit equivalent amount	2021 Risk-weighted asset	2020 Risk-weighted asset	2019 Risk-weighted asset
Interest rate contracts	**119 420**	**449**	**536**	**985**	**985**	1 157	407
Foreign exchange and gold contracts	**420 037**	**4 526**	**–**	**5 398**	**2 767**	4 947	5 875
Credit derivative contracts	**9 093**	**–**	**–**	**–**	**–**	–	–
Other market-related contracts	**–**	**–**	**–**	**–**	**–**	–	12 018
Total market-related off balance sheet risk-weighted credit exposures					**3 752**	**6 104**	**18 300**

David M Lawrence
Chairman
Board of directors

Pierre de Chasteigner du Mée
Chairman
Risk management committee

Grant M. Parsons
Director/CEO

CHAIRMAN'S REPORT

Chairman's introduction

I am pleased to present the annual corporate governance report for the financial year ended 31 March 2021 which describes our approach to corporate governance.

Investec Bank (Mauritius) Limited is a wholly-owned subsidiary of Investec Bank Limited which is wholly-owned by Investec Limited, a listed company on the Johannesburg Stock Exchange. Due to a dual listing company (DLC) operational structure, compliance with many of the specific corporate governance requirements is at the group DLC level.

The DLC board is responsible for statutory matters and corporate governance for the Investec group and sets the standards for the subsidiaries of the Investec group. The bank's board is responsible for the oversight of statutory matters and corporate governance of the bank, and to ensure compliance with applicable legislation and governance requirements of the jurisdictions within which it operates.

Stakeholders are encouraged to read this report which provides a detailed review of corporate governance including information on the functions of the different board committees and an explanation of how the regulatory and statutory duties of these committees are fulfilled.

The past year in focus

The past year will certainly be remembered as a year of significant disruption which brought and will probably bring further significant permanent changes.

The global economy continues to suffer from setbacks linked to the COVID-19 pandemic, as most of the leading economies have been instigating lockdowns to contain the second/third rounds of pandemic shockwaves. Mauritius has so far been no exception. The initial outbreak of the COVID-19 pandemic at the end of the last financial year resulted in a first lockdown of three months and its resurgence at the end of this financial year pushed Mauritius into a second lockdown which lasted for nearly two months.

The effect of these lockdowns resulted in a damaging economic crisis on the island. Most of the economic sectors have been affected, more particularly the airline, tourism and hospitality sectors which have been severely impacted.

The regulators implemented a list of measures to provide flexibility and relief to banks and their customers during this difficult situation resulting from the pandemic.

Despite the current difficult situation, the group'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.

The group remains committed to the needs of its clients and its target market and continues to engage with its clients to build a diversified portfolio of business. The group 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.

Management and board successions

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

Grant Parsons succeeded Craig McKenzie as chief executive officer of the bank with effect from 01 January 2021. Grant, a chartered accountant, has been with Investec since 2013 having worked at Standard Bank for 10 years before that. We know that with his vast knowledge and experience of Investec and the banking sector, he will build on the work of his predecessor.

We are immensely grateful to Craig McKenzie for his contribution to the bank during the last 20 years. Craig McKenzie retired from the service of the bank and as a member of the board of directors of the bank on 31 December 2020.

Diversity

The group believes in attracting, growing and retaining a diverse team of talented people. This is vital to our ability to be an innovative organisation that can adapt and prosper in a fast changing environment. We continue to strive to achieve more diversity in all areas of the business, with a focus on improving the diversity of our workforce with regard to gender, race, sexual orientation, gender identity, disability, age and religion in order to foster diversity of thought.

Having a diverse board and workplace is, and remains, a core focus 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 board is furthermore responsible for managing potential conflicts of interest between directors' personal financial interests and those of the group.

The conflict of interest policy requires directors to declare any actual or potential conflict of interest immediately they become aware of such a situation. Where actual or potential conflicts are declared, the recusal procedure is implemented, and affected directors are excluded from discussions and any decision on the subject matter of the declared conflict.

CHAIRMAN'S REPORT
CONTINUED

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 individual directors through a questionnaire which is required to be filled by all the directors. The evaluation of the board committees is carried out every two years.

The bank conducted its annual board evaluation exercise during the financial year 2020-2021 and the findings of the evaluation were collated and presented at the April 2021 board meeting. Overall the board members were satisfied with the board governance and functioning. The evaluation exercise identified the particular strengths of the board to be the composition of the board, the provision of information to the board and the board's overarching effectiveness. The suggested areas of potential improvement included an increased focus on strategy, and exploration of new opportunities in the current challenging environment.

Culture

Our commitment to the Investec culture has continued to ensure extraordinary client engagement, 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.

The year ahead

The challenges resulting from the COVID-19 pandemic will stay for some time. Similar to other organisations, we have taken decisive action to help ensure the welfare of our people, to assist our clients, to support our community, to work with the initiatives put forward by the government and the regulators and to manage the heightened risk environment.

There still remains uncertainty as to the depth of the potential downturn in activity and the duration of restrictive measures within the geographies in which we operate. At the present time it is difficult to predict the full impact that the pandemic will have on the group. The board of directors will ensure that all key aspects of the challenges posed by COVID-19 are given full attention.

The board will continue to focus on those matters that will enable disciplined growth and enhance both the service to our clients and returns for our shareholder, including cost management; greater connectivity both with the wealth business and across geographies; and developing and enhancing our digital capabilities. A key function of the board will be to oversee the delivery of our strategic priorities, whilst ensuring adherence to good corporate governance and sound decision making. This will include a full and proper regard to the environmental impact of our activities, the interests of all our stakeholders, including our clients, our shareholder, our employees, our regulators and the communities within which we operate.

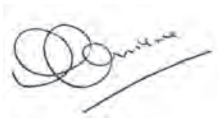
Conclusion

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

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

In conclusion, our immediate focus, in these unprecedented times, is the wellbeing and safety of our employees and clients. We have acted decisively to support our people, clients and communities throughout this time to ensure that we deliver to our clients the excellence of service that they expect and value.

Over the following pages, you will find more detail on the group'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 2021 Annual Report and the financial statements, will provide you with an overview of how the group is managed and how stakeholders' interests are protected.



David M Lawrence
Chairman, board of directors

CORPORATE GOVERNANCE REPORT

Governance framework
Investec Bank (Mauritius) Limited 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 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 of Mauritius (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 are 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 approved board charter is reviewed by the board on an annual basis and a copy 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). The bank not only subscribes to the MBA's Code of Ethics, it also embraces it.

The bank operates in a regulated environment and as such there are continuing obligations to conduct itself with integrity. The legislation which 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 posted on the bank's website.

- The Constitution;
- 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 of the daily activities 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 of the parent company's board (one non-executive director and one independent non-executive director). Three directors are resident in Mauritius and the other two directors reside in South Africa. The board is made up of twenty percent of female directors.

Craig C McKenzie, the former chief executive officer, and director retired on 31 December 2020 after 20 years of valuable contribution to the bank, the board and board committees. Grant M Parsons, the new chief executive officer, and director was appointed effective from 01 January 2021.

The board ensures 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 effectively and efficiently.

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 management, in the interest of the bank in the course of performing his/her duties, is the likely yardstick to measure independence irrespective of the number of years he/she has been a director.

The board is also of the opinion that given the size and scale of operation of the bank, the appointment of a second executive director is not warranted. The chief operating officer, a member of the executive management of the bank, is a permanent invitee to the board and board committees 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 efficiently discharge its duties and promote the highest level of corporate governance:

Investec Bank (Mauritius) Limited – board of directors							
Board sub-committee	Audit committee	Nomination and remuneration committee	Corporate governance committee	Conduct review committee	Investment committee	Risk management committee	Large exposure committee

1. **Board Sub-committee**
   This committee comprises three members; two non-executive directors and the chief executive officer.

   The committee meets as and when required to take decisions as per its specific mandate conferred by the board as required in between board meetings.

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

2. **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 company'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 head of lending, the group head of internal audit, the group compliance officer and the external auditors are permanent invitees to the audit committee meeting.

   The board has considered the independence of all three members of the audit committee, their exercise of independent thought and judgement and has concluded that they perform their function in an independent and robust manner.

   The board, through the 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 or any issue which requires board attention and/or consideration.

   This Committee examines and reviews all the findings of external and internal audits conducted by the duly appointed external auditors and the group internal auditors respectively. The Committee ensures that all the findings raised by the Internal and External auditors are duly attended to within a reasonable period of time.

   The bank's internal audit function is outsourced to the centralised Investec group's internal audit which performs this function for the Investec group and all its subsidiaries.

   The Committee also reviews and oversees that all the findings raised by the regulators in their respective management letters are duly attended to within the agreed time frames.

   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 misstatement in the financial statements, including critical accounting policies;

CORPORATE GOVERNANCE REPORT
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- significant accounting judgements and estimates and appropriateness of financial statement disclosures;
- changes in audit scope;
- whether the external auditor considers the judgements and 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 six times during the financial year.

Audit Committee report
I am pleased to present you with the Audit Committee (the Committee) report for the financial year ended 31 March 2021. The Committee continued to ensure that it exercised independent oversight and scrutiny of audit matters of the bank and its subsidiary.

The Committee reports to the Board as well as the Investec Bank Limited Audit Committee. The main objectives of the Committee are to have oversight of and to give assurance to the board on financial reporting, internal controls, financial management systems, compliance, conduct and the control environment in respect of the bank and its subsidiary.

Over the following pages, I will share with you key information about the role and areas of focus of the Committee. In addition to outlining the Committee's structure, we have included some insight into how decisions are made and where judgement has been applied to the significant issues addressed by the Committee during the financial year.

The Committee complied with all legal and regulatory requirements as needed under the Mauritian legislation and fulfilled its duties and responsibilities during the last financial year in accordance with its terms of reference, the Companies Act 2001, the Bank of Mauritius Guideline on Corporate Governance, the Code, the King IV Report on Governance for South Africa 2016 (King IV) and the JSE Listings Requirements, where applicable.

Roles and responsibilities
The Committee is an essential part of the bank's governance framework to which the board has delegated the following key functions:

- oversight of the bank's financial reporting process and risks, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- appointing, managing and overseeing the relationship with the bank's external auditors, including quality control, the effectiveness and independence of the external audit function
- reviewing the bank's internal controls and assurance processes
- managed and oversaw the performance, conduct, quality and effectiveness of the bank's internal audit function
- determining the fees to be paid to external auditors
- managing the level and nature of any non-audit service provided by the external auditors
- dealing with any concerns from outside and inside Investec regarding the integrity of reporting and financial control.

At each Committee meeting, the chief executive officer, the chief operating officer, the head of finance, the head of risk and the head of compliance and other Manco members 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 Committee meeting, the chairperson of the Committee provides feedback to the bank's board of directors highlighting the matters which the Committee believes the board should be made aware of.

A written report of the chairperson of the Committee on the audit matters relating to the bank is also provided to the parent company Audit Committee following each Audit Committee meeting.

The chairperson of the 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 of the Committee 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 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 Committee is satisfied that it carried out its functions as required and in an appropriate and satisfactory manner.

Key areas of focus in FY 2021
- Considered the accounting and operational impact of COVID-19 and mitigating steps taken, including going concern, liquidity and viability
- Oversaw impact, governance and disclosure as it relates to IFRS 9. A specific focus was placed on the impact that COVID-19 had on the application of IFRS 9
- Monitored audit quality and audit partner accreditation looking at results of firm and engagement partner

regulator reviews and/or internal quality control reviews
- Monitored close out of internal and external audit findings
- Considered and approved changes to the IFRS 9 scenarios and probabilities for 2021, in particular the impact of COVID-19
- Ensured compliance with the guidance issued by regulators pertaining to COVID-19

Areas covered by the Audit Committee

The significant matters addressed by the Committee during the financial year ended 31 March 2021, and in evaluating the annual report and financial statements, are described on the following pages.

Key audit matters

Key audit matters, are those matters in the view of the Committee that:

- required significant focus from the Committee;
- were considered to be significant or material in nature requiring exercise of judgement; or
- matters which were otherwise considered to be subjective from an accounting or auditing perspective.

The following key audit matters were deliberated by the Committee during the year:

Key Audit Matters	What the Audit Committee did
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	• 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 – the steps taken by the Committee to consider these are specifically addressed below
Compliance with COVID-19 guidance provided by regulators and standard setters. • As part of the response to the COVID-19 global crisis, banking regulators issued guidance and revised regulations regarding the application of accounting principles, liquidity and capital management and treatment of credit	• received and reviewed reports/memorandum prepared by IBM management summarising how management complied with these guidances • through the review of the ECL process, confirmed the application of the guidance on the accounting principles to be applied
Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement disclosure • For level 3 instruments, there is necessarily a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental	• received a presentation on the analysis of the key judgements and assumptions applied and approved the valuation adjustments proposed by management for the year ended 31 March 2021 • challenged and debated the subjective exposure and assumptions including – the valuation principles applied with the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 on these valuation principles – fair value of exposures in industries highly affected by COVID-19 – the appropriateness of the IFRS 13 disclosures on fair value

CORPORATE GOVERNANCE REPORT
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Key Audit Matters	What the Audit Committee did
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	• 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 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 • 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 the bank to continue as a going concern
Expected credit loss (ECL) assessment for the bank • The appropriateness of the allowance for expected credit losses is highly subjective and judgemental. The impact of COVID-19 has resulted in additional key judgments and assumptions being made during the current year	• reviewed the appropriateness of the forward looking macro-economic scenarios used in the measurement of ECL. The Committee further evaluated the appropriateness of the management ECL overlay to capture the impact of the national lockdown and the closure of borders on the asset finance and property exposures. • reviewed and monitored the bank's calculation of expected credit losses, and staging of exposures. • challenged the level of ECL and the assumptions used to calculate the ECL provisions held by the bank • assessed ECL experienced against forecast and considered whether ECL were appropriate. Particular focus was given to COVID-19 restructured positions (payment holidays) and sectors highly impacted by COVID-19 and exposures which are specifically affected by the negative current macro-economic environment • evaluated the IFRS 9 disclosures for relevance and compliance with IFRS
External audit, audit quality and audit independence	• managed the relationship with the external auditors • assessed the independence and objectivity of the external auditors • met with key members of KPMG Mauritius prior to Audit Committees, to discuss the audit plan, to discuss key areas of focus, findings, scope and conclusions • considered and discussed auditor accreditation, independence, firm quality control, results of internal and external inspections and audit quality • discussed external audit feedback on the accounting estimates and judgements • the committee approved the external audit plan, audit fee and the main areas of focus • had a closed session with the auditors without management • The audit committee confirms its satisfaction with the performance and quality of external audit, the external auditors and the lead partner.

Other matters considered by the Committee

Apart from financial reporting matters, the Committee has responsibility for oversight of the effectiveness of the bank's internal controls, the appointment, performance and effectiveness of internal audit, and the performance, objectivity and independence of the external auditors. The Committee considered the following matters during the financial year ended 31 March 2021:

Area of focus	What the Audit Committee did
IFRS	• reviewed the impact of any new standard and the relevant disclosures • The bank's annual report 2020 was subject to a JSE pro-active monitoring review. No major issue was raised and the outcome of the review confirmed compliance with IFRS and the regulatory disclosure requirements
Regulatory Compliance and Reporting	• received regular reports from the regulatory compliance function and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings by the external auditors and regulators
Post Balance Sheet disclosures	• considered the need for post-balance sheet disclosures with specific consideration of the impact of COVID-19. There were no post balance sheet events which needed to be disclosed
Financial Statements	• met with management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • conducted an in-depth, critical review of the annual financial statements and, where necessary, requested amendments to disclosure • assessed disclosure controls and procedures including compliance with IFRS, the JSE Listings Requirements, Pro-Active Monitoring Guidance, King IV, BOM guidelines and the Code. • confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • received a written assessment from internal audit on internal controls • obtained input and assurance from the external auditors • the Committee concluded that the processes underlying the preparation of the annual report and the financial statements for the financial year ended 31 March 2021 were appropriate in ensuring that those statements were fairly presented • the Committee recommended to the board that the 2021 annual report and the financial statements were fairly presented
Combined Assurance Model	• satisfied itself with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of risk management, legal and regulatory compliance. Satisfied itself with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks

CORPORATE GOVERNANCE REPORT
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Area of focus	What the Audit Committee did
Internal Controls • The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans	• evaluated reports on the internal control environment from the internal and external auditors • evaluated and tracked the status of the material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames • received regular reports and based on these reports, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • received updates from management, and scrutinised action plans following internal audit findings • the committee requested confirmation from management regarding the remediation of any issues identified including the time frames and accountability of remediation
Internal Audit • The performance of internal audit and delivery of the internal audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the internal audit plan	• scrutinised and reviewed internal audit plans, risk assessment, methodology, staffing and approved the annual plan. Monitored and followed up internal audit control findings, including IT, and ensured appropriate mitigation and timeous close out • approved the risk assessment and rotational audit plan • approved the internal audit plans, methodology and deliverables • received regular reports from internal audit on all significant issues identified • monitored audit quality in relation to internal audit • monitored delivery of the agreed audit plans, including assessing internal audit resources • tracked, in parallel, the levels of high and moderate risk findings; and monitored related remediation plans • met with the head of internal audit prior to each Audit Committee meeting, without management being present, to discuss the remit of internal audit and any issues arising from the internal audits conducted • had a closed session of the audit committee with internal audit without management present • confirmed satisfaction with the performance of the internal audit function • received an opinion from internal audit on internal controls and the integrated risk management framework as part of the year-end sign-off process • ensured that internal audit has a robust quality assurance program to ensure audit quality is maintained at the highest level
Finance Function	• discussed and concluded that the head of finance has the appropriate expertise and experience and the finance function has sufficient resources and skills to perform the financial reporting for the bank

External audit

Auditor appointment, independence and objectivity

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

The 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 and audit quality 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 is one more year left in the five year cycle during which the Committee will consider the process for rotation of the current external auditor.

In terms of the amended JSE Listings Requirements, external audit and audit partner accreditation, which was previously done by the Independent Regulatory Board for Auditors (IRBA), is henceforth the responsibility of the 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 Committee to assess the suitability of the firm and the individual audit partner for appointment.

The Committee assessed the suitability of the firm and its individual audit partners for re-appointment after reviewing the required documentation that the auditor provided to the Committee in order to facilitate a robust assessment of the suitability of the firm and individual audit partner for re-appointment.

Working with the external auditor

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

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

Non-audit services

The bank may engage the firm responsible for its audit to provide any non-audit service. This may be done with the prior approval of the 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 services other than the audit of the bank provided by the external auditor.

Key areas of focus in FY 2022

- Continue to consider the impact of COVID-19 and mitigating steps taken in this regard, including impacts on operational resilience, liquidity and going concern
- Monitor external audit quality and independence
- Continue to focus on the judgements, oversight, governance, and disclosure of the implications of IFRS 9, in particular Expected Credit Losses (ECL) given COVID-19
- Oversee the management of IT Risk and cyber-security
- Focus on ensuring that IBM's financial systems, processes and controls are operating effectively and evolve with the changes in the industry
- Consider the implication of changes in accounting standards and regulatory requirements and how management intend to implement such changes
- Oversee regulatory compliance and the compliance programme

Zarina BM Bassa
Chairperson audit committee

CORPORATE GOVERNANCE REPORT
CONTINUED

3. **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 NARC reviews the salaries and bonuses of senior employees and senior management based on key performance indicators.

The NARC 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;
- 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 succession; and
- review succession for key leadership positions.

The committee met twice during the financial year.

4. **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 requirements 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 Guidelines.

The committee met once during the financial year.

5. **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 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.

6. **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 to purchase or sale decisions. The credit committee reviews all new investment proposals and makes its recommendation to the investment committee. The investment committee reviews all new investment proposals and makes its determination known to the Investec Bank Limited investment committee. All investment proposals require the sanction of the Investec Bank Limited investment committee.

The committee met four times during the financial year.

7. **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.

8. Large exposure Committee
   The main objectives of the Committee are to consider and approve all investments in or grant of loans or advances or other credit to any single counterparty or to a group of connected counterparties, to an aggregate amount exceeding 7.5% of Tier 1 regulatory capital of the previous reporting month, or such other concentration risk threshold as may be specified in the risk tolerance/ appetite policy in pursuit of the Bank's strategy.

   The committee met three times during the financial year and also considered and approved two resolutions via round robin.

Board and board committees' attendance
The board met five 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 thirty four written resolutions which were considered and adopted via round-robin 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	Large Exposure Committee****
David M Lawrence	5/5			2/2	4/4	1/1	4/4	4/4	3/3
Craig C McKenzie*	4/4						2/2	3/4	2/2
Pierre de Chasteigner du Mée	5/5	6/6		2/2	4/4		4/4	4/4	3/3
Grant M Parsons**	1/1						2/2	2/2	1/1
Zarina Bibi Mahomed Bassa	5/5	6/6		2/2		1/1		4/4	3/3
Ramdeo (Dev) Erriah	5/5	6/6			4/4	1/1		4/4	

* Resigned on 31 December 2020
** Appointed on 01 January 2021
*** All the resolutions taken by the committee were via emails/round-robin
**** Terms of reference approved by the board on 18 August 2020

Principle 3: Director Appointment procedures

Director appointments 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/her 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 the 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; assess 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 the shareholder; or
  - Shall propose the election of the potential candidate(s) by way of an ordinary resolution(s) in a special meeting of the 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 other than the chief executive officer 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: 70

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. He brings to the board a valuable combination of knowledge and experience.

Other principal appointments

Other directorships include Investec Bank Limited and a number of outside companies.

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, risk management committee and large exposure committee (chairperson) of the bank.

Date of appointment

03 October 1997

Pierre de Chasteigner du Mée

Non-executive director

Age: 68

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 member of the 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, risk management committee (chairman) and large exposure committee of the bank.

Date of appointment

4 June 1999

Zarina BM Bassa

Non-executive director

Age: 57

Qualifications: BAcc, DipAcc, CA(SA)

Relevant skills and experience

Zarina's previous appointments include partner of Ernst & Young, executive director of Absa Bank, head of the Private Bank, chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board,the accounting Standards Board and non-executive director of the Financial Services Board, the South African Institute of Chartered Accountants, Vodacom South Africa Proprietary Limited. This background affords significant audit and risk experience in financial leadership, and regulatory reporting skills.

Other principal appointments

Zarina is a director of Oceana Group Limited, YeboYethu Limited, Woolworths Holdings Limited and the JSE. She serves on various Investec entities including Investec Bank Limited, Investec Limited, Investec plc, Investec Bank plc and Investec Life Limited.

Committees

Zarina is the chairperson of the audit committee and a member of the nomination and remuneration committee, corporate governance committee and large exposure committee of the bank.

Date of appointment

21 February 2019

DIRECTOR BIOGRAPHIES
CONTINUED

Ramdeo (Dev) Erriah
Independent non-executive director

Age: 62

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 22 years.

Other principal appointments
Dev is a director of Tropical Ocean Corporate & Secretarial Services Ltd, SavSam Property Holding Ltd 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

Grant M Parsons
Executive director

Age: 51

Qualifications: Diploma in Accounting, BCom, CA (SA)

Relevant skills and experience
Grant has 26 years' experience in the financial services industry, 23 of which have been in banking. He has been in a client coverage role for 13 of these years having also spent time in leverage finance, private equity and as the finance director of BoE Life Assurance. Grant joined Investec Bank Limited in November 2013 having worked at Standard Bank for 10 years before that. Prior to joining Investec Bank Mauritius, Grant headed up the corporate coverage team within Investec's Corporate & Institutional Banking ("ICIB") division. He grew up and qualified as a chartered accountant in KwaZulu Natal, South Africa and completed his articles at Deloitte & Touche.

Other principal appointments
Grant is a director of Investec Wealth & Investment (Mauritius) Limited, Mauritius Bankers Association Ltd and Dolphin Coast Marina Estate Ltd.

Committees
Grant is a member of the board sub-committee, investment committee (chairman), risk management committee and large exposure committee of the bank.

Date of appointment
01 January 2021

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 and 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; 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 evaluations 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 financial, statutory, 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 that is of interest in fulfilment of their duties as directors.

During the period under review, 6 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$2,180,735 for the year under review (2020: US$919,657).

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.

CORPORATE GOVERNANCE REPORT
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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 NARC.

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 options 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 that could be initiated against its directors and officers.

Related Party Transactions Policy
Refer to the section on related party transactions, policies and practices on page 19 and note 39 of the annual report.

Conflicts 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 conflicts of interest policy to adequately manage and mitigate conflicts 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.

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:

Grant M Parsons – chief executive officer
Grant has 26 years' experience in the financial services industry, 23 of which have been in banking. He has been in a client coverage role for 13 of these years having also spent time in leverage finance, private equity and as the finance director of BoE Life Assurance. Grant joined Investec Bank Limited in November 2013 having worked at Standard Bank for 10 years before that. Prior to joining Investec Bank Mauritius, Grant headed up the corporate coverage team within Investec's Corporate & Institutional Banking ("ICIB") division. He grew up and qualified as a chartered accountant in KwaZulu Natal, South Africa and completed his articles at Deloitte & Touche.

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 technology 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 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 15 to 55 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 robust and 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 IBM audit committee and the Risk Management 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 all significant 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 recognises 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 Investec 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.

CORPORATE GOVERNANCE REPORT
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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 is 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 guidance 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 4 to 5 of the Annual report for our culture, values and philosophy.

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

Corporate Social Responsibility
Please refer to the Sustainability report on page 76.

Dividend Policy
The bank adopted a formal dividend policy during the financial year. Dividend payments are subject to approval from the Bank of Mauritius after having satisfied the solvency test required under section 61(2) of the Companies Act 2001 of Mauritius.

No dividend was paid during the financial year ended 31 March 2021. (2020: US$13.4 million; 2019: US$87.1 million).

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 76 of the Annual report for more details on donations.

No political donations were made.

No donations were made to any related parties.

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 (OHS)
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) established by the bank consists of representatives from operational risk, and the designated OHS officer. All OHS related matters are discussed through monthly operational risk meetings.

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 copies of the annual report are also available on request.

A comprehensive report on risk management is presented under section 2 – management discussion and analysis and is set on pages 15 to 55 of the annual report. The financial statements are set out on pages 89 to 183 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
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 is one more year left in the five year cycle.

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 (IA)

Internal audit is part of a groupwide function with a dedicated head for the bank's internal audit. The function is tasked with providing the board with an independent and objective opinion on 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 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.

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 the 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 (JSE).

Communication and stakeholder engagement

Building trust and credibility among stakeholders is vital for a successful 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

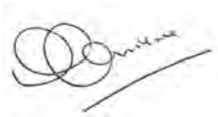
In accordance with section 221(4) of the Companies Act 2001, the sole shareholder of the bank has, by way of written resolution, agreed that the annual report of the bank does not need to comply with paragraphs (a) and (d) to (i) of section 221(1) of the Companies Act 2001.

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 hereby 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 of Mauritius.



David M Lawrence
Chairman, board of directors

Ramdeo (Dev) Erriah
Chairman, Corporate Governance Committee

24 June 2021

Sustainability

Investec Bank Mauritius (IBM) known as “The bank” believes in making a positive contribution to the society and the environment in which it operates. 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 profit 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.

Investec Bank Mauritius believes that education is key to empower disadvantaged communities, enabling individuals to make a better life for themselves. Our key project within the education sector in 2020 has been to offer a 3 year Investec Bursary Program in collaboration with Curtin Mauritius University to a well deserving candidate in the field of Banking and Finance.

In the environment sector IBM supports Ecole Pere Henri Souchon and Animaterra in their Vegetable Farming Project which teaches pupils basic crop cultivation skills in a sustainable manner using the principles of biological farming. The vocational school caters for pupils who are unable to continue in the mainstream governmental education system. This project is part of the school curriculum and provides pupils with skills that assist them in finding employment in the agricultural/ horticultural sector. During the Covid pandemic in 2020, Investec Bank Mauritius funded 2 vegetable gardens, which provided food to the local communities. The homeless were also sheltered and fed at the school.

Our support in the sports development sector includes the Tranquebar Black Rangers Volley Ball Club which IBM has been sponsoring for the past eleven years. The team played in numerous tournaments before Covid and are ranked overall 1st place at the national level. During lockdown in Mauritius, they have been focusing on online training via online platforms.

Investec has also sponsored the Tranquebar Dalton Football Club for the past six years. The team has reached the Super League Regional of the capital of Mauritius, Port Louis and won the international games of “Trophee de la Jeunesse”.

Lastly, IBM has funded the Tranquebar Boxing Club for the past 6 years, providing them with adequate training facilities. The team competes at National and International Level.

In terms of philanthropic donations, 2020 was focused on the welfare of animals with donations to the All Life Matters Animal Sanctuary. Covid has had a severe impact on both human but animals lives as well. Mauritius has for many years encountered problems relating to the number of strays on the streets but during Covid the number has drastically increased. Investec Bank Mauritius has partnered with several institutions to help sterilize dogs in Mauritius. A charity Art Auction, sponsored by Investec Mauritius, was held in November 2020, raising approx. MUR 1.2 million, the proceeds of which will be used for the sterilization of stray animals.

In addition, Investec has donated MUR 380,000 for the wellbeing of cancer patients by funding Link to Life’s new project Complete Decongestive Therapy for cancer patients suffering from Lymphoedema, treating more than 200 patients.

Environmental footprint
In terms of the bank’s environmental footprint, it measures its use of energy, paper and water. The bank continues to work towards reducing its overall energy and resource usage. Investec is environmentally friendly with a no plastic approach. Going forward, the bank will implement a “go-green” strategy by recycling its waste.

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 2021
Annual meeting of shareholders:	July 2021

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

KING IV

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.

Principle	Explanation and focus areas	Annual report reference
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 of Mauritius (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.	Chairman report on page 56 to 57 Corporate Governance report pages 58 to 75 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 structure. 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.	Corporate Governance report pages 58 to 75 The code of ethics 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.	Sustainability report on page 76

Principle	Explanation and focus areas	Annual report reference
Strategy, Performance and Reporting		
Principle 4 – The governing body should appreciate that the organisation's 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 objectives 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 42 to 44) and capital management (pages 50 to 55) 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.	Corporate Governance report pages 58 to 75 Details on the number of meetings and attendance at the board and board committee meetings held during the financial year are shown on page 67 of the annual report. The governance framework is published on the website
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. The board is made up of twenty percent of female directors. 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.	Corporate Governance report pages 58 to 75 Details on the nomination and appointment process of directors and the board approved mandate of the nomination and remuneration committee are provided on page 66 of the annual report. Brief biography of each director is also published on the website

KING IV
CONTINUED

Principle	Explanation and focus areas	Annual report reference
Governing Structures and Delegation *continued*		
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.	Corporate Governance report pages 58 to 75 Details on the structure of the board and its subcommittees are provided on pages 58 to 67 and on page 183 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.	Corporate Governance report page 71
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	Explanation and focus areas	Annual report reference
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.	Corporate Governance report pages 58 to 75 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 the 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.	Corporate Governance report pages 58 to 75 Refer to page 72 of the annual report for more detail on human resources and remuneration policy.

KING IV
CONTINUED

Principle	Explanation and focus areas	Annual report reference
Governance Functional Areas *continued*		
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.	Corporate Governance report pages 58 to 75 Refer to pages 74 to 75 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.	Corporate Governance report pages 58 to 75 Refer to page 75 for more details on relations with shareholders and other key stakeholders.

03

Annual financial statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 as issued by 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. 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

Grant M Parsons
Chief executive officer

24 June 2021

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

24 June 2021

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF INVESTEC BANK (MAURITIUS) LIMITED

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 2021, 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 89 to 183, 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 2021, 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 the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 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 (charge)/reversal
Note 24	Loans and advances to customers

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF INVESTEC BANK (MAURITIUS) LIMITED
CONTINUED

Key audit matter	How the matter was addressed in our audit
The Group and the Bank's gross loans and advances to customers amount to US$ 884m as at 31 March 2021 and expected credit loss on loans and advances to customers for the year amount to US$ 7.8m at 31 March 2021. Management exercised significant judgement, using assumptions and complex models, when determining 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 most significant judgements relate to defining what is considered to be a significant increase in credit risk (SICR); 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 impact of COVID-19 has resulted in additional key judgements and assumptions being made by management during the current year. Allowances for expected credit losses on loans and advances to customers (exposures) are determined on a portfolio basis (portfolio impairment) or at an individual financial instrument level (specific impairment). The Group and Bank follows a three-stage approach and apply staging methodologies to the recognition of credit impairments. 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 ("overlays") are subject to further judgement and assumptions, which are made as a result of the impact of COVID-19. 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 process followed by the Group and the Bank in respect of credit risk management. • We tested the design and operating effectiveness of controls over credit origination, credit monitoring and credit remediation. • We have reviewed the adequacy and accuracy of disclosures in accordance with IFRS 9 including disclosures of key assumptions, judgements and sensitivities relating to the expected credit loss on loans and advances to customers and their classification and measurement. • We assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9. **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: • We critically assessed the 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. • Assessed the Group and 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 borrower's liquidity or more significantly on the credit risk over the expected life of the loans and advances to customers. • We re-performed model calculations to evaluate the risk parameter inputs used by management. • We performed sensitivity analyses on the forecasts and assessed the impact on the ECL and compared it to management's ECL estimate. • We challenged the parameters and significant assumptions applied in the calculation models by benchmarking these against external data. • We performed an independent ECL estimate based on the input parameters using a challenger model and compared the ECL output to the Group and Bank 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 have been 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** Our procedures included the reperformance of management's overlays calculation and assessment of the reasonableness of management assumptions against independent sources. We also performed sensitivity analyses on related portfolios.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF INVESTEC BANK (MAURITIUS) LIMITED CONTINUED

Other information

The directors are responsible for the other information. The other information comprises of overview of the Investec group, overview of Investec's and Investec Bank (Mauritius) Limited's organisational structure, overview of the activities of Investec Bank (Mauritius) Limited, our operating environment, financial review, risk management, chairman's report, corporate governance report and King IV, but does not include the consolidated and separate financial statements and our auditors' report thereon and the specified disclosures within the risk management section that are marked as audited.

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 consolidated and separate 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 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 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 scepticism 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 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 and 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 consolidated and separate 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF INVESTEC BANK (MAURITIUS) LIMITED
CONTINUED

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.

Use of our Report

This report is made solely to the Bank's shareholder as a body, 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 as a body, 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 as a body, 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 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 Bank has 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

24 June 2021

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the year to 31 March US$'000	Notes	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Interest income	3	47 243	74 991	73 546	47 245	74 995	73 549
Interest income calculated using effective interest rate		39 017	61 774	63 155	39 019	61 778	63 158
Other interest income		8 226	13 217	10 391	8 226	13 217	10 391
Interest expense	3	(16 435)	(32 567)	(30 773)	(16 435)	(32 587)	(30 784)
Net interest income		**30 808**	**42 424**	**42 773**	**30 810**	**42 408**	**42 765**
Fee income	4	7 186	9 118	7 476	6 259	8 207	6 678
Fee expense	4	(1 122)	(1 433)	(2 157)	(1 122)	(1 431)	(2 143)
Net fee income		**6 064**	**7 685**	**5 319**	**5 137**	**6 776**	**4 535**
Investment income/(loss)	5	6	1 215	(1 407)	6	1 215	(1 407)
Net trading income/(loss)	6	496	(303)	(278)	481	(287)	(274)
Other operating loss		(286)	–	–	(286)	–	–
Total operating income before impairment		**37 088**	**51 021**	**46 407**	**36 148**	**50 112**	**45 619**
Expected credit loss impairment (charge)/reversal	7	(1 671)	(457)	2 219	(1 671)	(457)	2 219
Operating income		**35 417**	**50 564**	**48 626**	**34 477**	**49 655**	**47 838**
Operating costs	8	(12 230)	(12 924)	(13 307)	(11 891)	(12 628)	(13 028)
Operating profit		**23 187**	**37 640**	**35 319**	**22 586**	**37 027**	**34 810**
Share of (loss)/profit in associate	25	(482)	(1 544)	144	(482)	(1 544)	144
Profit before taxation		**22 705**	**36 096**	**35 463**	**22 104**	**35 483**	**34 954**
Taxation	10	(1 349)	(2 219)	(1 895)	(1 330)	(2 198)	(1 807)
Profit after taxation		**21 356**	**33 877**	**33 568**	**20 774**	**33 285**	**33 147**
Analysed as follows:							
Transfer to/(from) regulatory general risk reserve		938	(5 304)	9 869	938	(5 304)	9 869
Transfer to retained income		20 418	39 181	23 699	19 836	38 589	23 278
Profit attributable to equity holder of the bank		**21 356**	**33 877**	**33 568**	**20 774**	**33 285**	**33 147**

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year to 31 March US$'000	Notes	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Profit after taxation		21 356	33 877	33 568	20 774	33 285	33 147
Other comprehensive income net of tax:							
Items that may be reclassified to the income statement							
Fair value movements on debt instruments at FVOCI assets taken directly to other comprehensive income	20	4 550	(3 978)	37	4 550	(3 978)	37
Foreign currency adjustment on translating investment in associate	25	(244)	(235)	(107)	(244)	(235)	(107)
Other comprehensive income/(loss)		9	(10)	(27)	9	(10)	(27)
Items that will not be reclassified to income statement							
Employee benefit liability adjustments		130	(159)	–	135	(159)	–
Total comprehensive income		**4 445**	**(4 382)**	**(97)**	**4 450**	**(4 382)**	**(97)**
Total comprehensive income attributable to equity holder of the bank		**25 801**	**29 495**	**33 471**	**25 224**	**28 903**	**33 050**

CONSOLIDATED AND SEPARATE BALANCE SHEETS

At 31 March US$'000	Notes	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Assets							
Cash and balances at central bank	16	20 367	15 811	14 143	20 367	15 811	14 143
Due from banks	17	610 979	556 829	494 313	610 979	556 829	494 313
Reverse repurchase agreements	18	100 004	101 034	75 555	100 004	101 034	75 555
Sovereign debt securities	19	–	–	20 575	–	–	20 575
Bank debt securities	20	33 637	34 691	88 612	33 637	34 691	88 612
Other debt securities	21	19 960	22 583	24 978	19 960	22 583	24 978
Derivative financial instruments	22	1 604	735	17 061	1 604	735	17 061
Investment portfolio	23	2 663	2 402	5 445	2 663	2 402	5 445
Loans and advances to customers	24	883 832	892 566	1 034 269	883 832	892 566	1 034 269
Investment in associate	25	2 130	2 856	4 635	2 130	2 856	4 635
Deferred taxation asset	26	498	421	297	498	421	295
Current taxation asset	10	256	–	–	256	–	–
Other assets	27	19 684	4 101	4 300	19 525	3 978	4 128
Property, plant and equipment	28	962	1 191	354	958	1 190	353
Amount due from group companies	29	1 835	1 771	1 010	1 853	1 772	1 016
Investment in subsidiary	30	–	–	–	467	467	467
		1 698 411	**1 636 991**	**1 785 547**	**1 698 733**	**1 637 335**	**1 785 845**
Liabilities							
Derivative financial instruments	22	4 665	13 045	1 672	4 665	13 045	1 672
Repurchase agreements	18	–	–	76 963	–	–	76 963
Customer deposits	31	986 918	944 650	1 036 836	988 793	945 944	1 037 608
Debt securities in issue	32	262 027	256 932	252 866	262 027	256 932	252 866
Amount due to group companies	29	26 480	22 789	26 713	26 480	22 779	26 643
Current taxation liabilities	10	4	1 064	573	–	1 052	508
Other liabilities	33	8 300	14 295	21 836	8 154	14 193	21 731
		1 288 394	**1 252 775**	**1 417 459**	**1 290 119**	**1 253 945**	**1 417 991**
Equity							
Ordinary share capital	34	56 478	56 478	56 478	56 478	56 478	56 478
Other reserves		70 835	65 582	75 109	70 835	65 582	75 109
Retained income		282 704	262 156	236 501	281 301	261 330	236 267
		410 017	**384 216**	**368 088**	**408 614**	**383 390**	**367 854**
Total liabilities and equity		**1 698 411**	**1 636 991**	**1 785 547**	**1 698 733**	**1 637 335**	**1 785 845**

Signed on behalf of the board

David M Lawrence
Chairman

24 June 2021

Pierre de Chasteigner du Mée
Director

Grant M Parsons
Chief executive officer

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

US$'000	Ordinary share capital	Other reserves: Foreign currency reserves	Other reserves: Fair value reserve	Other reserves: Regulatory general risk reserve	Other reserves: Statutory reserve	Retained income	Total equity
Group							
At 1 April 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 investment in associate	–	(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 investment in associate	–	(235)	–	–	–	–	(235)
Other comprehensive income	–	–	–	(10)	–	–	(10)
Employee benefit 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**
Movement in reserves 1 April 2020 – 31 March 2021							
Profit after taxation	–	–	–	–	–	21 356	21 356
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	4 550	–	–	–	4 550
Foreign currency adjustments on translating investment in associate	–	(244)	–	–	–	–	(244)
Other comprehensive income	–	–	–	9	–	–	9
Employee benefit liability adjustment	–	–	–	–	–	130	130
Total comprehensive income	**–**	**(244)**	**4 550**	**9**	**–**	**21 486**	**25 801**
Transfer to regulatory general risk reserve	–	–	–	938	–	(938)	–
At 31 March 2021	**56 478**	**(705)**	**609**	**14 453**	**56 478**	**282 704**	**410 017**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
CONTINUED

		Other reserves					
US$'000	Ordinary share capital	Foreign currency reserves	Fair value reserve	Regulatory general risk reserve	Statutory reserve	Retained income	**Total equity**
Bank							
At 1 April 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 investment in associate	–	(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 investment in associate	–	(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**
Movement in reserves 1 April 2020 – 31 March 2021							
Profit after taxation	–	–	–	–	–	20 774	20 774
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	4 550	–	–	–	4 550
Foreign currency adjustments on translating investment in associate	–	(244)	–	–	–	–	(244)
Other comprehensive income	–	–	–	9	–	–	9
Employee liability adjustment	–	–	–	–	–	135	135
Total comprehensive income	**–**	**(244)**	**4 550**	**9**	**–**	**20 909**	**25 224**
Transfer to regulatory general risk reserve	–	–	–	938	–	(938)	–
At 31 March 2021	**56 478**	**(705)**	**609**	**14 453**	**56 478**	**281 301**	**408 614**

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

For the year ended 31 March US$'000	Notes	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Cash flows from operating activities							
Profit before taxation adjusted for non-cash items	35	39 251	27 817	26 535	38 649	27 204	26 026
Taxation paid		(2 742)	(1 857)	(2 201)	(2 715)	(1 784)	(2 176)
(Increase)/decrease in operating assets	35	(23 687)	130 710	(70 938)	(23 670)	130 665	(70 840)
Increase/(decrease) in operating liabilities	35	31 987	(93 319)	150 698	32 541	(92 734)	151 084
Net cash inflow from operating activities		**44 809**	**63 351**	**104 094**	**44 805**	**63 351**	**104 094**
Cash flows from investing activities							
Purchase of bank debt securities and investment portfolio		(260)	(35 150)	(22 520)	(260)	(35 150)	(22 520)
Proceeds from disposal of sovereign and bank debt securities		7 560	112 727	55 257	7 560	112 727	55 257
Acquisition of equipment		(160)	(57)	(65)	(156)	(57)	(65)
Net cash inflow from investing activities		**7 140**	**77 520**	**32 672**	**7 144**	**77 520**	**32 672**
Cash flows from financing activities							
Dividends paid to ordinary shareholders		–	(13 367)	(87 100)	–	(13 367)	(87 100)
Reverse repurchase agreement		–	(25 000)	–	–	(25 000)	–
Repurchase agreement		–	(76 129)	(18 400)	–	(76 129)	(18 400)
Debt securities issued		–	8 397	–	–	8 397	–
Payment of lease liabilities		(241)	(355)	–	(241)	(355)	–
Net cash outflow from financing activities		**(241)**	**(106 454)**	**(105 500)**	**(241)**	**(106 454)**	**(105 500)**
Effects of exchange rates on cash and cash equivalents		**(7 192)**	**1 964**	**4 138**	**(7 192)**	**1 964**	**4 138**
Net increase in cash and cash equivalents		**44 516**	**36 381**	**35 404**	**44 516**	**36 381**	**35 404**
Cash and cash equivalents at the beginning of the year		539 030	502 649	467 245	539 030	502 649	467 245
Cash and cash equivalents at the end of the year		**583 546**	**539 030**	**502 649**	**583 546**	**539 030**	**502 649**
Cash and cash equivalents is defined as including:							
Cash on hand	16	5	4	5	5	4	5
Cash and balances at central banks-unrestricted	16	7 631	9 894	8 320	7 631	9 894	8 320
Due from banks (excluding loans and advances to banks	17	575 844	529 064	494 313	575 844	529 064	494 313
Expected credit loss on cash and cash equivalents	17	66	68	11	66	68	11
Cash and cash equivalents at the end of the year		**583 546**	**539 030**	**502 649**	**583 546**	**539 030**	**502 649**

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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 2021 were authorised for issue in accordance with a resolution of the directors on 24 June 2021.

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, and assess the impact on the annual financial statements. The assumptions can specifically be viewed on pages 11, 23, 61 and 62. Additional information regarding the impact and the assumptions 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 15 to 55 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 is 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

Up to the date of issue of these audited financial statements, the IASB has issued a number of amendments, new standards and interpretations which are effective for the year ended 31 March 2021 and which have been adopted in these audited financial statements.

Standard/Interpretation	
Conceptual framework amendments	Amendments to References to Conceptual Framework in IFRS Standards
Amendments to IAS 1 & 8	Amendments to definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Amendments to Interest Rate Benchmark Reform

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were

2. Accounting policies (continued)

not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in the IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

These amendments had no material impact on the financial statements of the Bank.

Amendments to definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no material impact on the financial statements of the Bank.

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

Confirm that a business must include inputs and a process and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.

Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

These amendments had no material impact on the financial statements of the Bank.

Amendments to Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The table below provides a summary of the expected impact of the IBOR reform:

Pre-2022 dated instruments

	GBP IBOR – Number of trades No.	GB IBOR – Notional value US$'m	Other IBOR – Number of trades No.	Other IBOR – Notional value US$'m
Derivatives	1	226	20	216
Bank debt securities	–	–	–	–
Other debt securities	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	3	100
Loans and advances to banks	–	–	2	35
Loans and advances to customers	24	103	76	332
of which are undrawn	4	12	12	67
Customer accounts (deposits)	427	86	2 451	875

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

Post-2022 dated instruments

	GBP IBOR – Number of trades No.	GB IBOR – Notional value US$'m	Other IBOR – Number of trades No.	Other IBOR – Notional value US$'m
Derivatives	–	–	21	105
Bank debt securities	–	–	17	33
Other debt securities	–	–	1	20
Loans and advances to customers	119	286	98	375
of which are undrawn	7	80	13	37
Customer accounts (deposits)	6	2	43	27

In March 2021, the ICE Benchmark Administration (the administrator of LIBOR), in conjunction with the UK's Financial Conduct Authority (FCA) announced that it will stop publishing the following LIBOR settings based on submissions from panel banks, after 31 December 2021: all GBP, EUR, CHF and JPY LIBOR settings and the one-week and two-month US$ LIBOR settings. All remaining US$ LIBOR settings (i.e., the overnight and the one-, three-, six- and 12-month settings) will cease to be published based on panel bank submissions after 30 June 2023.

These amendments had no material impact on the financial statements of the Bank.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2020.

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 2021. 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

2. Accounting policies (continued)

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; and
- 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, under other operating 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 acquisition 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

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

- 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.

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

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.

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

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.

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 or FVOCI 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 or FVOCI are presented net of allowances except where the asset has been wholly or partially written off.

The change in loss allowance for debt instruments measured at FVOCI is recognised in profit or loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in balance sheet.

2. Accounting policies (continued)

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'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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; and
- Enforcement activities undertaken by the bank have not been successful or have a high probability of not being successful.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 amount of income recognised in accordance with IFRS 15 and the best estimate of the ECL calculated for the financial guarantee. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Operating leases, rental agreements and right of use assets

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 earlier of the end of the useful life of the right-of-use asset or 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.

2. Accounting policies (continued)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

Interest income is recognised in the income statement using the effective interest 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 associate. Subsequent to initial recognition, the group and banks share of profit and OCI in the associate 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 in profit or loss under other operating loss.

Property, plant and equipment

Property, plant and 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 property, plant and 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 property, plant and 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.

2. Accounting policies (continued)

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 9.

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 plc 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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.

As from the year ended 31 March 2019, the levy is based on the aggregate of the net interest income and 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

2. Accounting policies (continued)

Ordinary shares (continued)

- 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:

Standard/Interpretation		**Date issued by IASB**	**Effective date Periods beginning on or after**
IFRS 16 amendment	COVID-19-Related Rent Concessions	May 2020	1 June 2020
IAS 37 amendment	Onerous Contracts: Cost of Fulfilling a Contract	May 2020	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020)	May 2020	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	May 2020	1 January 2022
IFRS 3 amendment	Reference to the Conceptual Framework	May 2020	1 January 2022
IAS 1 amendment	Classification of liabilities as current or non-current	January 2020	1 January 2023
IFRS 10 and IAS 28 amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Deferred indefinitely by amendments made in December 2015

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9 and IFRS 16)

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1. D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

2. **Accounting policies** (continued)

Property, Plant and Equipment: Proceeds before Intended use (Amendments to IAS 16)

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Management anticipates that these IFRS and amendments will be adopted in the financial statements in the initial period when they become mandatorily effective. The bank is still assessing the impact of these new standards.

NOTES TO THE FINANCIAL STATEMENTS
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3. Net interest income

For the year ended 31 March US$'000	Notes	Group 2021 Balance sheet value	Group 2021 Interest income
Due from banks and bank debt securities*	1	764 988	1 332
Loans and advances to customers*	2	883 832	34 871
Other debt securities*		19 960	2 814
Interest income on derivative financial instruments	4	1 604	8 226
Total interest-earning assets/interest income		**1 670 384**	**47 243**

* Interest income is calculated by using the effective interest rate.

For the year to 31 March US$'000	Notes	Group 2021 Balance sheet value	Group 2021 Interest expense
Debt related securities	3	262 027	(4 344)
Customer deposits		986 918	(4 788)
Other interest-bearing liabilities	5	26 480	(956)
Interest expense on derivative financial instruments	4	4 665	(6 347)
Total interest-bearing liabilities/interest expense		**1 280 090**	**(16 435)**
Net interest income			**30 808**

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					
2020		2019		2021		2020		2019	
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
708 365	12 819	693 198	13 389	764 987	1 334	708 365	12 823	693 198	13 392
892 566	46 687	1 034 269	47 440	883 832	34 871	892 566	46 687	1 034 269	47 440
22 583	2 268	24 978	2 326	19 960	2 814	22 583	2 268	24 978	2 326
735	13 217	17 061	10 391	1 604	8 226	735	13 217	17 061	10 391
1 624 249	**74 991**	**1 769 506**	**73 546**	**1 670 383**	**47 245**	**1 624 249**	**74 995**	**1 769 506**	**73 549**

Group				Bank					
2020		2019		2021		2020		2019	
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
256 932	(8 293)	329 829	(10 341)	262 027	(4 344)	256 932	(8 293)	329 829	(10 341)
944 650	(17 359)	1 036 836	(15 668)	988 793	(4 788)	945 944	(17 359)	1 037 608	(15 668)
22 789	(1 712)	26 713	(1 846)	26 480	(956)	22 779	(1 732)	26 643	(1 857)
13 045	(5 203)	1 672	(2 918)	4 665	(6 347)	13 045	(5 203)	1 672	(2 918)
1 237 416	**(32 567)**	**1 395 050**	**(30 773)**	**1 281 965**	**(16 435)**	**1 238 700**	**(32 587)**	**1 395 752**	**(30 784)**
	42 424		**42 773**		**30 810**		**42 408**		**42 765**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4. Net fee income

For the year ended 31 March US$'000	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Fee income						
Credit related fees	3 751	5 821	4 433	3 751	5 821	4 433
Foreign exchange dealings	1 369	1 258	1 186	1 369	1 258	1 186
Client transactions and maintenance fees	1 139	1 128	1 059	1 139	1 128	1 059
Wealth management fees	927	911	798	–	–	–
	7 186	**9 118**	**7 476**	**6 259**	**8 207**	**6 678**
Fee expense						
Credit related fees paid	(1 122)	(1 431)	(2 143)	(1 122)	(1 431)	(2 143)
Other fees paid	–	(2)	(14)	–	–	–
	(1 122)	**(1 433)**	**(2 157)**	**(1 122)**	**(1 431)**	**(2 143)**
Net fee income	**6 064**	**7 685**	**5 319**	**5 137**	**6 776**	**4 535**

5. Investment income/(loss)

For the year ended 31 March US$'000	Group and Bank: Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories**	Total
2021				
Realised***	(40)	47	(1)	6
	(40)	**47**	**(1)**	**6**
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)**

* Included stay-in-option, matured in 2020.
** Included profit shares in 2019.
*** In year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the realised item.

6. Net trading income/(loss)

For the year ended 31 March US$'000	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Changes in fair value of derivative financial instruments	(57)	(15)	(495)	(57)	(15)	(494)
Net foreign exchange gain/(loss)	553	(288)	217	538	(272)	220
	496	**(303)**	**(278)**	**481**	**(287)**	**(274)**

Included in "changes in fair value of derivative financial instruments" are gains and losses from spot and forward contracts and other derivatives.

7. Expected credit loss impairment (charge)/reversal

For the year to 31 March US$'000	Group and Bank 2021	2020	2019
Expected credit loss impairment (charge)/reversal is recognised on the following assets:			
Loans and advances to customers	(1 435)	(383)	2 720
Other balance sheet assets	19	(85)	(197)
Off-balance sheet commitments and guarantees	(240)	11	(304)
	(1 656)	**(457)**	**2 219**
Bad debts written off	**(15)**	**–**	**–**
	(1 671)	**(457)**	**2 219**
Expected credit loss impairment (charge)/reversal comprises of:			
Stage 1	(1 320)	(448)	359
Stage 2	203	193	1 649
Stage 3	(539)	(202)	211
	(1 656)	(457)	2 219
Bad debts written off	(15)	–	–
	(1 671)	**(457)**	**2 219**

Reconciliation with income statement

US$'000	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2020	3 373	377	3 232	6 982
Transfer	–	–	323	323
Written off out of allowance	–	–	(398)	(398)
Expected credit loss	1 320	(203)	539	1 656
Balance at 31 March 2021	**4 693**	**174**	**3 696**	**8 563**
Balance at 1 April 2019	2 925	570	3 897	7 392
Transfer	–	–	12	12
Written off out of allowance	–	–	(879)	(879)
Expected credit loss	448	(193)	202	457
Balance at 31 March 2020	**3 373**	**377**	**3 232**	**6 982**
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	3 275	2219	4 806	10 309
Transfer	–	–	(458)	(458)
Written off out of allowance	–	–	(240)	(240)
Impairment reversal	(350)	(1 649)	(211)	(2 219)
Balance at 31 March 2019	**2 925**	**570**	**3 897**	**7 392**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Operating costs

For the year ended 31 March US$'000	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
Staff costs	6 565	6 856	6 455	6 293	6 615	6 230
– Salaries and wages (including directors' remuneration*)	5 760	5 868	5 392	5 533	5 659	5 192
– Training and other costs	86	140	140	86	140	140
– Share-based payments expense	577	710	785	534	681	762
– Pension fund contributions	142	138	138	140	135	136
Premises expenses**	221	206	571	219	204	569
Equipment expenses	2 961	3 164	3 530	2 961	3 164	3 529
Business expenses***	1 914	2 092	2 303	1 852	2 044	2 254
Marketing expenses	153	153	123	151	148	121
Depreciation on property, plant, and equipment	416	453	105	415	453	105
Special levy****	–	–	220	–	–	220
	12 230	**12 924**	**13 307**	**11 891**	**12 628**	**13 028**
Auditors' fees (included in business expenses)						
Fees payable to the Bank's auditors for the audit of the Bank accounts	200	191	190	195	186	180
Minimum operating lease payments recognised in operating costs* **	**–**	**–**	**373**	**–**	**–**	**373**

* Details of the directors' emoluments, pensions and their interests are disclosed in the corporate governance report on page 71.

** On adoption of IFRS 16 in 2020, the bank was 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. The depreciation of the right of use asset is reflected in note 28. For 2019 minimum operating lease payments were recognised in operating cost.

*** Business expenses mainly comprise of insurance costs, consulting and professional fees and subscriptions.

**** For the financial year ended 31 March 2021 a special levy was included in the taxation line on the income statement and in financial years ended 31 March 2020 and 2019 it was included in operating costs.

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.

When 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$142,092 (2020: US$137,528 and 2019: US$137,848) represents contributions payable to the pension fund by the group at rates specified in the rules of the fund.

The defined contribution made by the group in respect of key management personnel amounts to US$53,203 (2020: US$54,120 and 2019: US$56,826).

9. Share-based payments and other long term 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 scheme 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.

For the year ended 31 March US$'000	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
Equity-settled share-based payment expense charged to the income statement	**577**	710	785	**534**	681	762
Fair value of awards at grant date	**221**	584	760	**122**	534	696

For the year ended 31 March	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
Details of awards and shares outstanding during the year						
Outstanding at the beginning of the year	390 122	391 583	385 771	369 921	380 446	379 834
Relocation of employees during the year	28 024	2 016	–	28 024	2 016	–
Granted during the year	100 990	118 593	119 040	55 435	108 392	109 040
Exercised during the year^	(91 761)	(121 630)	(106 188)	(91 761)	(120 493)	(101 388)
Lapsed during the year	(30 989)	(440)	(7 040)	(16 337)	(440)	(7 040)
Outstanding at the end of the year	**396 386**	**390 122**	**391 583**	**345 282**	**369 921**	**380 446**
Vested and exercisable at the end of the year	**2 668**	**6 931**	**1 788**	**2 668**	**6 931**	**1 788**

^ The weighted average exercise price during the year was Rnil (2020 and 2019: Rnil).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Share-based payments and other long term employee benefits (continued)

For the year ended 31 March	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
The exercise price range and weighted average remaining contractual life for the options and shares granted during the year were as follows:						
Long-term incentive options and long-term shares with no strike price						
Exercise price range	Rnil	Rnil	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life	1.84 years	2.05 years	1.94 years	1.73 years	2.02 years	1.92 years
The fair value of shares granted was calculated at market price.						
For shares granted during the year, the inputs were as follows:						
– Share price at date of grant	R32.36	R88	R90.96 – R92.55	R32.36	R88	R90.96 – R92.55
– Exercise price	R nil	R nil	R nil	R nil	R nil	R nil
– Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a
– Option life	4.67 Years	4.75 Years	4.75 Years	4.67 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

In March 2020, 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. The initial liability of US$158 941 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 in the period in which they arise.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2021 was US$205,678 (2020: US$2,814 and 2019: nil).

9. Share-based payments and other long term employee benefits (continued)

For the year ended 31 March	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Details of awards outstanding during the year						
Outstanding at the beginning of the year	194 875	–	–	184 774	–	–
IAM Demerger – Ninety One Shares Awards Issued 16 March 2020	–	196 829	–	–	186 728	–
Re-location of employees during the year	9 377	1 354	–	9 377	1 354	–
Exercised during the year^	(45 523)	(3 308)	–	(45 523)	(3 308)	–
Lapsed during the year	(8 169)	–		(8 169)	–	
Outstanding at the end of the year	**150 560**	**194 875**	**–**	**140 459**	**184 774**	**–**
Exercisable at the end of the year	**1 528**	**3 269**	**–**	**1 528**	**3 269**	**–**

^ The weighted average exercise price during the year was Rnil (2020 and 2019: Rnil).

For the year ended 31 March	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
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	–	Rnil	Rnil	–
Weighted average remaining contractual life	1.43 years	2.05 years	–	1.41 years	2.02 years	–
The fair value of the liability was calculated using the Black-Scholes option pricing model						
For the liability calculated, the inputs into the model were as follows:						
– Share price at date of grant	R48.00	R30.55	–	R48.00	R30.55	–
– Exercise price	Nil	Nil	–	Nil	Nil	–
– Expected volatility	35%	57%	–	35%	57%	–
– Option life	0.10 – 3.16 years	0.14 – 4.19 years	–	0.10 – 3.16 years	0.14 – 4.19 years	–
– Expected dividend yields	0% – 4.03%	0% – 6.15%	–	0% – 4.03%	0% – 6.15%	–
– Risk-free rate	3.60% – 5.97%	5.73% – 7.71%	–	3.60% – 5.97%	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.

The liability has been calculated at 31 March 2021 by using the listed market price as at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS
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10. Taxation

For the year to 31 March US$'000	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Income tax asset/(liability)						
Current year	(1 438)	(2 334)	(7 496)	(1 417)	(2 307)	(7 406)
Tax credit	–	–	5 713	–	–	5 713
Tax paid under Advance Payment Scheme	1 690	1 270	1 210	1 673	1 255	1 185
Net income tax asset/(liability)	**252**	**(1 064)**	**(573)**	**256**	**(1 052)**	**(508)**
As disclosed on the face of the balance sheet						
Current tax assets	256	–	–	256	–	–
Current tax liabilities	(4)	(1 064)	(573)	–	(1 052)	(508)
	252	**(1 064)**	**(573)**	**256**	**(1 052)**	**(508)**
Income statement tax charge						
Taxation on income	**1 349**	**2 219**	**1 895**	**1 330**	**2 198**	**1 807**
– Current taxation	1 426	2 343	2 036	1 407	2 324	1 949
in respect of the current year	1 514	2 326	2 023	1 494	2 307	1 935
in respect of prior year adjustments	(87)	17	13	(87)	17	14
– Deferred taxation	(77)	(124)	(141)	(77)	(126)	(142)
Total taxation charge as per income statement	**1 349**	**2 219**	**1 895**	**1 330**	**2 198**	**1 807**
Tax rate reconciliation:						
Profit before taxation as per income statement	22 705	36 096	35 463	22 104	35 483	34 954
Total taxation charge as per income statement	1 349	2 219	1 895	1 330	2 198	1 807
Effective rate of taxation	6%	6%	5%	6%	6%	5%
At statutory income tax rate of 5% (2020: 5% and 2019: 15%)	1 135	1 805	5 320	1 105	1 774	5 243
Adjustment in respect of income tax of prior years	(87)	17	14	(87)	17	14
Special levy	77	–	–	77	–	–
Corporate social responsibility	17	9	–	17	6	–
Other deductible items*	(221)	(114)	(17)	(210)	(101)	(17)
Non-deductible expenses**	428	502	2 500	428	502	2 489
Foreign tax credit	–	–	(5 906)	–	–	(5 906)
Deferred taxation						
– Adjustment in respect of deferred taxation of prior years	–	–	(16)	–	–	(16)
Income tax expense reported in the income statement	**1 349**	**2 219**	**1 895**	**1 330**	**2 198**	**1 807**

* Other deductible items include bonus payments, foreign exchange differences, bad debts written off and rental payments.
** Non-deductible expenses include expected credit losses, interest on preference shares, share of loss in associate, operational loss and depreciation.

For the financial years ended 31 March 2021 and 31 March 2020, the corporate tax rate is 5% if the taxable profit that 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.

In 2019, the corporate tax rate of the bank was 15%. The bank benefited 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.

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 2021 special levy was included in taxation and in financial years ended 31 March 2020 and 2019 it was included in operating costs.

11. Dividends

For the year to 31 March US$'000	Group and Bank 2021	 2020	 2019
Ordinary dividend			
Declared and paid during the year	–	**13 367**	**87 100**
Equity dividends on ordinary shares	**–**	**13 367**	**87 100**

No dividend was declared and paid to the ordinary shareholder in respect of the financial year ended 31 March 2021 (2020: US$0.24 per share and 2019: US$1.5 per share).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12. Analysis of income and impairments by category of financial and non-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**
2021						
Net interest income/(expense)	1 879	–	(639)	29 568	–	30 808
Fee income	–	–	–	6 259	927	7 186
Fee expense	–	–	–	(1 122)	–	(1 122)
Investment (loss)/income	–	(40)	47	(1)	–	6
Net trading (loss)/income	(57)	–	–	553	–	496
Other operating loss	–	–	–	(286)	–	(286)
Total operating income/(loss) before impairment	**1 822**	**(40)**	**(592)**	**34 971**	**927**	**37 088**
Expected credit loss impairment reversal/(charge)	–	–	14	(1 685)	–	(1 671)
Operating income/(loss)	**1 822**	**(40)**	**(578)**	**33 286**	**927**	**35 417**
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	(15)	–	–	(288)	–	(303)
Total operating income before impairment	**7 997**	**1 215**	**2 017**	**38 883**	**909**	**51 021**
Expected credit loss impairment reversal/(charge)	–	–	129	(586)	–	(457)
Operating income	**7 997**	**1 215**	**2 146**	**38 297**	**909**	**50 564**
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 reversal	–	–	360	1 859	–	2 219
Operating income/(loss)	**8 063**	**(602)**	**2 370**	**38 011**	**784**	**48 626**

* Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.

12. Analysis of income and impairments by category of financial and non-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	**Total**
2021					
Net interest income/(expense)	1 879	–	(639)	29 570	30 810
Fee income	–	–	–	6 259	6 259
Fee expense	–	–	–	(1 122)	(1 122)
Investment (loss)/income	–	(40)	47	(1)	6
Net trading (loss)/income	(57)	–	–	538	481
Other operating loss	–	–	–	(286)	(286)
Total operating income/(loss) before impairment	**1 822**	**(40)**	**(592)**	**34 958**	**36 148**
Expected credit loss impairment reversal/(charge)	–	–	14	(1 685)	(1 671)
Operating income/(loss)	**1 822**	**(40)**	**(578)**	**33 273**	**34 477**
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 before impairment	**7 997**	**1 215**	**2 017**	**38 883**	**50 112**
Expected credit loss impairment reversal/(charge)	–	–	129	(586)	(457)
Operating income	**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 reversal	–	–	360	1 859	2 219
Operating income/(loss)	**8 066**	**(602)**	**2 370**	**38 004**	**47 838**

* Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of assets and liabilities by category of financial and non-financial instrument

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 or scoped out of IFRS 9	**Total**
2021							
Assets							
Cash and balances at central banks	–	–	–	–	20 367	–	20 367
Due from banks	–	–	–	–	610 979	–	610 979
Reverse repurchase agreements	–	–	–	–	100 004	–	100 004
Bank debt securities	–	–	33 637	33 637	–	–	33 637
Other debt securities	–	–	–	–	19 960	–	19 960
Derivative financial instruments	1 604	–	–	1 604	–	–	1 604
Investment portfolio	–	2 663	–	2 663	–	–	2 663
Loans and advances to customers	–	–	–	–	883 832	–	883 832
Interests in associated undertaking	–	–	–	–	–	2 130	2 130
Deferred taxation assets	–	–	–	–	–	498	498
Current taxation asset	–	–	–	–	–	256	256
Other assets	–	–	–	–	18 967	717	19 684
Property, plant and equipment	–	–	–	–	–	962	962
Amount due from group companies	–	–	–	–	1 835	–	1 835
	1 604	**2 663**	**33 637**	**37 904**	**1 655 944**	**4 563**	**1 698 411**
Liabilities							
Derivative financial instruments	4 665	–	–	4 665	–	–	4 665
Customer deposits	–	–	–	–	986 918	–	986 918
Debt securities in issue	–	–	–	–	262 027	–	262 027
Amount due to group companies	–	–	–	–	26 480	–	26 480
Current taxation liabilities	–	–	–	–	–	4	4
Other liabilities	–	–	–	–	1 890	6 410	8 300
	4 665	**–**	**–**	**4 665**	**1 277 315**	**6 414**	**1 288 394**

* Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.

13. Analysis of assets and liabilities by category of financial and non-financial instrument (continued)

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 or scoped out of IFRS 9	**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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of assets and liabilities by category of financial and non-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 or scoped out of IFRS 9	**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 assets and liabilities by category of financial and non-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 9	**Total**
2021							
Assets							
Cash and balances at central banks	–	–	–	–	20 367	–	20 367
Due from banks	–	–	–	–	610 979	–	610 979
Reverse repurchase agreements	–	–	–	–	100 004	–	100 004
Bank debt securities	–	–	33 637	33 637	–	–	33 637
Other debt securities	–	–	–	–	19 960	–	19 960
Derivative financial instruments	1 604	–	–	1 604	–	–	1 604
Investment portfolio	–	2 663	–	2 663	–	–	2 663
Loans and advances to customers	–	–	–	–	883 832	–	883 832
Interests in associated undertaking	–	–	–	–	–	2 130	2 130
Deferred taxation assets	–	–	–	–	–	498	498
Current taxation asset	–	–	–	–	–	256	256
Other assets	–	–	–	–	18 888	637	19 525
Property, plant and equipment	–	–	–	–	–	958	958
Amount due from group companies	–	–	–	–	1 853	–	1 853
Investment in subsidiary	–	–	–		–	467	467
	1 604	**2 663**	**33 637**	**37 904**	**1 655 883**	**4 946**	**1 698 734**
Liabilities							
Derivative financial instruments	4 665	–	–	4 665	–	–	4 665
Customer deposits	–	–	–	–	988 793	–	988 793
Debt securities in issue	–	–	–	–	262 027	–	262 027
Amount due to group companies	–	–	–	–	26 480	–	26 480
Current taxation liabilities	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	1 695	6 458	8 153
	4 665	**–**	**–**	**4 665**	**1 278 995**	**6 458**	**1 290 118**

* Trading consists of derivative financial instruments and Non-Trading consists of investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of assets and liabilities by category of financial and non-financial instrument (continued)

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 9	**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 assets and liabilities by category of financial and non-financial instrument (continued)

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 9	**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.

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		
US$'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
2021				
Assets				
Bank debt securities	33 637	33 637	–	–
Derivative financial instruments	1 604	–	1 604	–
Investment portfolio	2 663	3	–	2 660
	37 904	**33 640**	**1 604**	**2 660**
Liabilities				
Derivative financial instruments	4 665	–	4 665	–
	4 665	**–**	**4 665**	**–**
Net financial assets/(liabilities) at fair value	**33 239**	**33 640**	**(3 061)**	**2 660**
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**

14. Financial instruments at fair value (continued)

	Group and Bank			
		Fair value category		
US$'000	Total instruments at fair value	Level 1	Level 2	Level 3
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**

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14. Financial instruments at fair value (continued)

Transfers between level 1 and level 2

During the year ended 31 March 2021, there was no financial instruments transferred between level 1 and level 2 (2020: Nil and 2019: US$3.2 million).

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
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	2 660	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:

	2021	2020	2019
Opening balance	2 400	2 250	–
Additions	260	150	2 250
Closing balance	**2 660**	**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 is estimated to be equivalent of their cost for 2021. Hence, the sensitivity is not applicable.

15. Fair value of financial instruments at amortised cost

For the year ended 31 March US$'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Group					
2021					
Assets					
Cash and balances at central banks	20 367	20 367	–	–	–
Due from banks	610 979	610 979	–	–	–
Reverse repurchase agreements	100 004	100 004	–	–	–
Other debt securities	19 960	19 960	–	19 960	–
Loans and advances to customers	883 832	879 907	–	–	879 907
Other assets	18 967	18 967	–	–	–
Amount due from group companies	1 835	1 835	–	–	–
	1 655 944	**1 652 019**			
Liabilities					
Customer deposits	986 918	987 950	–	987 950	–
Debt securities in issue	262 027	262 027	–	262 027	–
Amount due to group companies	26 480	26 480	–	–	–
Other liabilities	1 890	1 890	–	–	–
	1 277 315	**1 278 347**			
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**			

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15. Fair value of financial instruments at amortised cost (continued)

			Fair value category		
At 31 March US$'000	**Carrying amount**	**Fair value**	Level 1	Level 2	Level 3
Bank					
2021					
Assets					
Cash and balances at central banks	20 367	20 367	–	–	–
Due from banks	610 979	610 979	–	–	–
Reverse repurchase agreements	100 004	100 004	–	–	–
Other debt securities	19 960	19 960	–	19 960	–
Loans and advances to customers	883 832	879 907	–	–	879 907
Other assets	18 888	18 888	–	–	–
Amount due from group companies	1 853	1 853	–	–	–
	1 655 883	**1 651 956**			
Liabilities					
Customer deposits	988 793	989 825	–	989 825	–
Debt securities in issue	262 027	262 027	–	262 027	–
Amount due to group companies	26 480	26 480	–	–	–
Other liabilities	1 695	1 695	–	–	–
	1 278 995	**1 280 027**			
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**			

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 date (included in customer 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	Interest rate yield curve
Liabilities		
Customer deposits	Discounted cash flow model	Interest rate yield curve
Debt securities in issue	Discounted cash flow model	Interest rate yield curve

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

As at 31 March US$'000	**Group and Bank**		
	2021	2020	2019
Cash in hand	5	4	5
Cash balance with the central bank			
– Restricted*	12 731	5 913	5 818
– Unrestricted	7 631	9 894	8 320
	20 367	**15 811**	**14 143**

* 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

For the year ended 31 March US$'000	**Group and Bank**		
	2021	2020	2019
Holding bank^*	157 214	232 053	91 368
Other banks*	418 630	297 011	402 945
Loans and advances to banks	35 135	27 765	–
	610 979	**556 829**	**494 313**
Gross amount	611 045	556 897	494 324
Expected credit loss	(66)	(68)	(11)
	610 979	**556 829**	**494 313**

^ Investec Bank Limited is referred as the holding bank.
* Relates to cash held in operational bank accounts.

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18. Repurchase and reverse repurchase agreements

At 31 March US$'000	Group and Bank 2021	2020	2019
Assets			
Reverse repurchase agreements with:			
Group companies	25 016	26 041	25 541
Others	74 988	74 993	50 014
	100 004	**101 034**	**75 555**
Gross amount	100 025	101 055	75 574
Expected credit loss	(21)	(21)	(19)
	100 004	**101 034**	**75 555**
Liabilities			
Repurchase agreements	–	–	76 963
	–	**–**	**76 963**

The assets transferred and not derecognised in the above repurchase agreements were nil as at the financial year ended 31 March 2021 (2020: nil and 2019: US$88.6 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.

19. Sovereign debt securities

At 31 March US$'000	Group and Bank 2021	2020	2019
Bonds	–	–	20 575
	–	**–**	**20 575**
The country risk of the sovereign debt securities lies in the following geography:			
South Africa	–	–	20 575
	–	**–**	**20 575**

The Sovereign debt securities were measured at FVOCI.

20. Bank debt securities

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Bonds	33 637	34 691	88 612
	33 637	**34 691**	**88 612**
South Africa	18 955	17 473	–
United Kingdom	–	–	50 418
Europe (excluding UK)	14 682	17 218	–
United States	–	–	38 194
	33 637	**34 691**	**88 612**
Gross amount	33 637	34 691	88 672
Expected credit loss	–	–	(60)
	33 637	**34 691**	**88 612**

For the year ended 31 March 2021, all the bank debt securities are measured at FVOCI with fair value movement of US$4.6 million (2020: US$(4.0) million and 2019: US$0.4 million) accounted in the fair value reserve, in other comprehensive income.

21. Other debt securities

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Bonds	19 960	22 583	22 717
Other investments	–	–	2 261
	19 960	**22 583**	**24 978**
United Kingdom	–	2 552	2 667
Europe (excluding UK)	19 960	20 031	20 050
Australia	–	–	2 261
	19 960	**22 583**	**24 978**
Gross amount	20 056	22 681	25 085
Expected credit loss	(96)	(98)	(107)
	19 960	**22 583**	**24 978**

The other debt securities are measured at amortised cost.

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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								
	2021			2020			2019		
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	394 465	873	(1 197)	387 836	29	(9 436)	455 756	4 875	(32)
Currency swaps	25 571	195	(2 491)	24 161	–	(2 275)	–	–	(1 137)
Credit default swaps	9 093	–	–	8 340	–	(136)	–	–	–
Dual currency deposits	–	–	–	775	–	(9)	–	–	–
	429 129	**1 068**	**(3 688)**	**421 112**	**29**	**(11 856)**	**455 756**	**4 875**	**(1 169)**
Interest rate derivatives									
Interest rate swaps	119 420	536	(977)	142 556	706	(1 189)	100 772	168	(503)
Equity derivatives									
Stay in option	–	–	–	–	–	–	–	12 018	–
Derivatives per balance sheet	**548 549**	**1 604**	**(4 665)**	**563 668**	**735**	**(13 045)**	**556 528**	**17 061**	**(1 672)**

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 financial year ended 31 March 2020.

23. Investment portfolio

At 31 March US$'000	Group and Bank 2021	2020	2019
Listed equities	3	2	3 195
Unlisted equities	2 660	2 400	2 250
	2 663	**2 402**	**5 445**

24. Loans and advances to customers

At 31 March US$'000	Group and Bank 2021	2020	2019
At amortised cost	891 587	898 961	1 002 903
At fair value	–	–	38 245
Gross amount	**891 587**	**898 961**	**1 041 148**
Expected credit loss	(7 755)	(6 395)	(6 879)
Net loans and advances to customers	**883 832**	**892 566**	**1 034 269**

For further analysis on loans and advances refer to pages 30 to 35 in the risk management section.

Reconciliation of movements in expected credit loss

At 31 March US$'000	Group and Bank 2021	2020	2019
Expected credit loss			
Balance at beginning of year	6 395	6 879	12 050
IFRS 9 transitional adjustment	–	–	(1 741)
	6 395	**6 879**	**10 309**
Expected credit loss impairment charge/(reversal)	1 435	383	(2 720)
Written off out of allowance	(398)	(879)	(240)
Intergroup transfers	323	12	(470)
Balance at end of year	**7 755**	**6 395**	**6 879**
Interest income recognised on loans that have been impaired	**138**	**108**	**108**
Income statement (charge)/reversal	**(1 435)**	**(383)**	**2 720**
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	18 877	13 481	10 256

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 2021, 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	0.25% to 3%	An increase/ decrease of 0.25% would result in an increase/decrease in ECL of US$402,000
Loss given default	4% to 60%	An increase/ decrease of 10% would result in an increase/decrease in ECL of US$1,103,000

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25. Investment in associate

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Investment in associate consist of:			
Net asset value	2 130	2 856	4 635
	2 130	**2 856**	**4 635**
Analysis of the movement in our share of net assets:			
At beginning of year	2 856	4 635	4 598
Share of (loss)/profit in associate	(482)	(1 544)	144
Foreign currency adjustments through OCI	(244)	(235)	(107)
At end of year	**2 130**	**2 856**	**4 635**

The bank owns a 34.54% interest in Dolphin Coast Marina Estate Ltd (DCME), a company incorporated in Mauritius and operating an Integrated Resort Scheme (IRS). 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's and the bank's investment in the above associate.

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Share of associate's balance sheet:			
Assets	9 588	11 250	18 432
Liabilities	(3 421)	(2 981)	(5 016)
Net assets	**6 167**	**8 269**	**13 416**
Share of net associate's assets	**2 130**	**2 856**	**4 635**
Share of associate's revenue and profit:			
Revenue	**108**	**695**	**874**
Share of (loss)/profit	**(482)**	**(1 544)**	**144**

26. Deferred taxation

At 31 March US$'000	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
Deferred taxation assets	586	484	514	586	484	512
Deferred taxation liabilities	(88)	(63)	(217)	(88)	(63)	(217)
Net deferred taxation assets	**498**	**421**	**297**	**498**	**421**	**295**
The net deferred taxation assets arise from:						
Impairment of loans and advances to customers	430	313	345	430	313	345
Capital allowances	4	5	4	4	5	2
Income and expenditure accruals	64	103	(52)	64	103	(52)
Net deferred taxation assets	**498**	**421**	**297**	**498**	**421**	**295**
Reconciliation of net deferred taxation assets						
At beginning of year	421	297	438	421	295	437
Charge to income statement – current year taxation	77	124	(141)	77	126	(142)
At year end	**498**	**421**	**297**	**498**	**421**	**295**

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			Bank		
	2021	2020	2019	**2021**	2020	2019
Settlement debtors	22	18	25	22	18	25
Prepayments and accruals	717	1 009	1 439	615	942	1 389
Other^	18 945	3 074	2 836	18 888	3 018	2 714
	19 684	**4 101**	**4 300**	**19 525**	**3 978**	**4 128**

^ In year 2021, it included a loan of US$15.5 million which has been disposed but not yet settled.

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						
2021						
Cost						
At beginning of year	268	584	496	33	1 233	2 614
Additions	110	–	–	50	60	220
Disposals	–	(9)	(2)	–	(128)	(139)
Adjustments	(61)	(12)	(10)	–	–	(83)
At end of year	**317**	**563**	**484**	**83**	**1 165**	**2 612**
Accumulated depreciation						
At beginning of year	216	441	389	33	344	1 423
Disposals	–	(7)	(2)	–	(97)	(106)
Depreciation charge for year	38	24	46	3	305	416
Adjustments	(61)	(12)	(10)	–	–	(83)
At end of year	**193**	**446**	**423**	**36**	**552**	**1 650**
Net carrying value	**124**	**117**	**61**	**47**	**613**	**962**
2020						
Cost						
At beginning of year	214	583	494	33	–	1 324
Additions	54	1	2	–	1 233	1 290
Disposals	–	–	–	–	–	–
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
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**107**	**–**	**889**	**1 191**

* On adoption of IFRS 16 in 2020, 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 102.

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						
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**
Bank						
2021						
Cost						
At beginning of year	268	584	495	33	1 233	2 613
Additions	106	–	–	50	60	216
Disposals	–	(9)	(2)	–	(128)	(139)
Adjustments	(61)	(12)	(10)	–	–	(83)
At end of year	**313**	**563**	**483**	**83**	**1 165**	**2 607**
Accumulated depreciation						
At beginning of year	216	441	389	33	344	1 423
Disposals	–	(7)	(2)	–	(97)	(106)
Depreciation charge for year	37	24	46	3	305	415
Adjustments	(61)	(12)	(10)	–	–	(83)
At end of year	**192**	**446**	**423**	**36**	**552**	**1 649**
Net carrying value	**121**	**117**	**60**	**47**	**613**	**958**

* On adoption of IFRS 16 in 2020, 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 102.

NOTES TO THE FINANCIAL STATEMENTS
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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
Bank						
2020						
Cost						
At beginning of year	214	583	493	33	–	1 323
Additions	54	1	2	–	1 233	1 290
Disposals	–	–	–	–	–	–
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
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**106**	**–**	**889**	**1 190**
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**

* On adoption of IFRS 16 in 2020, 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 102.

29. Amounts due from/to group companies

At 31 March US$'000	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Assets						
Amount due from group companies						
Holding bank	1 587	1 158	1 010	1 587	1 158	1 010
Fellow subsidiaries	248	613	–	266	614	6
	1 835	**1 771**	**1 010**	**1 853**	**1 772**	**1 016**
Liabilities						
Amount due to group companies						
Holding bank	20 684	17 393	21 282	20 684	17 383	21 212
Fellow subsidiaries	5 796	5 396	5 431	5 796	5 396	5 431
	26 480	**22 789**	**26 713**	**26 480**	**22 779**	**26 643**

Terms and conditions of transactions with related parties

The above mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. For the year ended 31 March 2021, the bank has not made any impairment loss relating to amounts owed by related parties (2020 and 2019: Nil).

30. Investment in subsidiary

At 31 March	Nature of business	Holding (%)	Number of issued ordinary shares 2021 '000	Number of issued ordinary shares 2020 '000	Number of issued ordinary shares 2019 '000	Shares at book value 2021 US$'000	Shares at book value 2020 US$'000	Shares at book value 2019 US$'000	Net indebtedness 2021 US$'000	Net indebtedness 2020 US$'000	Net indebtedness 2019 US$'000
Investec Wealth and Investment (Mauritius) Limited	Investment manager	100	1 050	1 050	1 050	467	467	467	18	10	10
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**	**18**	**10**	**10**

Consolidated structured entities

IBM consolidates its financial statements as at 31 March 2021.

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31. Customer deposits

At 31 March US$'000	Group			Bank		
	2021	2020	2019	2021	2020	2019
Private clients						
– Current accounts	98 935	78 756	59 533	98 935	78 756	59 533
– Term deposits	74 174	46 897	47 932	74 174	46 897	47 932
Corporates						
– Current accounts	500 156	592 114	658 812	502 031	593 408	659 584
– Term deposits	313 653	226 883	270 559	313 653	226 883	270 559
	986 918	**944 650**	**1 036 836**	**988 793**	**945 944**	**1 037 608**

32. Debt securities in issue

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Redeemable cumulative non-participating preference shares of nominal value US$191 525 000, EUR52 700 000 and ZAR120 000 000 at no par value (2020 and 2019: US$191 525 000 and EUR52 700 000)			
	262 027	**256 932**	**252 866**

The 10-years redeemable preference shares bear interest as follows and are listed on the Johannesburg Stock Exchange.

CLASS IMRP1	thereafter 3 month Euribor+1.35% up to 27-Aug-2021 Fixed rate 3.99% up to 23-Oct-2019
CLASS IMRP2	thereafter 3 month Euribor+1.35% up to 27-Aug-2021 3 month Euribor+1.63% up to 28-Nov-2021
CLASS IMRP3	Fixed rate 3.075% up to 01-April-2018
CLASS IMRP4	thereafter 3 month USD Libor+1.35% up to 27-Aug-2021 Fixed rate 1.912% up to 28-Jul-2017
CLASS IMRP5	thereafter 3 month USD Libor+1% up to 28-Jul-2023 3 month USD Libor+1.35% up to 27-Aug-2021
CLASS IMRP6	Fixed rate 3.394% up to 31-Aug-2021
CLASS IMRP7	thereafter 3 month USD Libor+1.35% up to 27-Aug-2021
IMRP8	3 month Jibar-0.06% up to 19-Dec-2024
IMRP9	3 month Jibar-0.06% up to 19-Dec-2024

33. Other liabilities

At 31 March US$'000	Group			Bank		
	2021	2020	2019	**2021**	2020	2019
Settlement liabilities	514	3 617	14 019	514	3 617	14 019
Other creditors and accruals	5 774	5 168	4 860	5 637	5 077	4 764
Other non-interest-bearing liabilities	831	4 288	2 653	822	4 277	2 644
Lease liability*	637	918	–	637	918	–
Expected credit loss on off-balance sheet financial instruments	544	304	304	544	304	304
	8 300	**14 295**	**21 836**	**8 154**	**14 193**	**21 731**

* On adoption of IFRS 16 in 2020, 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		
	2021	2020	2019
Balance at the beginning of the year	918	–	–
IFRS16 Recognition	60	1 233	–
IFRS16 Derecognition	(128)	–	–
Interest	28	40	–
Payment of lease liabilities	(241)	(355)	–
Balance at the end of the year	**637**	**918**	**–**

34. Ordinary share capital

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Authorised			
Issued and fully paid at nil par value			
56 478 463 (2020 and 2019: 56 478 463) ordinary shares	**56 478**	56 478	56 478

Fair value reserve

This reserve comprises fair value movements recognised on financial assets at FVOCI 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.

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35. Notes to the cash flow statements

For the year to 31 March US$'000	Group 2021	 2020	 2019	Bank 2021	 2020	 2019
Profit before taxation adjusted for non-cash items is derived as follows:						
Profit before taxation	22 705	36 096	35 463	22 104	35 483	34 954
Adjustment for non-cash items included in net income before taxation:						
Foreign exchange loss/(gain) on cash and cash equivalent	7 192	(1 964)	(4 138)	7 192	(1 964)	(4 138)
Depreciation of equipment	416	453	105	415	453	105
Expected credit loss impairment charge/(reversal) excluding ECL on cash and cash equivalents	1 605	320	(2 208)	1 605	320	(2 208)
Interest and foreign exchange loss/(gain) on debt securities in issue	5 096	(4 332)	(5 694)	5 096	(4 332)	(5 694)
Interest and foreign exchange loss/(gain) on debt and investment securities	714	(1 790)	2 264	714	(1 790)	2 264
Interest and foreign exchange loss/(gain) on securities sold under repurchase agreement	1 030	(1 312)	(6 931)	1 030	(1 312)	(6 931)
Profit on disposal of investment	(47)	–	(110)	(47)	–	(110)
Share of loss/(gain) in associate	482	1 544	(144)	482	1 544	(144)
Loss/(gain) on debt and investment securities and derivatives	58	(1 198)	7 928	58	(1 198)	7 928
Profit before taxation adjusted for non-cash items	**39 251**	**27 817**	**26 535**	**38 649**	**27 204**	**26 026**
(Increase)/decrease in operating assets						
Balance with central bank – restricted	(6 819)	95	2 751	(6 819)	95	2 751
Due from banks – loans to banks	(7 371)	(27 765)	–	(7 371)	(27 765)	–
Loans and advances to customers	7 073	141 246	(77 701)	7 073	141 246	(77 701)
Derivative financial instruments	(925)	17 695	(1 249)	(925)	17 694	(1 249)
Other assets	(15 581)	200	2 906	(15 547)	151	3 011
Amount due from group companies	(64)	(761)	2 355	(81)	(756)	2 348
	(23 687)	**130 710**	**(70 938)**	**(23 670)**	**130 665**	**(70 840)**
Increase/(decrease) in operating liabilities						
Derivative financial instruments	(8 381)	11 374	(1 836)	(8 381)	11 374	(1 836)
Customer deposits	42 268	(92 186)	143 439	42 849	(91 664)	143 891
Amount due to group companies	3 691	(3 924)	(5 317)	3 701	(3 864)	(5 381)
Other liabilities	(5 591)	(8 583)	14 412	(5 628)	(8 580)	14 410
	31 987	**(93 319)**	**150 698**	**32 541**	**(92 734)**	**151 084**

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.

At 31 March US$'000	Group Less than 12 months	Group Over 12 months	Group Total	Bank Less than 12 months	Bank Over 12 months	Bank Total
2021						
Assets						
Cash and balances at central banks	7 636	12 731	20 367	7 636	12 731	20 367
Due from banks	610 979	–	610 979	610 979	–	610 979
Reverse repurchase agreements	100 004	–	100 004	100 004	–	100 004
Bank debt securities	–	33 637	33 637		33 637	33 637
Other debt securities	–	19 960	19 960	–	19 960	19 960
Derivative financial instruments	873	731	1 604	873	731	1 604
Investment portfolio	–	2 663	2 663	–	2 663	2 663
Loans and advances to customers	394 078	489 754	883 832	394 078	489 754	883 832
Investment in associate	–	2 130	2 130	–	2 130	2 130
Deferred taxation assets	–	498	498	–	498	498
Current tax assets	256	–	256	256	–	256
Other assets	19 684	–	19 684	19 525	–	19 525
Property, plant and equipment	–	962	962	–	958	958
Amount due from group companies	1 835	–	1 835	1 853	–	1 853
Investment in subsidiary	–	–	–	–	467	467
Total	**1 135 345**	**563 066**	**1 698 411**	**1 135 204**	**563 529**	**1 698 733**
Liabilities						
Derivative financial instruments	1 206	3 459	4 665	1 206	3 459	4 665
Customer deposits	849 484	137 434	986 918	851 359	137 434	988 793
Debt securities in issue	–	262 027	262 027	–	262 027	262 027
Amount due to group companies	6 144	20 336	26 480	6 144	20 336	26 480
Current taxation liabilities	4	–	4	–	–	–
Other liabilities	8 300	–	8 300	8 154	–	8 154
Total	**865 138**	**423 256**	**1 288 394**	**866 863**	**423 256**	**1 290 119**
Net	**270 207**	**139 810**	**410 017**	**268 341**	**140 273**	**408 614**
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**

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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**
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**

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.

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Undrawn facilities	201 344	142 285	239 293
	201 344	**142 285**	**239 293**

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:

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Not later than one year	–	–	342
Later than one year and not later than five years	–	–	1 480
	–	**–**	**1 822**

On adoption of IFRS 16 in 2020, the bank recognised lease liabilities. Refer to note 33.

38. Contingent liabilities

At 31 March US$'000	Group and Bank		
	2021	2020	2019
Guarantees			
– Guarantees	28 081	24 061	9 426
	28 081	**24 061**	**9 426**

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.

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39. Related party transactions

For the year to 31 March US$'000	Group 2021	Group 2020	Group 2019	Bank 2021	Bank 2020	Bank 2019
Compensation of key management personnel						
Short-term employee benefits	3 209	2 443	2 274	3 029	2 251	2 080
Other benefits^	493	389	420	440	364	400
Transactions with key management personnel						
Loans and advances to key management personnel	11	397	311	11	259	180
Deposits from key management personnel	1 205	2 223	2 804	1 205	2 223	2 804

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 2021 US$'000	Holding company	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	Total
Group						
Income statement						
Interest income	9 104	79	40	–	–	9 223
Interest expense	(11 615)	–	(32)	(38)	–	(11 685)
Fee expense	(576)	–	(93)	–	–	(669)
Contribution	–	–	–	–	(142)	(142)
Statement of financial position						
Assets						
Due from banks	157 214	–	–	–	–	157 214
Reverse repurchase agreements			25 016			25 016
Derivative assets	1 407	–	–	–	–	1 407
Interest in associated undertakings	–	2 130	–	–	–	2 130
Amount due from group companies	1 587	–	248	–	–	1 835
Loans and advances	–	1 746	–	–	–	1 746
Other assets	125	–	–	–	–	125
Liabilities						
Derivative liabilities	(4 274)	–	–	–	–	(4 274)
Amount due from group companies	(20 684)	–	(5 796)	–	–	(26 480)
Deposits	–	(573)	–	(1 205)	(678)	(2 456)
Debt securities in issue	(262 027)	–	–	–	–	(262 027)
Off-balance sheet						
Guarantees received	3 207	2 456	–	–	–	5 663

^ Other benefits comprise mainly of share-based payment.
* Refers to associate as defined by IAS 28.
** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;
b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.
c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

39. **Related party transactions** (continued)

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)
Fees income	–	–	–	–	–	–
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 portfolio	–	–	–	–	–	–
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

* Refers to associate as defined by IAS 28.

** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;

b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.

c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

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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)
Fees income	–	–	–	–	–	–
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 portfolio	–	–	–	–	–	–
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

* Refers to associate as defined by IAS 28.

** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;

b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.

c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

39. **Related party transactions** (continued)

For the year to 31 March 2021 US$'000	Holding company	Subsidiary	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	Total
Bank							
Income statement							
Interest income	9 104	–	79	40	–	–	9 223
Interest expense	(11 615)	(2)	–	(32)	(38)	–	(11 687)
Fee expense	(576)	–	–	(93)	–	–	(669)
Contribution	–	–	–	–	–	(140)	(140)
Statement of financial position							
Assets							
Due from banks	157 214	–	–	–	–	–	157 214
Reverse repurchase agreements				25 016			25 016
Derivative assets	1 407	–	–	–	–	–	1 407
Investment in associate	–	–	2 130	–	–	–	2 130
Investment in subsidiary	–	467	–	–	–	–	467
Amount due from group companies	1 587	18	–	248	–	–	1 853
Loans and advances	–	–	1 746	–	–	–	1 746
Other assets	23	–	–	–	–	–	23
Liabilities							
Derivative liabilities	(4 274)	–	–	–	–	–	(4 274)
Amount due from group companies	(20 684)	–	–	(5 796)	–	–	(26 480)
Deposits	–	(1 875)	(573)	–	(1 205)	(678)	(4 331)
Debt securities in issue	(262 027)	–	–	–	–	–	(262 027)
Off-balance sheet							
Guarantees received	3 207	–	2 456	–	–	–	5 663

* Refers to associate as defined by IAS 28.

** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;
b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.
c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

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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	180	–	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				25 560			25 560
Derivative assets	735	–	–	–	–	–	735
Investment portfolio	–	–	–	–	–	–	–
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)	(30 165)
Debt securities in issue	(256 932)	–	–	–	–	–	(256 932)
Other liabilities	(16)	–	–	–	–	–	(16)
Off-balance sheet							
Guarantees received	2 920	–	–	–	–	–	2 920

* Refers to associate as defined by IAS 28.

** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;

b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.

c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

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 portfolio	–	–	–	–	–	–	–
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

* Refers to associate as defined by IAS 28.
** Refers to significant influence as defined by IAS 24 and further includes 'significant interest' as defined in the Banking Act 2004 as required by the Guideline on Public Disclosure of Information, which is not an IFRS requirement. This column provides information regarding transactions required by the definition of significant interest over and above the transactions with associates as defined by IAS 28.

Significant interest is defined by the Banking Act 2004 as:

a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;
b) having the ability, directly or indirectly, alone or together with a related party or the power, to support 20 per cent or more of the members of the board of a financial institute.
c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.

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 2021, the bank has not made any impairment loss relating to amounts owed by related parties (2020 and 2019: Nil).

Refer to page 71 in the directors' remuneration report for other transactions relating to directors.

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40. Liquidity analysis of financial liabilities based on undiscounted cash flows

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.

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								
2021								
Liabilities								
Derivative financial instruments	–	–	–	–	2 181	1 278	–	3 459
Customer deposits	599 091	103 540	151 671	46 253	77 455	10 655	–	988 665
Debt securities in issue	–	231	27 357	160 170	23 976	53 761	–	265 495
Amount due to group companies	6 144	–	–	–	–	22 668	–	28 812
Other liabilities	1 670	659	2 821	202	697	1 823	422	8 294
Total on balance sheet liabilities	**606 905**	**104 430**	**181 849**	**206 625**	**104 309**	**90 185**	**422**	**1 294 725**
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**

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								
2021								
Liabilities								
Derivative financial instruments	–	–	–	–	2 181	1 278	–	3 459
Customer deposits	600 966	103 540	151 671	46 253	77 455	10 655	–	990 540
Debt securities in issue	–	231	27 357	160 170	23 976	53 761	–	265 495
Amount due to group companies	6 144	–	–	–	–	22 668	–	28 812
Other liabilities	1 524	659	2 821	202	697	1 823	422	8 148
Total on balance sheet liabilities	**608 634**	**104 430**	**181 849**	**206 625**	**104 309**	**90 185**	**422**	**1 296 454**
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	5 376	–	–	–	–	20 695	–	26 657
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	5 882	–	–	–	–	28 303	–	34 185
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**

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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

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					
2021					
Interest income	12 564	49 499	52	(14 872)	47 243
Interest expense	(5 393)	(25 866)	(48)	14 872	(16 435)
Net interest income	**7 171**	**23 633**	**4**	**–**	**30 808**
Fee income	1 552	4 707	927	–	7 186
Fee expense	(4)	(1 118)	–	–	(1 122)
Net fee income	**1 548**	**3 589**	**927**	**–**	**6 064**
Investment income/(loss)	–	47	(41)	–	6
Net trading (loss)/income	(151)	709	(62)	–	496
Other operating loss	(286)	–	–	–	(286)
Total operating income	**8 282**	**27 978**	**829**	**–**	**37 088**
Expected credit loss impairment reversal/(charge)	269	(2 148)	208	–	(1 671)
Net operating income	**8 551**	**25 830**	**1 037**	**–**	**35 417**
Operating costs	(2 948)	(8 910)	(372)	–	(12 230)
Operating profit	**5 603**	**16 920**	**665**	**–**	**23 187**
Cost to income ratio	**35.6%**	**31.8%**	**44.9%**	**–**	**33.0%**
Total assets	**364 284**	**2 494 084**	**520 951**	**(1 680 909)**	**1 698 411**
Total liabilities	**(350 602)**	**(2 475 696)**	**(143 005)**	**1 680 909**	**(1 288 394)**

41. Segmental business units (continued)

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	4	–	1 211	–	1 215
Net trading income/(loss)	393	(648)	(48)	–	(303)
Total operating income	**10 681**	**33 930**	**6 410**	**–**	**51 021**
Expected credit loss impairment reversal/(charge)	(158)	388	(687)	–	(457)
Net operating income	**10 523**	**34 318**	**5 723**	**–**	**50 565**
Operating costs	(2 676)	(8 728)	(1 520)	–	(12 924)
Operating profit	**7 847**	**25 590**	**4 203**	**–**	**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)**
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	**14 897**	**33 782**	**(2 272)**	**–**	**46 407**
Expected credit loss impairment reversal/(charge)	(124)	2 343	–	–	2 219
Net operating income	**14 773**	**36 125**	**(2 272)**	**–**	**48 626**
Operating costs	(4 043)	(9 264)	–	–	(13 307)
Operating profit	**10 730**	**26 861**	**(2 272)**	**–**	**35 319**
Cost to income ratio	**27.1%**	**27.4%**	**0.0%**		**28.7%**
Total assets	**389 605**	**2 769 609**	**455 142**	**(1 828 810)**	**1 785 547**
Total liabilities	**(369 707)**	**(2 742 885)**	**(133 676)**	**1 828 810**	**(1 417 459)**

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41. Segmental business units (continued)

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	Total
Bank					
2021					
Interest income	12 564	49 501	52	(14 872)	47 245
Interest expense	(5 393)	(25 866)	(48)	14 872	(16 435)
Net interest income	**7 171**	**23 635**	**4**	**–**	**30 810**
Fee income	1 552	4 707	–	–	6 259
Fee expense	(4)	(1 118)	–	–	(1 122)
Net fee income	**1 548**	**3 589**	**–**	**–**	**5 137**
Investment income/(loss)	–	47	(41)	–	6
Net trading (loss)/income	(151)	709	(77)	–	481
Other operating loss	(286)	–	–	–	(286)
Total operating income	**8 282**	**27 980**	**(114)**	**–**	**36 148**
Expected credit loss impairment reversal/(charge)	269	(2 148)	208	–	(1 671)
Net operating income	**8 551**	**25 832**	**94**	**–**	**34 477**
Operating costs	(2 948)	(8 910)	(33)	–	(11 891)
Operating profit	**5 603**	**16 922**	**62**	**–**	**22 586**
Cost to income ratio	**35.6%**	**31.8%**	**(28.9%)**	**–**	**32.9%**
Total assets	**364 284**	**2 494 103**	**521 255**	**(1 680 909)**	**1 698 733**
Total liabilities	**(350 602)**	**(2 475 547)**	**(144 879)**	**1 680 909**	**(1 290 119)**
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	4	–	1 211	–	1 215
Net trading income/(loss)	393	(649)	(31)	–	(287)
Total operating income	**10 681**	**33 929**	**5 502**	**–**	**50 112**
Expected credit loss impairment (charge)/reversal	(158)	388	(687)	–	(457)
Net operating income	**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)**

41. Segmental business units (continued)

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Investment Strategies	Interdivisional adjustment	Total
Bank					
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 impairment (charge)/reversal	(124)	2 343	–	–	2 219
Operating income	**14 773**	**36 136**	**(3 071)**	**–**	**47 838**
Operating costs	(4 023)	(9 004)	–	–	(13 028)
Operating profit	**10 750**	**27 131**	**(3 071)**	**–**	**34 810**
Cost to income ratio	**27.0%**	**26.6%**	**0.0%**	**–**	**28.6%**
Total assets	**389 605**	**2 769 907**	**455 142**	**(1 828 810)**	**1 785 845**
Total liabilities	**(369 707)**	**(2 743 418)**	**(133 676)**	**1 828 810**	**(1 417 991)**

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42. Statutory segmental reporting

For the year to 31 March US$'000	Notes	Segment A 2021	2020	2019
Group				
Statement of profit or loss				
Interest income	I	1 362	1 910	2 619
Interest expense	I	(346)	(541)	(659)
Net interest income		**1 016**	**1 369**	**1 960**
Fee income	II	1 281	1 157	1 264
Fee expense	II	–	(4)	(18)
Net fee income		**1 281**	**1 153**	**1 246**
Investment income/(loss)	III	–	–	–
Net trading income/(loss)	IV	15	(16)	(3)
Other operating loss		–	–	–
Total operating income before impairment		**2 312**	**2 506**	**3 203**
Expected credit loss impairment reversals/(losses)	XI	249	231	563
Impairment losses on loans and advances	XI	–	–	–
Operating income		**2 561**	**2 737**	**3 766**
Operating costs	V	(800)	(763)	(1 090)
Operating profit		**1 761**	**1 974**	**2 676**
Share of profit in associate		(482)	(1 544)	144
Profit before taxation		**1 279**	**430**	**2 820**
Taxation		(39)	(21)	(435)
Profit after taxation		**1 240**	**409**	**2 385**

Segment B			Total		
2021	2020	2019	**2021**	2020	2019
45 881	73 081	70 927	47 243	74 991	73 546
(16 089)	(32 026)	(30 114)	(16 435)	(32 567)	(30 773)
29 792	**41 055**	**40 813**	**30 808**	**42 424**	**42 773**
5 905	7 961	6 212	7 186	9 118	7 476
(1 122)	(1 429)	(2 139)	(1 122)	(1 433)	(2 157)
4 783	**6 532**	**4 073**	**6 064**	**7 685**	**5 319**
6	1 215	(1 407)	6	1 215	(1 407)
481	(287)	(275)	496	(303)	(278)
(286)	–	–	(286)	–	–
34 776	**48 515**	**43 204**	**37 088**	**51 021**	**46 407**
(1 920)	(688)	1 656	(1 671)	(457)	2 219
–	–	–	–	–	–
32 586	**47 827**	**44 860**	**35 417**	**50 564**	**48 626**
(11 430)	(12 161)	(12 217)	(12 230)	(12 924)	(13 307)
21 426	**35 666**	**32 643**	**23 187**	**37 640**	**35 319**
–	–	–	(482)	(1 544)	144
21 426	**35 666**	**32 643**	**22 705**	**36 096**	**35 463**
(1 310)	(2 198)	(1 460)	(1 349)	(2 219)	(1 895)
20 116	**33 468**	**31 183**	**21 356**	**33 877**	**33 568**

NOTES TO THE FINANCIAL STATEMENTS
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42. Statutory segmental reporting (continued)

As at 31 March US$'000	Notes	Segment A 2021	2020	2019
Group				
Balance sheet				
Cash and balances at central bank		20 367	15 811	14 143
Due from banks		45 608	21 322	10 007
Reverse repurchase agreement	VI	–	–	–
Sovereign debt securities	VII	–	–	–
Bank debt securities	VIII	–	–	–
Other debt securities	IX	–	–	–
Derivative financial instruments		–	–	–
Investment portfolio		–	–	–
Loans and advances to customers	XII	35 501	31 195	50 815
Investment in associate		2 130	2 856	4 635
Deferred taxation asset		498	421	297
Current tax assets		256	–	–
Other assets	XIII	531	1 126	1 652
Prorperty, plant and equipment		962	1 191	354
Amount due from group companies	XI	–	–	4
		105 853	**73 922**	**81 907**
Liabilities and equity				
Derivative financial instruments		–	–	–
Repurchase agreements		–	–	–
Customer deposits	XIV	76 609	29 989	29 263
Debt securities in issue		–	–	–
Amount due to group companies	XI	–	–	70
Current taxation liabilities		4	1 064	573
Other liabilities	XV	4 826	4 722	3 819
		81 439	**35 775**	**33 725**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2021	2020	2019	2021	2020	2019
–	–	–	20 367	15 811	14 143
565 371	536 507	484 306	610 979	556 829	494 313
100 004	101 034	75 555	100 004	101 034	75 555
–	–	20 575	–	–	20 575
33 637	34 691	88 612	33 637	34 691	88 612
19 960	22 583	24 978	19 960	22 583	24 978
1 604	735	17 061	1 604	735	17 061
2 663	2 402	5 445	2 663	2 402	5 445
848 331	861 372	983 454	883 832	892 566	1 034 269
–	–	–	2 130	2 856	4 635
–	–	–	498	421	297
–	–	–	256	–	–
19 153	2 975	2 648	19 684	4 101	4 300
–	–	–	962	1 191	354
1 835	1 771	1 006	1 835	1 771	1 010
1 592 558	**1 563 069**	**1 703 640**	**1 698 411**	**1 636 991**	**1 785 547**
4 665	13 045	1 672	4 665	13 045	1 672
–	–	76 963	–	–	76 963
910 309	914 661	1 007 573	986 918	944 650	1 036 836
262 027	256 932	252 866	262 027	256 932	252 866
26 480	22 789	26 643	26 480	22 789	26 713
–	–	–	4	1 064	573
3 474	9 573	18 017	8 300	14 295	21 836
1 206 955	**1 217 000**	**1 383 734**	**1 288 394**	**1 252 775**	**1 417 459**
			56 478	56 478	56 478
			70 835	65 582	75 109
			282 704	262 156	236 501
			410 017	**384 216**	**368 088**
			1 698 411	**1 636 991**	**1 785 547**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Notes	Segment A 2021	2020	2019
Bank				
Income statement				
Interest income	I	1 362	1 913	2 622
Interest expense	I	(346)	(561)	(670)
Net interest income		**1 016**	**1 352**	**1 952**
Fee income	II	351	246	466
Fee expense	II	–	(1)	(4)
Net fee income		**351**	**245**	**462**
Investment income/(loss)	III	–	–	–
Net trading income/(loss)	IV	–	–	–
Other operating loss		–	–	–
Total operating income before impairment		**1 367**	**1 597**	**2 414**
Expected credit loss impairment reversals/(loss)	XI	249	231	563
Impairment reversals	XI	–	–	–
Operating income		**1 616**	**1 828**	**2 977**
Operating costs	V	(461)	(465)	(811)
Operating profit		**1 155**	1 363	2 166
Share of profit in associate		(482)	(1 544)	144
Profit before taxation		**673**	**(181)**	**2 310**
Taxation		(20)	–	(347)
Profit after taxation		**653**	**(181)**	**1 963**

Segment B			Total		
2021	2020	2019	**2021**	2020	2019
45 883	73 082	70 927	47 245	74 995	73 549
(16 089)	(32 026)	(30 114)	(16 435)	(32 587)	(30 784)
29 794	**41 056**	**40 813**	**30 810**	**42 408**	**42 765**
5 908	7 961	6 212	6 259	8 207	6 678
(1 122)	(1 430)	(2 139)	(1 122)	(1 431)	(2 143)
4 786	**6 531**	**4 073**	**5 137**	**6 776**	**4 535**
6	1 215	(1 407)	6	1 215	(1 407)
481	(287)	(274)	481	(287)	(274)
(286)	–	–	(286)	–	–
34 781	**48 515**	**43 205**	**36 148**	**50 112**	**45 619**
(1 920)	(688)	1 656	(1 671)	(457)	2 219
–	–	–	–	–	–
32 861	**47 827**	**44 861**	**34 477**	**49 655**	**47 838**
(11 430)	(12 163)	(12 217)	(11 891)	(12 628)	(13 028)
21 431	**35 664**	**32 644**	**22 586**	**37 027**	**34 810**
–	–	–	(482)	(1 544)	144
21 431	**35 664**	**32 644**	**22 104**	**35 483**	**34 954**
(1 310)	(2 198)	(1 460)	(1 330)	(2 198)	(1 807)
20 121	**33 466**	**31 184**	**20 774**	**33 285**	**33 147**

NOTES TO THE FINANCIAL STATEMENTS
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42. Statutory segmental reporting (continued)

As at 31 March US$'000	Notes	Segment A 2021	2020	2019
Bank				
Balance sheet				
Cash and balances at central bank		20 367	15 811	14 143
Due from banks		45 608	21 322	10 007
Reverse repurchase agreements	VI	–	–	–
Sovereign debt securities	VII	–	–	–
Bank debt securities	VIII	–	–	–
Other debt securities	IX	–	–	–
Derivative financial instruments		–	–	–
Investment portfolio		–	–	–
Loans and advances to customers	XII	35 501	31 195	50 815
Investment in associate		2 130	2 856	4 635
Deferred taxation assets		498	421	295
Current tax assets		256	–	–
Other assets	XIII	372	1 003	1 480
Prorperty, plant and equipment		958	1 190	353
Amount due from group companies	XI	18	10	10
Investment in subsidiary		467	467	467
		106 175	**74 275**	**82 205**
Liabilities and equity				
Derivative financial instruments		–	–	–
Repurchase agreements		–	–	–
Customer deposits	XIV	78 484	31 283	30 035
Debt securities in issue		–	–	–
Amount due to group companies	XI	–	–	–
Current taxation liabilities		–	1 052	508
Other liabilities	XV	4 680	4 620	3 714
		83 164	**36 955**	**34 257**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2021	2020	2019	**2021**	2020	2019
–	–	–	20 367	15 811	14 143
565 371	535 507	484 306	610 979	556 829	494 313
100 004	101 034	75 555	100 004	101 034	75 555
–	–	20 575	–	–	20 575
33 637	34 691	88 612	33 637	34 691	88 612
19 960	22 583	24 978	19 960	22 583	24 978
1 604	735	17 061	1 604	735	17 061
2 663	2 402	5 445	2 663	2 402	5 445
848 331	861 371	983 454	883 832	892 566	1 034 269
–	–	–	2 130	2 856	4 635
–	–	–	498	421	295
–	–	–	256	–	–
18 863	2 975	2 648	19 525	3 978	4 128
–	–	–	958	1 190	353
1 835	1 762	1 006	1 853	1 772	1 016
–	–	–	467	467	467
1 592 558	**1 563 060**	**1 703 640**	**1 698 733**	**1 637 335**	**1 785 845**
4 665	13 045	1 672	4 665	13 045	1 672
–	–	76 963	–	–	76 963
910 309	914 661	1 007 573	988 793	945 944	1 037 608
262 027	256 932	252 866	262 027	256 932	252 866
26 480	22 779	26 643	26 480	22 779	26 643
–	–	–	–	1 052	508
3 474	9 573	18 017	8 154	14 193	21 731
1 206 955	**1 216 990**	**1 383 734**	**1 290 119**	**1 253 945**	**1 417 991**
			56 478	56 478	56 478
			70 835	65 582	75 109
			281 301	261 330	236 267
			408 614	**383 390**	**367 854**
			1 698 733	**1 637 335**	**1 785 845**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Segment A		
	2021	2020	2019
I. Net interest income			
Group			
Due from banks and bank debt securities	47	129	380
Loans and advances to customers	1 315	1 781	2 239
Other debt securities	–	–	–
Interest income on derivative financial instruments	–	–	–
Total interest income	**1 362**	**1 910**	**2 619**
Debt-related securities	–	–	–
Customer accounts	346	541	659
Amount due to group companies	–	–	–
Interest expense on derivative financial instruments	–	–	–
Total interest expense	**346**	**541**	**659**
Net interest income	**1 016**	**1 369**	**1 960**
Bank			
Due from banks and bank debt securities	47	132	380
Loans and advances to customers	1 315	1 781	2 239
Other debt securities	–	–	–
Interest income on derivative financial instruments	–	–	–
Total interest income	**1 362**	**1 913**	**2 622**
Debt-related securities	–	–	–
Customer accounts	346	541	660
Amount due to group companies	–	20	10
Interest expense on derivative financial instruments	–	–	–
Total interest expense	**346**	**561**	**670**
Net interest income	**1 016**	**1 352**	**1 952**
II. Net fee income			
Group			
Credit related fees	207	90	239
Brokerage fees received	66	80	110
Client transactions and maintenance fees	81	76	117
Wealth management fees	927	911	798
Total fee income	**1 281**	**1 157**	**1 264**
Credit related fees	–	2	4
Other fees paid	–	2	14
Total fee expense	**–**	**4**	**18**
Net fee income	**1 281**	**1 153**	**1 246**

	Segment B			Total		
	2021	2020	2019	**2021**	2020	2019
	1 285	12 690	13 009	1 333	12 819	13 389
	33 556	44 906	45 201	34 871	46 687	47 440
	2 814	2 268	2 326	2 814	2 268	2 326
	8 226	13 217	10 391	8 226	13 217	10 391
	45 881	**73 081**	**70 927**	**47 243**	**74 991**	**73 546**
	4 344	8 293	10 341	4 344	8 293	10 341
	4 442	16 818	15 009	4 788	17 359	15 668
	956	1 712	1 846	956	1 712	1 846
	6 347	5 203	2 918	6 347	5 203	2 918
	16 089	**32 026**	**30 114**	**16 435**	**32 567**	**30 773**
	29 792	**41 055**	**40 813**	**30 808**	**42 424**	**42 773**
	1 287	12 691	13 009	1 334	12 823	13 392
	33 556	44 906	45 201	34 871	46 687	47 440
	2 814	2 268	2 326	2 814	2 268	2 326
	8 226	13 217	10 391	8 226	13 217	10 391
	45 883	**73 082**	**70 927**	**47 245**	**74 995**	**73 549**
	4 344	8 293	10 341	4 344	8 293	10 341
	4 442	16 818	15 009	4 788	17 359	15 668
	956	1 712	1 846	956	1 712	1 857
	6 347	5 203	2 918	6 347	5 203	2 918
	16 089	**32 026**	**30 114**	**16 435**	**32 567**	**30 784**
	29 794	**41 056**	**40 813**	**30 810**	**42 408**	**42 765**
	3 544	5 731	4 194	3 751	5 821	4 433
	1 303	1 178	1 076	1 369	1 258	1 186
	1 058	1 052	942	1 139	1 128	1 059
	–	–	–	927	911	798
	5 905	**7 961**	**6 212**	**7 186**	**9 118**	**7 476**
	1 122	1 429	2 139	1 122	1 431	2 143
	–	–	–	–	2	14
	1 122	**1 429**	**2 139**	**1 122**	**1 433**	**2 157**
	4 783	**6 532**	**4 073**	**6 064**	**7 685**	**5 319**

NOTES TO THE FINANCIAL STATEMENTS
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For the year to 31 March US$'000	Segment A		
	2021	2020	2019
II. Net fee income *(continued)*			
Bank			
Credit related fees	204	90	239
Foreign exchange dealings	66	80	110
Client transactions and maintenance fees	81	76	117
Total fee income	**351**	**246**	**466**
Brokerage fees paid	–	–	–
Credit related fees	–	1	4
Other fees paid	–	–	–
Total fee expense	**–**	**1**	**4**
Net fee income	**351**	**245**	**462**
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)	15	(16)	(3)
	15	**(16)**	**(3)**
Bank			
Changes in fair value of derivative financial instruments	–	–	–
Net foreign exchange gain/(loss)	–	–	–
	–	**–**	**–**
V. Operating costs			
Group			
Staff costs	515	484	613
Premises expenses	11	10	38
Equipment expenses	115	117	220
Business expenses	133	123	189
Marketing expenses	9	11	10
Depreciation on equipment	17	18	7
Special levy	–	–	13
	800	**763**	**1 090**

	Segment B			Total		
	2021	2020	2019	**2021**	2020	2019
	3 547	5 731	4 194	3 751	5 821	4 433
	1 303	1 178	1 076	1 369	1 258	1 186
	1 058	1 052	942	1 139	1 128	1 059
	5 908	**7 961**	**6 212**	**6 259**	**8 207**	**6 678**
	1 122	1 430	2 139	1 122	1 431	2 143
	–	–	–	–	–	–
	1 122	**1 430**	**2 139**	**1 122**	**1 431**	**2 143**
	4 786	**6 531**	**4 073**	**5 137**	**6 776**	**4 535**
	(40)	1 215	(4 240)	(40)	1 215	(4 240)
	–	–	(3 194)	–	–	(3 194)
	47	–	109	47	–	109
	(1)	–	2 694	(1)	–	2 694
	–	–	3 224	–	–	3 224
	–	–	–	–	–	–
	6	**1 215**	**(1 407)**	**6**	**1 215**	**(1 407)**
	(57)	(15)	(495)	(57)	(15)	(495)
	538	(272)	220	553	(288)	217
	481	**(287)**	**(275)**	**496**	**(303)**	**(278)**
	(57)	(15)	(494)	(57)	(15)	(494)
	538	(272)	220	538	(272)	220
	481	**(287)**	**(274)**	**481**	**(287)**	**(274)**
	6 050	6 372	5 842	6 565	6 856	6 455
	210	196	533	221	206	571
	2 846	3 047	3 310	2 961	3 164	3 530
	1 781	1 969	2 114	1 914	2 092	2 303
	144	142	113	153	153	123
	399	435	98	416	453	105
	–	–	207	–	–	220
	11 430	**12 161**	**12 217**	**12 230**	**12 924**	**13 307**

NOTES TO THE FINANCIAL STATEMENTS
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42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Segment A 2021	 2020	 2019
V. Operating costs *(continued)*			
Bank			
Staff costs	243	243	388
Premises expenses**	9	8	35
Equipment expenses	115	117	220
Business expenses	71	75	140
Marketing expenses	7	5	8
Depreciation on equipment	16	17	7
Special levy****	–	–	13
	461	**465**	**811**
VI. Reverse repurchase agreements			
Net fee income			
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			
Financial assets at fair value through other comprehensive income			
– Bonds	**–**	**–**	**–**
IX. Other debt securities			
Group and Bank			
Financial assets designated at fair value through profit or loss			
– 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
	–	**–**	**4**
Bank			
Within 3 months	18	10	10
	–	**10**	**10**

	Segment B			Total		
	2021	2020	2019	**2021**	2020	2019
	6 050	6 372	5 842	6 293	6 615	6 230
	210	196	533	219	204	569
	2 846	3 047	3 309	2 961	3 164	3 529
	1 781	1 969	2 114	1 852	2 044	2 254
	144	143	113	151	148	121
	399	436	98	415	453	105
	–	–	207	–	–	220
	11 430	**12 163**	**12 218**	**11 891**	**12 628**	**13 028**
	100 004	**101 034**	**75 555**	**100 004**	**101 034**	**75 555**
	–	**–**	**20 575**	**–**	**–**	**20 575**
	33 637	**34 691**	**88 612**	**33 637**	**34 691**	**88 612**
	19 960	22 583	22 717	19 960	22 583	22 717
	–	–	2 261	–	–	2 261
	19 960	**22 583**	**24 978**	**19 960**	**22 583**	**24 978**
	3	2	3 195	3	2	3 195
	2 660	2 400	2 250	2 660	2 400	2 250
	2 663	**2 402**	**5 445**	**2 663**	**2 402**	**5 445**
	1 835	1 771	1 006	1 835	1 771	1 010
	1 835	**1 771**	**1 006**	**1 835**	**1 771**	**1 010**
	1 835	1 762	1 006	1 853	1 772	1 016
	1 853	**1 762**	**1 006**	**1 853**	**1 772**	**1 016**

NOTES TO THE FINANCIAL STATEMENTS
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42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Segment A 2021	 2020	 2019
XI. Amount due from/to group companies *(continued)*			
Remaining term to maturity *(continued)*			
Group			
(b) Amount due to group companies			
Within 3 months	–	–	70
	–	**–**	**70**
Bank			
Within 3 months	–	–	–
	–	**–**	**–**
XII. Loans and advances to customers			
Group and Bank			
(a) Remaining term to maturity			
Within 3 months	4 743	2 923	6 911
Over 3 to 6 months	1 469	1 466	1 237
Over 6 to 12 months	23 512	317	2 266
Over 1 to 5 years	3 175	23 663	38 806
Over 5 years	2 602	2 826	1 595
	35 501	**31 195**	**50 815**
(i) Expected credit loss impairment			
Expected credit loss impairment reversals are recognised in the income statement on the following assets:			
Loans and advances to customers	287	229	573
Other balance sheet assets	5	(2)	(1)
Off balance sheet commitments and guarantees	(42)	4	(9)
Total expected credit loss impairment reversals	**250**	**231**	**563**
Balance at beginning of year	–	–	1 770
IFRS 9 transitional adjustment	–	–	(295)
At 31 March,	**329**	**902**	**1 475**
Reversal recognised in the income statement	(287)	(229)	(573)
Written off out of allowance	–	(344)	–
Intergroup transfers	–	–	–
Balance at end of year	**42**	**329**	**902**

Segment B			Total		
2021	2020	2019	**2021**	2020	2019
26 480	22 789	26 643	26 480	22 789	26 713
26 480	**22 789**	**26 643**	**26 480**	**22 789**	**26 713**
26 480	22 779	26 643	26 480	22 779	26 643
26 480	**22 779**	**26 643**	**26 480**	**22 779**	**26 643**
104 179	97 135	150 741	108 922	100 058	157 652
116 909	86 595	118 340	118 378	88 061	119 576
156 866	93 572	165 440	180 378	93 889	167 706
455 041	539 455	474 315	458 216	563 118	513 122
15 336	44 614	74 618	17 938	47 440	76 213
848 331	**861 371**	**983 454**	**883 832**	**892 566**	**1 034 269**
(1 722)	(612)	2 147	(1 435)	(383)	2 720
(1)	(83)	(196)	4	(85)	(197)
(198)	7	(295)	(240)	11	(304)
(1 921)	**(688)**	**1 656**	**(1 671)**	**(457)**	**2 219**
–	–	10 280	–	–	12 050
–	–	(1 446)	–	–	(1 741)
6 066	**5 977**	**8 834**	**6 395**	**6 879**	**10 309**
1 722	612	(2 147)	1 435	383	(2 720)
(398)	(535)	(240)	(398)	(879)	(240)
323	12	(470)	323	12	(470)
7 713	**6 066**	**5 977**	**7 755**	**6 395**	**6 879**

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Total impairment 2021	2020	2019
Group and Bank					
(c) Allowance for credit losses by sector					
Agriculture, forestry and fishing	11 178	–	87	65	53
Construction	17 911	–	35	222	220
Households	24 449	1 329	247	762	125
Real estate activities	284 597	1 235	1 226	914	2 036
Financial and insurance activities	325 803	–	1 162	443	1 201
Wholesale and retail trade	19 737	–	59	47	100
Manufacturing	41 642	–	272	8	18
Transportation and storage	116 364	16 313	4 609	2 944	2 021
Accommodation and food service activities	32 604	–	34	697	568
Electricity, gas, steam and air conditioning supply	8 938	–	22	60	151
Information and communication	8 363	–	2	187	173
Administrative and support service activities	–	–	–	–	59
Human health and social work activities	–	–	–	–	103
Mining and Quarrying	–	–	–	1	21
Other entities	–	–	–	45	30
	891 587	**18 877**	**7 755**	**6 395**	**6 879**
Analysed by segments:					
Segment A					
Construction	1 746	–	–	–	–
Households	4 531	–	2	31	30
Real estate activities	3 561	–	3	13	639
Financial and insurance activities	3 190	–	16	–	221
Accommodation and food service activities	22 515	–	22	285	–
Manufacturing	–	–	–	–	12
	35 543	**–**	**43**	**329**	**902**

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Total impairment 2021	2020	2019
XII. Loans and advances to customers *(continued)*					
Segment B					
Agriculture, forestry and fishing	11 178	–	87	65	53
Construction	16 165	–	34	222	220
Households	19 918	1 329	245	731	95
Real estate activities	281 036	1 234	1 223	854	1 397
Financial and insurance activities	322 613	–	1 146	443	980
Wholesale and retail trade	19 737	–	59	47	100
Manufacturing	41 642	–	272	8	6
Transportation and storage	116 364	16 313	4 609	2 944	2021
Accommodation and food service activities	10 089	–	12	459	568
Electricity, gas, steam and air conditioning supply	8 938	–	22	60	151
Information and communication	8 364	–	3	187	173
Administrative and support service activities	–	–	–	–	59
Human health and social work activities	–	–	–	–	103
Mining and Quarrying	–	–	–	1	21
Other entities	–	–	–	45	30
	856 044	**18 877**	**7 712**	**6 066**	**5 977**
	891 587	**18 877**	**7 755**	**6 395**	**6 879**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Segment A 2021	2020	2019
XIII. Other assets			
Group			
Settlement debtors	–	–	–
Prepayments and accruals	295	975	1 235
Other	236	151	417
	531	**1 126**	**1 652**
Bank			
Settlement debtors	–	–	–
Prepayments and accruals	295	908	1 185
Other	77	95	295
	372	**1 003**	**1 480**
XIV. Due to customers			
Group			
Demand	29 106	20 839	15 783
Term deposits with remaining term to maturity			
Within 3 months	31 520	5 150	7 848
Over 3 to 6 months	12 053	1 220	1 718
Over 6 to 12 months	3 016	2 780	3 914
Over 1 to 5 years	915	–	–
	76 610	**29 989**	**29 263**
Bank			
Demand	30 982	20 839	15 783
Term deposits with remaining term to maturity			
Within 3 months	31 520	6 444	8 620
Over 3 to 6 months	12 053	1 220	1 718
Over 6 to 12 months	3 016	2 780	3 914
Over 1 to 5 years	915	–	–
	78 486	**31 283**	**30 035**
XV. Other liabilities			
Group			
Amounts payable and sundry creditors	**4 826**	**4 722**	**3 819**
Bank			
Amounts payable and sundry creditors	**4 680**	**4 620**	**3 714**
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	3 970	5 686	1 714
Commitments			
– Irrevocable unutilised facilities	25 134	4 179	8 501
	29 104	**9 865**	**10 215**

Commitments to extend credit represent contractual commitments to make loans and revolving credits.

Segment B			Total		
2021	2020	2019	**2021**	2020	2019
22	18	25	22	18	25
321	34	204	616	1 009	1 439
18 810	2 923	2 419	19 046	3 074	2 836
19 153	**2 975**	**2 648**	**19 684**	**4 101**	**4 300**
22	18	25	22	18	25
321	34	204	616	942	1 389
18 810	2 923	2 419	18 887	3 018	2 714
19 153	**2 975**	**2 648**	**19 525**	**3 978**	**4 128**
569 985	651 325	703 334	599 091	672 164	719 117
204 751	136 411	194 945	236 271	141 561	203 565
51 621	28 084	21 850	63 674	29 304	23 568
73 428	79 090	82 326	76 444	81 870	86 240
10 523	19 751	5 118	11 438	19 751	5 118
910 308	**914 661**	**1 007 573**	**986 918**	**944 650**	**1 036 836**
569 984	651 325	703 334	600 966	672 164	719 117
204 751	136 411	194 945	236 271	142 855	203 565
51 621	28 084	21 850	63 674	29 304	23 568
73 428	79 090	82 326	76 444	81 870	86 240
10 523	19 751	5 118	11 438	19 751	5 118
910 307	**914 661**	**1 007 573**	**988 793**	**945 944**	**1 037 608**
3 474	**9 573**	**18 017**	**8 300**	**14 295**	**21 836**
3 474	**9 573**	**18 017**	**8 154**	**14 193**	**21 731**
24 111	18 375	5 153	28 081	24 061	6 867
176 210	138 106	230 792	201 344	142 285	239 293
224 981	**156 480**	**235 945**	**229 425**	**166 346**	**246 160**

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CORPORATE INFORMATION

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Port Louis Mauritius
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e-mail: infomru@investec.co.mu
Internet address: www.investec.com

Directorate
David M Lawrence (70)
BA(Econ) (Hons), MCom
Chairman

Craig C McKenzie (60)*
BSc, MSc (Agric Economics), CFA
Chief executive officer (CEO)

Grant M Parsons(51)**
Diploma in Accounting, BCom, CA(SA)
Chief executive officer (CEO)

Pierre de Chasteigner du Mée (68)
ACEA, FBIM, FMAAT

Zarina BM Bassa (57)
B Acc, DipAcc, CA(SA)

Ramdeo (Dev) Erriah (62)
LLB, LLM, TEP, Barrister-at-law (Grays Inn)

* Resigned on 31 December 2020
** Appointed on 01 January 2021

Board committees
Board sub-committee
David M Lawrence (chairman)
Pierre de Chasteigner du Mée
Grant M Parsons

Audit committee
Zarina BM Bassa (chairperson)
Ramdeo (Dev) Erriah
Pierre de Chasteigner du Mée

In attendance
Grant M Parsons(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)
David Deeb (head of lending)
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
Grant M Parsons (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
Grant M Parsons (CEO)

Corporate governance committee
Ramdeo (Dev) Erriah (chairman)
David M Lawrence
Zarina BM Bassa

Investment committee
Grant M Parsons (chairman)
David M Lawrence
Pierre de Chasteigner du Mée

Risk management committee
Pierre de Chasteigner du Mée (chairman)
Grant M Parsons
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)
David Deeb (head of lending)
Group head of internal audit
Group compliance officer
External auditors

Large exposure Committee
David M Lawrence (chairman)
Pierre de Chasteigner du Mée
Zarina BM Bassa
Grant M Parsons (CEO & head of credit)
David Desvaux de Marigny (head of finance)
Farzanah Nowbuth (head of risk)
Helena Cloete (head of legal)

OUT OF THE ORDINARY