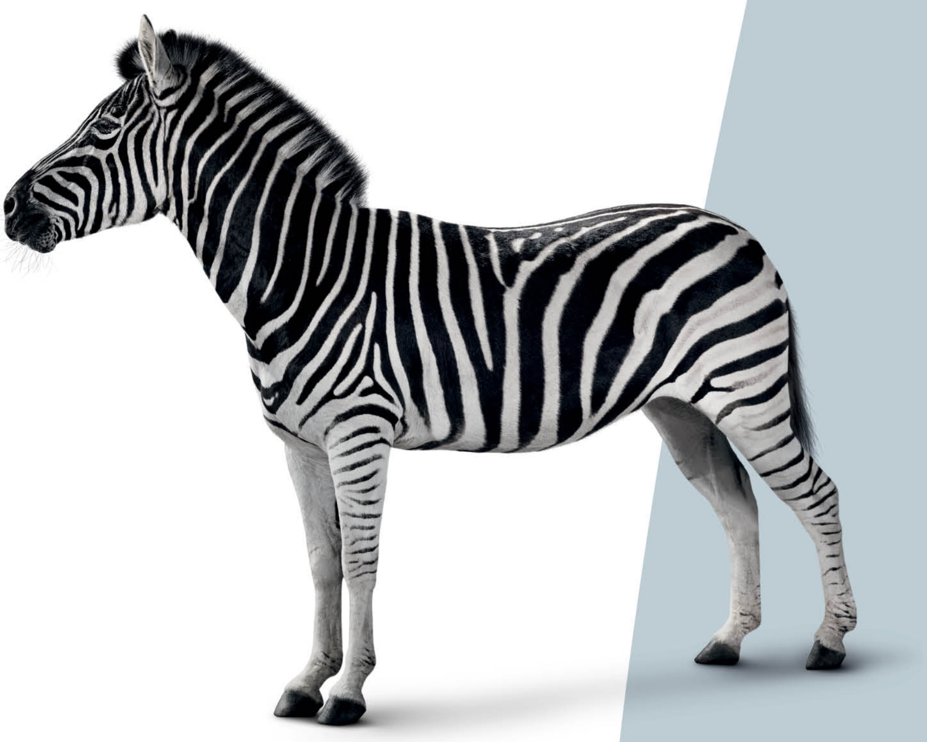
Investec

OUT OF THE ORDINARY

Possibilities and opportunities



Investec annual report 2022

Investec Bank (Mauritius) Limited

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

Group sustainability

Refers readers to further information in the Investec Group's 2022 sustainability report which will be available on our website at the end of June 2022: www.investec.com

Reporting standard

Denotes our consideration of a reporting standard

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Investec Bank (Mauritius) Limited in perspective

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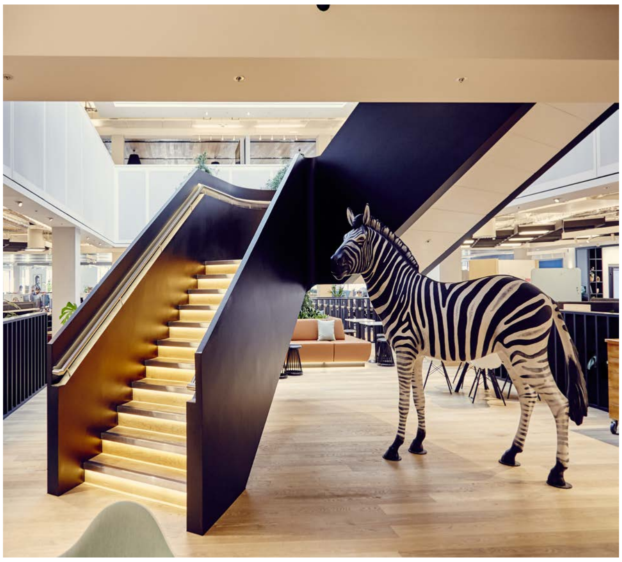
OVERVIEW OF THE INVESTEC GROUP

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 Specialist Banking and Wealth & Investment businesses, and across geographies, 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.**

Framework to drive improved business performance-whilst maintaining strong risk management embedded in our operations and values

Growth initiatives

Clear set of opportunities to deliver disciplined revenue growth

Cost management

Enhanced management of the cost base through operational leverage

Underpinned by

Capital discipline

A more disciplined approach to capital allocation and focus on capital optimisation

And delivered through

Digitalisation | **Connectivity**

Continued investments drive a digitally connected ecosystem to leverage efficiencies and deliver enhanced value to clients and staff

ONE 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

Our purpose is expressed in four key values that shape the way that we work and live within society.

Distinctive performance

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

Dedicated partnership

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

Client focus

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

Cast-iron integrity

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

ONE BUSINESS AT A GLANCE
CONTINUED

A distinctive banking and wealth management business creating sustainable, long-term value for our stakeholders

Key highlights

Principal geographies	Core areas of activity	Total employees
2	2	8 300+
Net core loans	**Customer deposits**	**Funds under management**
£29.9bn	£40.1bn	£63.8bn

Our clients and offering

One Investec

- Corporate
- Institutional
- Intermediary
- Government

- Private client (HNW/high income)

- Charities
- Trusts
- Intermediaries

Specialist Banking

Lending
Transactional banking
Treasury solutions
Advisory
Investment activities
Deposit raising activities

Wealth & Investment

Discretionary wealth management
Investment advisory services
Financial planning
Stockbroking

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 continue to build a diverse and representative workforce, employing people who are passionate and empowered to perform extraordinarily.

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 shareholders
We regularly engage with our shareholders and seek their input on strategic matters. We strive to maximise shareholder returns and to build and maintain strong, lasting relationships.

ONE BUSINESS AT A GLANCE
CONTINUED

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.

USA

Established a presence in 1998

US Power and Infrastructure Finance and Securities

Ireland

Established a presence in 1999

European trading and investment banking services

UK

Established a presence in 1992

Brand well-established

One of the UK's leading private client investment managers

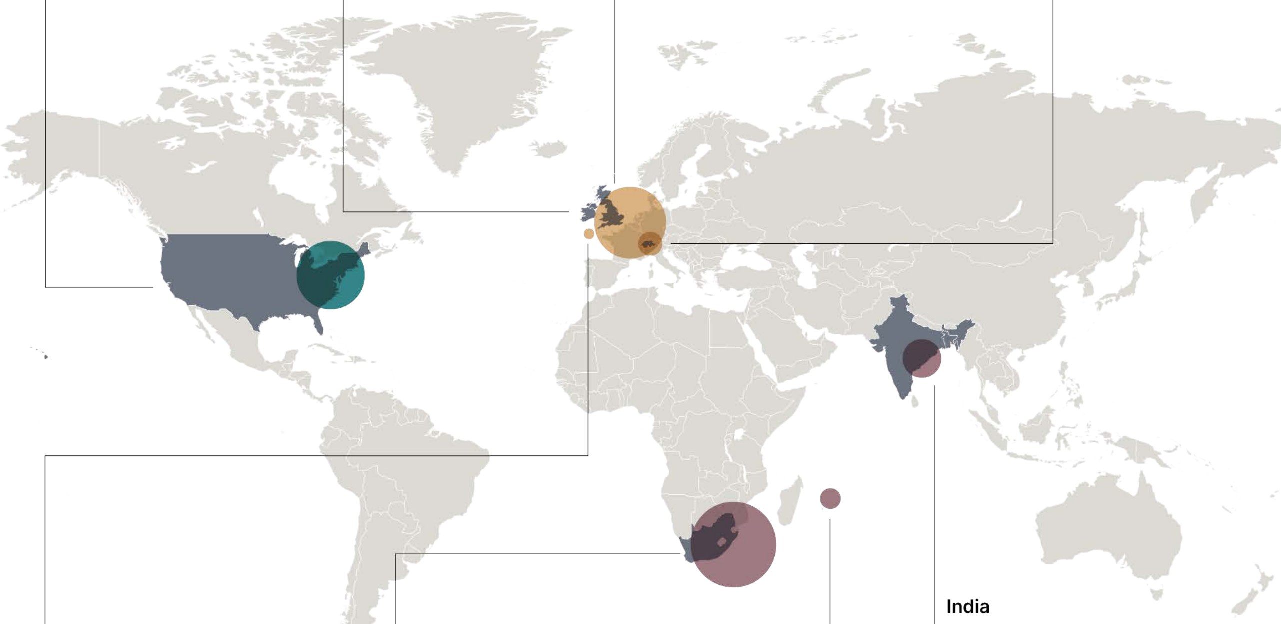
Proven ability to attract and recruit investment managers

Sustainable diversified banking business focused on solutions for corporate, institutional and private clients

Switzerland

Established a presence in 1999

International Wealth & Investment and European Banking activities



Channel Islands

Established a presence in Guernsey in 1998, Jersey in 2007 and Isle of Man in 2018

Private banking activities offered to private clients, family offices and trust and corporate service providers

Certain Corporate banking services offered

Wealth & Investment capability offered in Guernsey

South Africa

Established a presence in 1974

Strong brand and positioning

Top wealth manager with the ability to leverage off the global platform

Fifth largest bank by assets

Leading position in corporate, institutional and private client banking activities

Mauritius

Established a presence in 1997

Focus on corporate, institutional and private client banking activities

Wealth & Investment capability

India

Established a presence in 2010

Institutional equities business providing research, sales and trading activities

Merchant banking business connecting Indian companies with domestic and international investors

Investec has entered into an agreement with State Bank of India group to form a strategic partnership to grow this business, which will be managed as a JV between Investec and State Bank of India group

ONE BUSINESS AT A GLANCE
CONTINUED

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.
2022	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

Improved capital allocation – anticipate excess capital

Diversified mix of earnings by geography and business, with significant annuity income underpin from leading wealth business

Clear growth opportunities through reinforcement of existing linkages across geography and business and new profit pool strategies which are underway

Our clients have historically shown resilience through difficult macro environments

Rightsized the cost structure of the business

ONE BUSINESS AT A GLANCE
CONTINUED

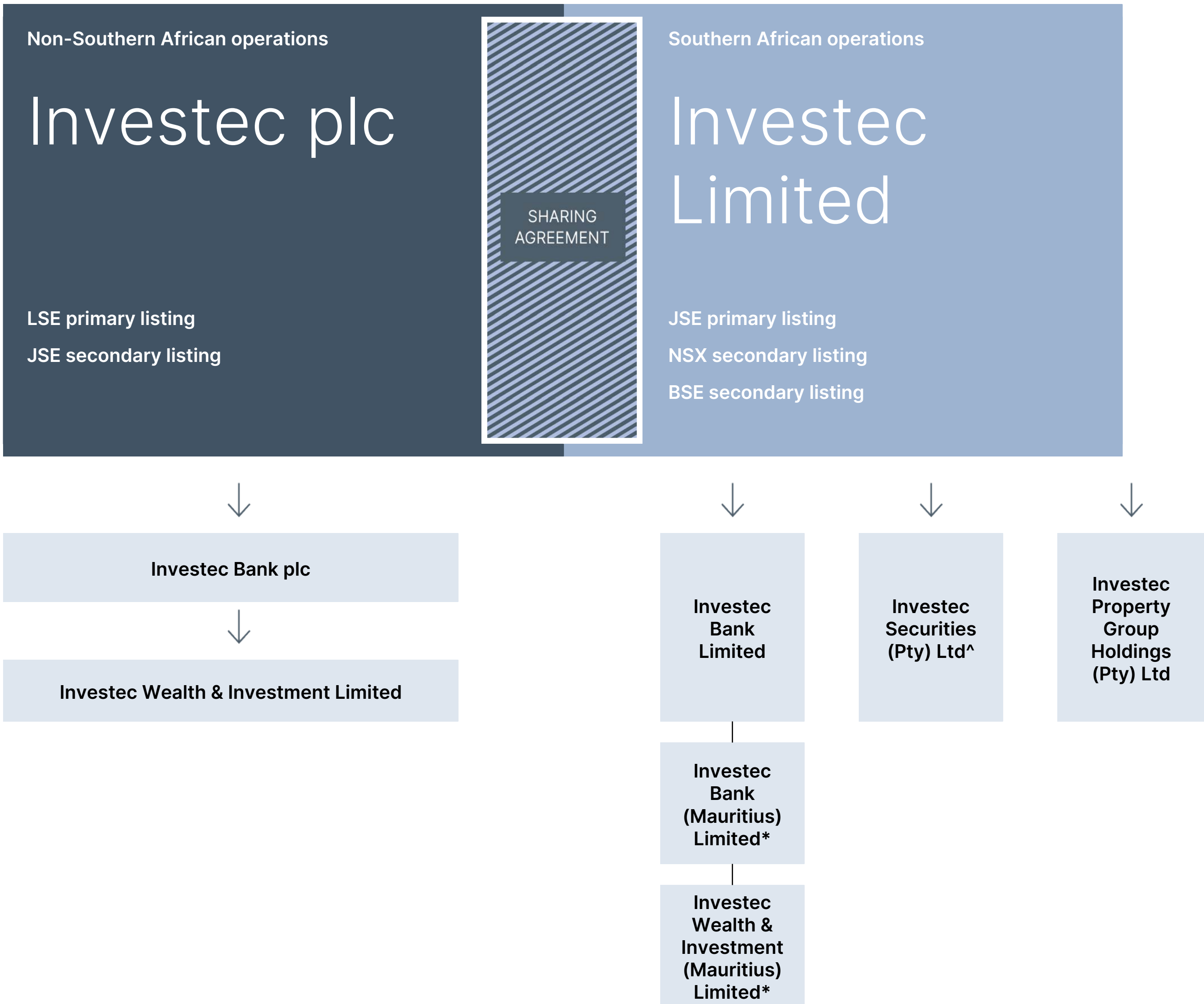
Our operational structure

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%.

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	A highly valued partner and adviser to our clients
High net worth and high-income private clients	Corporate, private equity, government and institutional clients
Private Banking • Lending • Transactional banking • Savings • Foreign exchange	**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 the 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 & INVESTMENT (MAURITIUS) LIMITED

Wealth & Investment

Investec Wealth & Investment (Mauritius) Limited 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$279 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), Praxis or 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 profiled multi-manager unitised strategies.

02

Management discussion and analysis

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OUR OPERATING ENVIRONMENT

The 2022 financial year was marked by the vaccine roll-out and the progressive lifting of sanitary restrictions worldwide, paving the way towards global economic recovery.

Locally, the borders re-opened in October 2021, after a year and half of restrictions on international travel, bringing much-needed relief to the hospitality and tourism industry which has been severely impacted by the pandemic.

Despite starting the year in a challenging environment, the Group has posted a solid performance with a reported profit after tax of US$33.2 million for the year ended 31 March 2022, representing an increase of 55% over last year, driven by higher activity levels, growth in its loan portfolio and improved margins.

Looking ahead, the global economic environment remains challenging with a rising global inflation and the geopolitical instability emerging since February with the Russia-Ukraine conflict.

In response, multiple jurisdictions have imposed economic sanctions on Russia. The Group has no direct exposure to either Russia or Ukraine, however, the wider impact of these events on global financial markets may impact the Group in the future.

The Group remains well capitalised and holds sufficient liquidity to pursue its growth initiatives.

FINANCIAL REVIEW

Performance against objectives

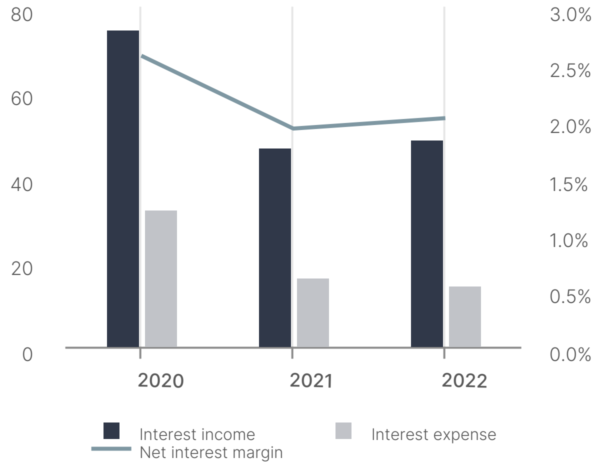
	OBJECTIVES 2022	PERFORMANCE 2022	OBJECTIVES 2023
Operating income	Operating income was expected to increase to US$37.0 million.	Operating income was 30% above objective at US$48.1 million.	Operating income is expected to increase by 3% to US$49.5 million.
Operating expenses	Operating expenses were expected to increase to US$12.8 million.	Costs were in line with objective at US$12.9 million.	Operating expenses are expected to increase by 7% to US$13.8 million.
Cost-to-income ratio	Cost-to-income ratio was expected to increase to 34.5%.	Cost-to-income decreased to 27.1%.	Cost-to-income ratio is expected to remain below 30%.
Return on average assets	Return on average assets was expected to remain at 1.3%.	Return on average assets stood at 1.9%.	Return on average assets is expected to decrease to 1.7%.
Return on average equity	Return on average equity was expected to remain at 5.4%.	Return on average equity was 7.8%.	Return on average equity is expected to decrease to 7.0%.
Loans and advances growth	Loans and advances were expected to decrease to US$828 million.	Loans and advances increased to US$1.2 billion, 46% above objective.	Loans and advances are expected to increase to US$1.4 billion.
Deposits growth	Deposits were expected to decrease to US$950 million.	Deposit growth was 16% above objective to reach US$1.1 billion.	Deposits are expected to increase to US$1.3 million.
Asset quality	Credit loss ratio was expected to be below 1.0%.	Credit loss ratio stood at -0.1%.	Credit loss ratio to be maintained below 1.0%.
Capital management	Capital adequacy ratio was expected to remain at a minimum of 15%.	Capital adequacy ratio stood at 29.2%.	Capital adequacy ratio to be maintained at a minimum of 15%.
Gearing	Gearing ratio was expected to be below 6.0%.	Gearing ratio stood at 4.2%.	Gearing ratio to be maintained below 6.0%.

FINANCIAL REVIEW
CONTINUED

Financial performance analysis

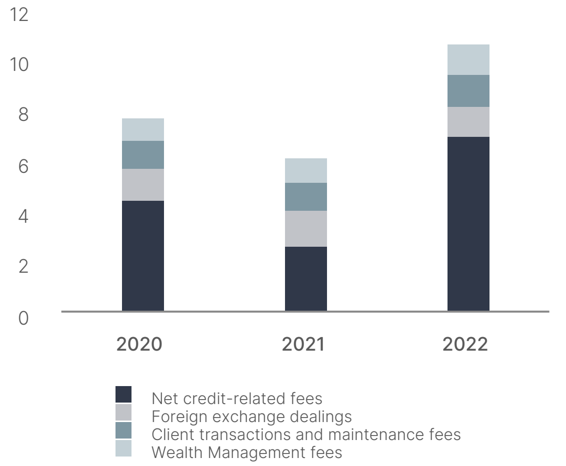
The overview that follows highlights the variances in the major line items on the face of the income statement for the year under review.

Net interest income



Net interest income increased by 12% to US$34.6 million as average interest earning assets increased and net interest margins increased from 1.9% to 2.0% for the current financial year.

Net fee income



Net fee income increased by 75% from US$6.1 million to US$10.6 million mainly due to higher deal-related fees resulting from higher deal activity.

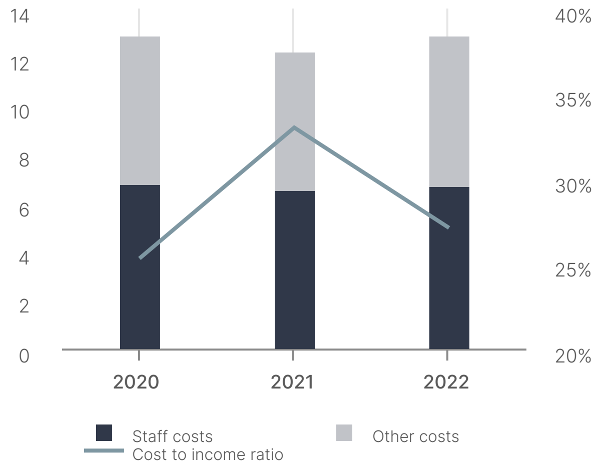
Net trading income

Trading income of US$1.6 million arose mainly from mark-to-market on derivatives and foreign exchange movement against the US dollar.

Expected credit loss (ECL)

During the current financial year ECL of US$0.4 million was reversed compared to a charge of US$1.7 million in the previous financial year.

Operating costs



Operating costs increased by 6% to US$12.9 million due to increase in personnel costs and business expenses. Staff costs represented 52% of the cost base, same as previous financial year.

The cost-to-income ratio decreased from 33% in the prior year to 27.1% for the current year as a result of an increase in operating income.

FINANCIAL REVIEW
CONTINUED

Financial position analysis

For the year to 31 March	2022	Change 2022 vs 2021 (%)	2021	Change 2021 vs 2020 (%)	2020
Loans and advances to banks and customers (US$'000)	1 205 102	31.1%	918 967	(0.1%)	920 331
Cash holdings (US$'000)	534 111	(23.3%)	696 215	4.3%	667 761
Customer deposits (US$'000)	1 102 632	11.7%	986 918	4.5%	944 650
Loan-to-deposit ratio (%)	109.3	17.4%	93	(1.5%)	94

Loans and advances (loans to banks and customers)
Loans and advances increased by 31% to US$1.2 billion during the financial year.

Cash holdings
Cash holdings, which include reverse repurchase agreements, decreased by 23% to US$534 million.

Customer deposits
Customer deposits increased by 12% to US$1.1 billion. The loan-to-deposit ratio increased to 109.3%.

Performance ratios

For the year to 31 March	2022	2021	2020
Return on average equity (%)	7.8	5.4	9.0
Return on average assets (%)*	1.9	1.3	2.0

* Figures based on average interest-earning assets.

Return on average equity
Return on average equity increased from 5.4% to 7.8% as net profit increased during the current financial year.

Return on average assets
Return on assets increased from 1.3% last year to 1.9% for the current year, due to the increase in net profit.

Capital

For the year to 31 March	2022	2021	2020
Shareholder's equity (US$'000)	444 044	410 017	384 216
Capital base (US$'000)	445 161	408 599	385 624
Capital adequacy ratio (%)	29.2	32.2	28.1
Tier 1 ratio (%)	28.3	31.1	27.0

Total equity increased from US$410 million to US$444 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 decreased from 32.2% to 29.2% as a result of an increase in risk-weighted assets, but remained 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 18 to 59) with further disclosures provided within the financial statements section (pages 92 to 181).

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 -0.1% as result of the ECL reversal
- A low leverage ratio, defined as Tier 1 capital as a percentage of total asset exposure in terms of Basel III, of approximately 28.3%
- A high level of readily available, high-quality liquid assets with cash holdings representing 28.9% of total assets
- A 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:

18 – 30 **Credit and counterparty risk** exposes the Bank to losses caused by financial or other problems experienced by our clients.	**46 – 53** **Operational risk** may disrupt the business or result in regulatory action.	**54** **Legal and regulatory risks** are substantial in its businesses.
43 – 45 **Liquidity risk** may impair the ability of the Bank to fund its operation.	**54** Reputational, strategic and business risk.	**40 – 42** The Bank's net interest earnings and net asset value may be adversely affected by **interest rate risk.**
51 – 52 The Bank may be **vulnerable to the failure of its systems** and breaches of its security systems.	**46** 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.	**40 – 46** Market, business and general economic conditions and fluctuations could adversely affect its businesses in a number of ways.
54 – 59 **The Bank may have insufficient capital** in the future and may be unable to secure additional financing as required.	**50** **Employee misconduct** could cause harm that is difficult to detect.	**9** The competitive nature of the financial and banking industries.
53 The Bank may be unable to **recruit, retain and motivate key personnel.**	**38** **Equity and investment risk.**	**18** 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.

RISK MANAGEMENT
CONTINUED

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 agreement, 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 that 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 2022, the Bank has provided an amount of US$2.7 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 25 to 38 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, 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% of the Bank's Tier 1 capital
   (b) Aggregate credit exposure to any group of connected counterparties shall not exceed 40% of the Bank's Tier 1 capital; and
   (c) Aggregate large exposures to all customers and groups of connected counterparties shall not exceed 800% 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% of the Bank's Tier 1 capital;
   (b) Aggregate credit exposure to any group of connected counterparties shall not exceed 75% of the Bank's Tier 1 capital; and
   (c) Aggregate large exposures to all customers and groups of connected counterparties shall not exceed 1200% of the Bank's Tier 1 capital. This limit is exclusive of the limit of 800% imposed in Mauritian Rupee denominated credit.

The Bank of Mauritius defines 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% of the financial institution's Tier 1 capital.

At 31 March 2022, the six largest customers or group of connected counterparties to whom the Bank granted facilities aggregating more than 10% of its Tier 1 capital was:

- 2022: US$321.1 million and 74.7% of Tier 1 capital
- 2021: US$466.9 million and 118.2% of Tier 1 capital
- 2020: US$451.2 million and 123.4% of Tier 1 capital

Large Exposure (LE) 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 10% of Tier 1 regulatory capital or such other concentration risk threshold as may be specified in the risk tolerance/appetite policy in pursue of the Bank's strategy.

Risk appetite
The Board has set the Bank's risk appetite limit framework which regulates the maximum exposures that the Bank 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.

A 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.

RISK MANAGEMENT
CONTINUED

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 standardised approach for calculating capital requirements in the assessment of its credit and counterparty exposures. The Bank conducts its 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	2022	2021	2020
On- and off-balance sheet exposures with related parties (US$'million)	63.4	192.3	269.0
On- and off-balance sheet exposures with related parties (% of total exposures)	3.4	11.3	16.4
Amount of exposures to the six related parties with the highest exposure (US$'million)	63.4	192.3	268.6
Amount of exposures to the six related parties with the highest exposure (% of Tier 1 capital)	14.5	52.2	73.5

All the related party transactions were within the regulatory limits as recommended in the above-mentioned guideline. No exposure to related parties were written off during the financial year ended 31 March 2022 (2021: US$ nil and 2020: US$ 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.

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 indicators 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 time frame these assets will be considered performing and in Stage 1. 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 are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable time frame, 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 and 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.

Forward-looking macro-economic scenarios
The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macroeconomic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and presented at the relevant committees for approval, which form part of the principal governance framework for macro-economic scenarios.

A number of forecast economic scenarios are considered for capital planning, stress testing and IFRS 9 ECL measurement. As at 31 March 2022 all economic scenarios were updated to incorporate the latest available data.

Prudential Norm impairment provisions
The Bank of Mauritius guideline on 'Credit Impairment Measurement and Income Recognition', effective since 1 January 2020, requires to compute credit impairment provisions on 'impaired' assets under the Prudential Norm 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 income statement.

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 31).

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.

RISK MANAGEMENT
CONTINUED

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
		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 the 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
CONTINUED

<table>
<tr><th>Regulatory and economic capital classification</th><th>IFRS impairment treatment</th><th>Arrears, default and recoveries classification category</th><th>Description</th></tr>
<tr><td rowspan="3">Assets in default – (non-performing assets – NPAs)</td><td rowspan="3">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.</td><td>Sub-standard</td><td>A NPA classified as sub-standard shall exhibit well-defined credit weaknesses in respect of the business, cash flow or financial position of the obligor which may lead to the financial institution sustaining losses thereon, if the deficiencies are not corrected.
A NPA which is past due by more than 90 days but has been classified as NPA for no more than one year should, as a minimum, be classified as sub-standard.</td></tr>
<tr><td>Doubtful</td><td>A NPA classified as doubtful shall exhibit all the weaknesses inherent in a sub-standard credit facility as well as supplementary weaknesses that make the prospect of full recovery of the credit facility questionable without having recourse to the collateral and loss thereon highly likely.
A NPA which has remained as NPA for more than one year but no more than five years should, as a minimum, be classified as doubtful.</td></tr>
<tr><td>Loss</td><td>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% of total outstanding credit).
A NPA should, as a minimum, be classified as loss when:
(i) The asset remained as NPA for more than five years; or
(ii) The loss has been identified by the financial institution’s internal auditor or external auditor or on-site examination by Bank of Mauritius.</td></tr>
</table>

RISK MANAGEMENT
CONTINUED

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 37 and 38.

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), and 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 0.2% of gross loans and advances to customers. These exposures remain relatively well secured.

Exposures amounting to US$2.5 million have been written off against provision during the year.

RISK MANAGEMENT
CONTINUED

Credit and counterparty risk information

Pages 18 to 24 describe where and how credit counterparty risk exists in the Bank's operations

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

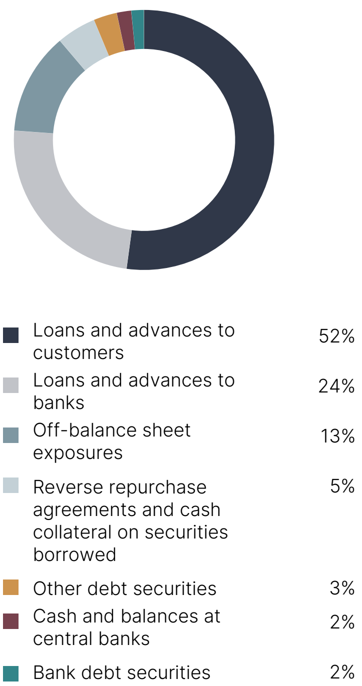
An analysis of gross credit and counterparty exposures

US$'000	**31 March 2022**	31 March 2021	31 March 2020	**2022 vs 2021 % change**	**2022 vs 2021 Average***	2021 vs 2020 % change	2021 vs 2020 Average*
On-balance sheet exposures							
Cash and balances at central bank	36 551	20 362	15 807	80%	28 457	29%	18 084
Due from banks	489 675	453 830	324 844	8%	471 752	40%	389 337
Bank debt securities	31 962	33 637	34 691	(5%)	32 799	(3%)	34 164
Other debt securities	59 213	20 056	22 681	>100%	39 634	(12%)	21 368
Derivatives financial instruments	133	—	—	100%	66	(100%)	—
Reverse repurchase agreements	100 003	75 000	75 004	33%	87 502	—%	75 002
Loans and advances to customers	1 065 483	891 587	898 961	20%	978 535	(1%)	895 274
Total on-balance sheet credit and counterparty exposures	**1 783 020**	**1 494 472**	**1 371 988**	**19%**	**1 638 745**	**9%**	**1 433 230**
Guarantees^	21 740	28 081	16 865	(23%)	24 910	67%	22 473
Committed facilities	236 652	201 344	142 285	18%	218 998	42%	171 815
Off-balance sheet exposures	**258 392**	**229 425**	**159 150**	**13%**	**243 908**	**44%**	**194 288**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**2 041 412**	**1 723 897**	**1 531 138**	**18%**	**1 882 652**	**13%**	**1 627 518**

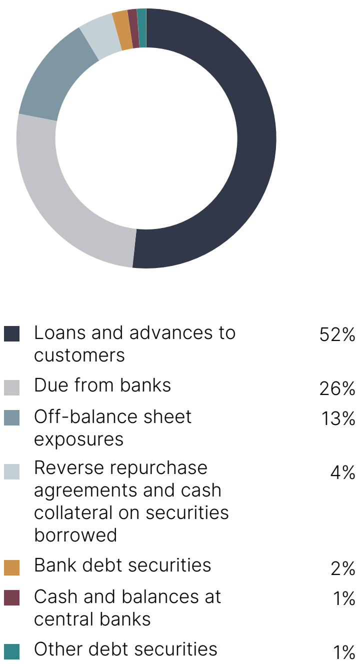
* Based on a straight-line average.
^ Excluded guarantees provided to clients which are backed/secured by cash deposit with the Bank.

An analysis of gross credit and counterparty exposure

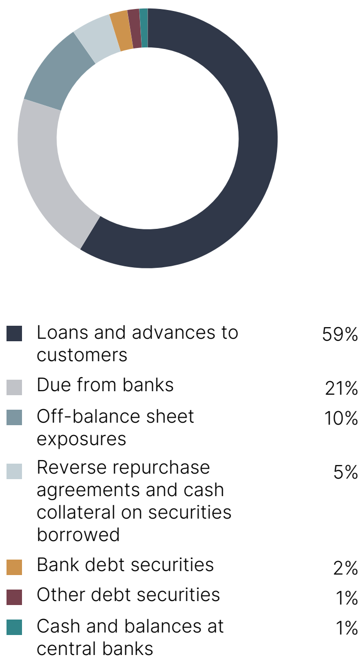
2022



2021



2020



RISK MANAGEMENT
CONTINUED

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

An analysis of gross credit and counterparty exposure

2022

Mauritius	11%
South Africa	2%
Africa (excl RSA)	10%
European Union	21%
Europe (non-EU)	7%
North America	12%
Australia	2%
UK	35%

2021

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

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

At 31 March US$'000	Total credit and counterparty exposure	Expected credit loss	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
2022					
Cash and balances at central bank	36 551	—	1		36 552
Due from banks	489 675	(238)	26 990	1	516 427
Bank debt securities	31 962	—	—		31 962
Other debt securities	59 213	(135)	—		59 078
Derivative financial instruments	133	—	5 042		5 175
Reverse repurchase agreements	100 003	(35)	25 043	1	125 011
Loans and advances to customers	1 065 483	(4 261)	—		1 061 222
Other assets	—	—	4 105		4 105
Investment portfolio	—	—	3 813	2	3 813
Investment in associate	—	—	2 120		2 120
Deferred taxation asset	—	—	451		451
Property, plant and equipment	—	—	404		404
Amount due from group companies	—	—	1 293	1	1 293
Total on-balance sheet exposures	**1 783 021**	**(4 669)**	**69 262**		**1 847 613**

1. Includes intergroup balances.
2. Largely relates to exposures that are classified as investment risk in the banking book.

RISK MANAGEMENT
CONTINUED

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**
2021					
Cash and balances at central bank	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)	—		883 832
Other assets	—	—	19 684		19 684
Investment portfolio	—	—	2 663	2	2 663
Investment in associate	—	—	2 130		2 130
Deferred taxation asset	—	—	498		498
Current taxation asset	—	—	256		256
Property, plant and equipment	—	—	962		962
Amount due from group companies	—	—	1 835	1	1 835
Total on-balance sheet exposures	**1 494 472**	**(7 929)**	**211 867**		**1 698 411**

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 bank	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)	—		892 566
Other assets	—	—	4 101		4 101
Investment portfolio	—	—	2 402	2	2 402
Investment in associate	—	—	2 856		2 856
Deferred taxation asset	—	—	421		421
Property, plant and 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**

1. Includes intergroup balances.
2. Largely relates to exposures that are classified as investment risk in the banking book.

RISK MANAGEMENT
CONTINUED

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		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Agriculture, forestry and fishing	12 407	11 178	8 024	9 908	15 033	—	22 315	26 211	8 024
Construction	16 990	17 911	63 564	11 033	—	34 353	28 023	17 911	97 917
Households	38 319	24 449	38 439	2 821	882	2 094	41 140	25 331	40 533
Real estate activities	281 315	284 597	255 939	47 422	112 852	38 692	328 737	397 449	294 631
Financial and insurance activities	526 688	325 803	239 466	807 648	691 894	545 720	1 334 336	1 017 697	785 186
Wholesale and retail trade	19 829	19 737	15 841	31 335	1 455	—	51 164	21 192	15 841
Manufacturing	44 219	41 642	3 805	20 481	—	2 000	64 700	41 642	5 805
Transportation and storage	50 418	116 364	158 980	5 551	8 546	411	55 969	124 910	159 391
Accommodation and food service activities	10 083	32 604	20 337	—	—	—	10 083	32 604	20 337
Electricity, gas, steam and air conditioning supply	20 146	8 938	40 000	—	—	—	20 146	8 938	40 000
Information and communication	25 611	8 364	18 558	20 732	1 648	8 636	46 343	10 012	27 194
Administrative and support service activities	17 074	—	—	10 575	—	71	27 649	—	71
Mining and quarrying	2 384	—	6 539	8 423	—	—	10 807	—	6 539
Other entities	—	—	29 469	—	—	200	—	—	29 669
Total	**1 065 483**	**891 587**	**898 961**	**975 929**	**832 310**	**632 177**	**2 041 412**	**1 723 897**	**1 531 138**

RISK MANAGEMENT
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Detailed analysis of gross credit and counterparty exposures by industry

At 31 March US$'000	Agriculture, forestry and fishing	Construction	Households	Real estate activities	Financial and insurance activities	Wholesale and retail trade	Manufacturing
2022							
On-balance sheet exposures	**12 407**	**16 990**	**38 319**	**281 315**	**1 205 065**	**30 192**	**64 700**
Other debt securities	—	—	—	—	20 053	10 363	20 481
Bank debt securities	—	—	—	—	31 962	—	—
Bank placements	—	—	—	—	526 226	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	100 003	—	—
Derivative financial instruments	—	—	—	—	133	—	—
Gross core loans and advances to customers	12 407	16 990	38 319	281 315	526 688	19 829	44 219
Off-balance sheet exposures	**9 908**	**11 033**	**2 821**	**47 422**	**129 271**	**20 972**	**—**
Guarantees	—	794	—	—	618	—	—
Committed facilities	9 908	10 239	2 821	47 422	128 653	20 972	—
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**22 315**	**28 023**	**41 140**	**328 737**	**1 334 336**	**51 164**	**64 700**
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	—	—
Bank placements	—	—	—	—	474 192	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	75 000	—	—
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	—	—
Bank placements	—	—	—	—	340 651	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	75 004	—	—
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**

RISK MANAGEMENT
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Transportation and storage	Accommodation and food service activities	Electricity, gas, steam and air conditioning supply	Information and communication	Administrative and support service activities	Mining and quarrying	Other entities	**Total**
50 418	**10 083**	**20 146**	**25 611**	**17 074**	**10 700**	**—**	**1 783 020**
—	—	—	—	—	8 316	—	59 213
—	—	—	—	—	—	—	31 962
—	—	—	—	—	—	—	526 226
—	—	—	—	—	—	—	100 003
—	—	—	—	—	—	—	133
50 418	10 083	20 146	25 611	17 074	2 384	—	1 065 483
5 551	**—**	**—**	**20 732**	**10 575**	**107**	**—**	**258 392**
328	—	—	20 000	—	—	—	21 740
5 223	—	—	732	10 575	107	—	236 652
55 969	**10 083**	**20 146**	**46 343**	**27 649**	**10 807**	**—**	**2 041 412**
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**

RISK MANAGEMENT
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Asset quality and impairments

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

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

At 31 March US$'000	2022	2021	2020
Gross core loans and advances to customers subject to ECL	**1 065 483**	**891 587**	**898 961**
Stage 1	996 550	815 332	842 851
Stage 2	67 073	57 378	47 870
Stage 3	1 860	18 877	8 240
Gross core loans and advances to customers subject to ECL (%)	**100%**	**100%**	**100%**
Stage 1	93.5%	91.5%	93.8%
Stage 2	6.3%	6.4%	5.3%
Stage 3	0.2%	2.1%	0.9%
Expected credit loss	**(4 261)**	**(7 755)**	**(6 395)**
Stage 1	(3 586)	(3 886)	(2 786)
Stage 2	(88)	(173)	(377)
Stage 3	(587)	(3 696)	(3 232)
ECL coverage ratio (%)			
Stage 1	0.4%	0.5%	0.3%
Stage 2	0.1%	0.3%	0.8%
Stage 3	31.6%	19.6%	39.2%
Net core loans and advances to customers	**1 061 222**	**883 832**	**892 566**
Average gross core loans and advances to customers	**978 535**	**895 274**	**970 055**
Current loans and advances to customers	989 846	812 166	783 238
Past due loans and advances to customers (1 – 60 days)	6 948	3 166	47 281
Special mention loans and advances to customers	66 829	57 378	60 202
Default loans and advances to customers	1 860	18 877	8 240
Gross core loans and advances to customers	**1 065 483**	**891 587**	**898 960**
Current loans and advances to customers	1 056 675	869 544	821 677
Gross core loans and advances to customers that are past due but not impaired	6 948	3 166	69 043
Gross core loans and advances to customers that are impaired	1 860	18 877	8 240
Gross core loans and advances to customers	**1 065 483**	**891 587**	**898 960**
ECL impairment reversal/(charge) on loans and advances	**1 507**	**(1 435)**	**(383)**
Stage 3 loans net of ECL	1 273	15 181	5 008
Aggregate collateral and other credit enhancements	6 844	27 639	19 478
Stage 3 net of ECL and collateral	**—**	**—**	**—**
Gross default loans and advances to customers	1 860	18 877	8 240
Expected credit loss	(4 261)	(7 755)	(6 395)
Defaults net of impairments	**(2 401)**	**11 122**	**1 846**
Collateral and other credit enhancements	6 844	27 639	19 478
Net default loans and advances to customers (limited to zero)	—	—	—
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.4%	0.9%	0.7%
Total impairments as a % of gross default loans	229.0%	41.1%	77.6%
Gross defaults as a % of gross core loans and advances to customers	0.2%	2.1%	0.9%
Defaults (net of impairments) as a % of net core loans and advances to customers	(0.2%)	1.3%	0.2%
Net defaults as a % of gross core loans and advances to customers	0.0%	0.0%	0.0%
Credit loss ratio (i.e: income statement as a % of average gross core loans and advances)	(0.2%)	0.2%	0.0%

RISK MANAGEMENT
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Stage 1: 93.5% 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 0.4%.

Stage 2: 6.3% 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 0.1%.

Stage 3: 0.2% of gross exposure is in Stage 3 which is made up of assets that are credit impaired. The coverage ratio totals 31.6% 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 2021 to 31 March 2022. 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 2022 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 2022	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
US$'000								
1 April 2021	815 332	(3 886)	57 378	(173)	18 877	(3 696)	891 587	(7 755)
Transfer from Stage 1	(40 392)	37	38 769	(35)	1 623	(2)	—	—
ECL re-measurement arising from transfer of stage	—	—	—	—	—	(350)	—	(350)
Net new lending and repayments	221 610	(829)	(29 074)	120	(18 640)	3 461	173 896	2 752
Changes to risk parameters and models	—	1 092	—	—	—	—	—	1 092
At 31 March 2022	**996 550**	**(3 586)**	**67 073**	**(88)**	**1 860**	**(587)**	**1 065 483**	**(4 261)**

A further analysis of credit quality by risk category

	Stage 1		Stage 2		Stage 3		Total	
As at 31 March 2022	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
US$'000								
Corporate	400 307	2 610	23 246	53	—	—	423 553	2 663
Sovereign	14 163	85	—	—	—	—	14 163	85
NBFI - Fund Finance	354 058	72	—	—	—	—	354 058	72
Mortgages	29 965	10	244	1	198	196	30 407	207
PB Corporate	143	1	—	—	—	—	143	1
Direct Corporate	64 080	181	—	—	—	—	64 080	181
HNW and Specialised Lending	31 440	38	—	—	—	—	31 440	38
Residential Real Estate Developments	82 025	179	—	—	—	—	82 025	179
Commercial Real Estate - Investment	6 935	6	43 583	34	1 662	391	52 180	431
Asset Finance	13 434	404	—	—	—	—	13 434	404
	996 550	**3 586**	**67 073**	**88**	**1 860**	**587**	**1 065 483**	**4 261**

RISK MANAGEMENT
CONTINUED

As at 31 March 2021	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
US$'000								
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

As at 31 March 2021	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
US$'000								
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**	**891 588**	**7 755**

As at 31 March 2020	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
US$'000								
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	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
US$'000								
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**

RISK MANAGEMENT
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An analysis of core loans and advances to customers

At 31 March US$'000	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
2022				
Current core loans and advances	**989 846**	**(3 584)**	**986 262**	**—**
Past due (1 – 60 days)	**6 948**	**(2)**	**6 946**	**109**
Special mention	**66 829**	**(88)**	**66 741**	**—**
Special mention – current	66 829	(88)	66 741	—
Default	**1 860**	**(587)**	**1 273**	**1 860**
Sub-standard	1 623	(352)	1 271	1 623
Doubtful	198	(196)	2	198
Loss	39	(39)	—	39
Total	**1 065 483**	**(4 261)**	**1 061 222**	**1 969**
2021				
Current core loans and advances	**812 166**	**(3 882)**	**808 284**	**—**
Past due (1 – 60 days)	**3 166**	**(4)**	**3 162**	**61**
Special mention	**57 378**	**(173)**	**57 205**	**14 113**
Special mention (1 – 60 days and management well secured)	529	—	529	34
Special mention (61 – 90 days and item well secured)	14 079	—	14 079	14 079
Special mention – current	42 770	(173)	42 597	—
Default	**18 877**	**(3 696)**	**15 181**	**12 901**
Sub-standard	13 898	(370)	13 528	1 559
Doubtful	4 979	(3 326)	1 653	11 342
Total	**891 587**	**(7 755)**	**883 832**	**27 075**
2020				
Current core loans and advances	**783 238**	**(2 405)**	**780 451**	**—**
Past due (1 – 60 days)	**47 281**	**(381)**	**47 281**	**1 070**
Special mention	**60 202**	**(377)**	**59 825**	**997**
Special mention (1 – 60 days and management well secured)	8 659	(325)	8 334	826
Special mention (61 – 90 days and item well secured)	13 104	—	13 104	171
Special mention – current	38 439	(52)	38 387	—
Default	**8 240**	**(3 232)**	**5 008**	**7 574**
Sub-standard	1 401	(356)	(1 045)	735
Doubtful	6 839	(2 876)	3 963	6 839
Total	**898 961**	**(6 395)**	**892 566**	**9 641**

RISK MANAGEMENT
CONTINUED

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)
2022				
Agriculture, forestry and fishing	12 407	—	—	—
Construction	16 990	—	—	—
Households	36 943	1 376	—	—
Real estate activities	214 357	244	—	—
Financial and insurance activities	521 360	5 328	—	—
Wholesale and retail trade	19 829	—	—	—
Manufacturing	44 219	—	—	—
Transportation and storage	48 443	—	—	—
Accommodation and food service activities	10 083	—	—	—
Electricity, gas, steam and air conditioning supply	20 146	—	—	—
Information and communication	25 611	—	—	—
Administrative and support service activities	17 074	—	—	—
Mining and quarrying	2 384			
Total gross core loans and advances to customers	**989 846**	**6 948**	**—**	**—**
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	—	—	—
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	—	—
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**

RISK MANAGEMENT
CONTINUED

Special mention – current	Sub- standard	Doubtful	Loss	**Total gross core loans and advances to customers**	**Expected credit loss**
—	—	—	—	12 407	(265)
—	—	—	—	16 990	(101)
—	—	—	—	38 319	(160)
64 854	1 623	198	39	281 315	(1 304)
—	—	—	—	526 688	(436)
—	—	—	—	19 829	(144)
—	—	—	—	44 219	(583)
1 975	—	—	—	50 418	(951)
—	—	—	—	10 083	(13)
—	—	—	—	20 146	(62)
—	—	—	—	25 611	(110)
—	—	—		17 074	(129)
				2 384	(3)
66 829	**1 623**	**198**	**39**	**1 065 483**	**(4 261)**
—	—	—	—	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	(44)
38 439	**1 401**	**6 839**	**—**	**898 961**	**(6 395)**

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
2022			
Eligible financial collateral	**96 579**	**3 468**	**100 047**
Listed shares	78 471	—	78 471
Cash	18 108	3 468	21 576
Mortgage bonds	**830 958**	**1 503**	**832 461**
Residential mortgages	100 356	—	100 356
Commercial property developments	730 602	1 503	732 105
Commercial property investments	—	—	—
Other collateral	**403 470**	**6 278**	**409 748**
Unlisted shares	139 441	328	139 769
Charges other than property	94 378	5 467	99 845
Asset backed lending	144 024	483	144 507
Guarantees	25 627	—	25 627
Total collateral	**1 331 007**	**11 249**	**1 342 256**
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**

RISK MANAGEMENT
CONTINUED

Collateral continued

At 31 March US$'000	Collateral held against: Gross core loans and advances	Other credit and counterparty exposures*	Total
2020			
Eligible financial collateral	**93 304**	**2 044**	**95 348**
Listed shares	81 773	—	81 773
Cash	11 531	2 044	13 575
Mortgage bonds	**1 030 627**	**9 646**	**1 040 273**
Residential mortgages	303 223	—	303 223
Commercial property developments	727 404	9 646	737 050
Commercial property investments	—	—	—
Other collateral	**736 804**	**7 990**	**744 794**
Unlisted shares	159 635	—	159 635
Charges other than property	274 921	2 803	277 724
Asset backed lending	263 350	5 187	268 537
Guarantees	38 898	—	38 898
Total collateral	**1 860 735**	**19 680**	**1 880 415**

* 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$18.1 million (2021: US$16.4 million and 2020: US$11.5 million) with regard to loans and advances of US$67.8 million (2021: US$73.4 million and 2020: US$45.6 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$49.9 million (2021: US$57.0 million and 2020: US$34.1 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:

US$'000 At 31 March	On balance sheet value of investments 2022	Valuation change stress test* 2022	On balance sheet value of investments 2021	Valuation change stress test* 2021	On balance sheet value of investments 2020	Valuation change stress test* 2020
Unlisted investments	3 810	571	2 660	399	2 400	360
Listed equities	3	1	3	1	2	—
Total	**3 813**	**572**	**2 663**	**400**	**2 402**	**360**

* 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%

Stress testing summary
The severe stress scenario, at 31 March 2022, indicates that the Bank could incur a fair value loss of US$0.6 million. 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 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 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.

RISK MANAGEMENT
CONTINUED

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 macro-economic 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 the Asset and 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
CONTINUED

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

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**
Due from 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)
Shareholder's 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	—	

RISK MANAGEMENT
CONTINUED

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
Due from 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)
Shareholder's 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	—	

The positive interest rate mismatch shown is largely attributable to the allocation of shareholder's 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)**
2022						
200bp down	(0.47)	1.43	2.22	0.51	(0.06)	3.63
200bp up	0.46	(1.95)	(2.15)	(0.50)	0.05	(4.09)
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	1.21
200bp up	0.09	(0.24)	(0.49)	(0.56)	(0.01)	(1.21)

RISK MANAGEMENT
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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 8.0%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: Liquidity Coverage Ratio (LCR) are being enforced in Mauritius, but Net Stable Funding Ratio (NSFR) while not being enforced, the Bank monitors it as 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.

RISK MANAGEMENT
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Contractual liquidity

At 31 March 2022 US$'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Due from banks	347	163	53	50	66	—	—	679
Investment/trading assets	6	2	—	1	—	89	—	98
Advances	24	87	111	168	138	509	24	1 061
Other assets	—	—	—	5	—	—	—	5
Assets	**377**	**252**	**164**	**224**	**204**	**598**	**24**	**1 843**
Deposits – non-banks	(736)	(69)	(180)	(26)	(83)	(11)	—	(1 105)
Other liabilities	—	—	—	(9)	—	—	—	(9)
Liabilities	**(736)**	**(69)**	**(180)**	**(35)**	**(83)**	**(11)**	**—**	**(1 114)**
Intercompany loans	(9)	—	—	(80)	—	(200)	—	(289)
Shareholder's funds	—	—	—	—	—	—	(442)	(442)
Balance sheet	**(368)**	**183**	**(16)**	**109**	**121**	**387**	**(418)**	**(2)**
Off-balance sheet	—	2	—	—	—	—	—	2
Contractual liquidity gap	**(368)**	**185**	**(16)**	**109**	**121**	**387**	**(418)**	**—**
Cumulative liquidity gap	(368)	(183)	(199)	(90)	31	418	—	

At 31 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
Due from 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 – 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)
Shareholder's 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	—	

RISK MANAGEMENT
CONTINUED

Contractual liquidity (continued)

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
Due from banks	399	155	102	—	18	—	—	674
Investment/trading assets	5	—	—	3	—	35	20	63
Advances	—	13	44	142	95	553	46	893
Other assets	—	—	—	6	—	—	—	6
Assets	**404**	**168**	**146**	**151**	**113**	**588**	**66**	**1 636**
Deposits – non-banks	(672)	(82)	(49)	(62)	(57)	(24)	—	(946)
Other liabilities	(4)	(4)	(3)	(1)	(1)	(1)	—	(14)
Liabilities	**(676)**	**(86)**	**(52)**	**(63)**	**(58)**	**(25)**	**—**	**(960)**
Intercompany loans	(4)	—	—	—	—	(274)	—	(278)
Shareholder's funds	—	—	—	—	—	—	(384)	(384)
Balance sheet	**(276)**	**82**	**94**	**88**	**55**	**289**	**(318)**	**14**
Off-balance sheet	—	(10)	—	—	—	(4)	—	(14)
Contractual liquidity gap	**(276)**	**72**	**94**	**88**	**55**	**285**	**(318)**	**—**
Cumulative liquidity gap	(276)	(204)	(110)	(22)	33	(318)	—	

At 31 March 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
At 31 March 2022								
Behavioural liquidity gap	**222**	**58**	**45**	**78**	**44**	**(175)**	**(272)**	**—**
Cumulative	222	280	325	403	447	272	(3)	
At 31 March 2021								
Behavioural liquidity gap	**208**	**148**	**27**	**(180)**	**(32)**	**125**	**(295)**	**—**
Cumulative	208	356	383	204	171	295	—	
At 31 March 2020								
Behavioural liquidity gap	**294**	**8**	**43**	**(28)**	**12**	**(171)**	**(158)**	**—**
Cumulative	294	302	345	317	329	158	—	

Net Stable Funding Ratio (NSFR)
The Bank's NSFR stood at 132% as at 31 March 2022 (31 March 2021: 128% and 31 March 2020: 136%).

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 2022, the Bank's LCR stood at 131% (31 March 2021: 139% and 31 March 2020: 128%), well above regulatory requirements.

Detailed disclosure is available on the Bank's website.

RISK MANAGEMENT
CONTINUED

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							
2022							
Long/(short) position		1 307	2 574	(248)	64	(1 064)	3 945
Sensitivity on net income and equity	5	65	129	(12)	3	(53)	197
	(5)	**(65)**	**(129)**	**12**	**(3)**	**53**	**(197)**
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)**

Operational risk
Operational risk is an inherent risk in the ordinary course of business activity. The impacts could be financial as well as non-financial. The possible non-financial impacts include customer detriment, reputational or regulatory consequences.

Operational risk management framework and governance

Management and measurement of operational risk
The Group manages operational risk through an operational risk management framework that is embedded across all levels of the organisation and is supported by a strong risk management culture. The key purpose of the operational risk management framework is to define the policies and practices that provides the foundation for a structured and integrated approach to identify, assess, mitigate/manage, monitor and report on operational risks.

RISK MANAGEMENT
CONTINUED

The key operational risk practices are as follows:

Identify and Assess	**Risk and control assessments**	• Risk assessments are forward-looking, qualitative assessments of inherent and residual risk that are performed on key business processes using a centrally defined risk framework.
		• These assessments enable business to identify, manage and monitor operational risks, incorporating other elements of the operational risk management framework such as risk events and key indicators.
		• Detailed control evaluations are performed, and action plans developed and implemented where necessary to ensure that risk exposure is managed within acceptable levels.
	Internal risk events	• Internal risk events provide an objective source of information relating to failures in the control environment.
		• The tracking of internal risk event data provides an opportunity to improve the control environment and to minimise the occurrence of future risk events.
		• In addition, internal risk event data is used as a direct input into the Pillar 2 capital modeling process.
	External risk events	• External risk events are operational risk-related events experienced by external financial institutions.
		• The Group is an active member of a global external data service used to benchmark our internal risk event data against other local and international financial service organisations.
		• The external data is analysed to enhance the control environment, inform scenario analysis and provide insight into emerging operational risks.
	Scenario analysis	• Scenario analysis is the assessment of extreme but plausible risk events that could materialise as a result of operational risk.
		• Expert judgement is used to estimate the risk exposure which is used as input to determine internal capital requirements.

Mitigate/manage	**Risk exposures**	• Risk exposures are identified through the operational risk management process, including but not limited to risk assessments, internal risk events, key indicators and audit findings.
		• Residual risk exposure is evaluated in terms of the Group's risk appetite and mitigated where necessary by improving the control environment, transferring through insurance, terminating the relevant business activity or accepting the risk exposure for a period of time subject to formal approval and monitoring.

Monitor	**Key risk indicators**	• Indicators are metrics used to monitor risk exposures against identified thresholds.
		• The output provides predictive capability in assessing the risk profile of the business.

RISK MANAGEMENT
CONTINUED

Operational risk governance structure
The operational risk governance structures form an integral part of the operational risk management framework. Key components of the governance structures are:

Roles and responsibilities
The Group, in keeping with sound governance practices, has defined roles and responsibilities for the management of operational risk in accordance with the three lines of defence model, i.e. business line management, an independent operational risk function and an independent internal audit function.

Specialist control functions are responsible for the management of key operational risks. These include, but are not limited to: compliance (including financial crime compliance), cyber, finance, fraud, legal and information security risks.

Committees
Operational risk is managed and monitored through various governance forums and committees that are integrated with the Group's risk management governance structure and report to Board-level committees.

The Bank's operational risk profile is reported to the governance forums and committees on a regular basis, which contributes to sound risk management and decision-making by the Board and management.

- Operational risk:

Management forums and committees are in place. Key responsibilities include the monitoring of operational risk and oversight of the operational risk management framework, including approval of the operational risk management policies.

- Technology and information security risk:

The DLC IT Risk and Governance Committee is responsible for the monitoring of current and emerging technology and information security risk. In addition, the Committee considers the strategic alignment of technology and business.

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 set to 2023. The Bank will continue to work closely with Group regulators and industry bodies on the implementation of the revisions.

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 with the appropriate governance structures.

Operational risk year in review
Key operational risk themes
The Bank's operational risk profile is informed by qualitative risk and control assessments and controlled through an integrated risk management approach. The principal operational risks and management thereof are described in detail on page 50.

The key drivers that impacted on the Bank's operational risk profile for the year under review were as follows:

Business disruption and operational resilience risk
- Resilience capabilities continue to be tested by the ongoing pandemic and other disruptive events.
- The growing regulatory requirements for operational resilience increases the compliance expectations and delivery of stakeholder value.

Cyber security risk
- Accelerated digitalisation of the business and client services, and remote/hybrid working, increased the inherent cyber risk.
- The sophistication of threat actors continued to present a growing threat, with both frequency and intensity of attacks increasing on a global scale.
- Security monitoring was stepped up in light of the Russia-Ukraine war and associated escalation in cyber risk to the financial services sector.
- Cyber risk was well managed, and no material impact or losses attributed to cyber events were experienced.

People risk
- Reduced infection rates and easing of global and regional restrictions saw the re-introduction of staff back to the office.
- An increasingly competitive skills market necessitated targeted strategies to source, retain and advance talent/human capital.

Regulatory compliance risk
- Increasingly stringent regulatory compliance obligations continued to be a focus for the Bank.
- Sustained focus by regulators on resilience in the financial services sector and emphasis placed on working towards ensuring a financial system that is fair, efficient and resilient.

RISK MANAGEMENT
CONTINUED

Third party risk
The Group's strategic intent towards digitalisation placed increased reliance on third party services and cloud providers.

- Enhanced third party review, due diligence and risk management practices were a key focus area.
- Monitoring of financial health, adverse media, and cyber posture of key third parties were implemented.

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 'Business Disruption and System Failure' (BDSF) Basel categories seem to be the drivers of risk events from a count and value perspective. 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.

Operational risk sub-types
Operational risk sub-types which are significant in nature are managed by dedicated specialist teams. These operational risk sub-types are addressed in specific, detailed risk policies and procedures but are included within the operational risk management framework and are reported and monitored within the operational risk appetite. These sub-types include:

- Business disruption and operational resilience risk
- Conduct risk
- Data management risk
- Financial crime risk
- Fraud risk
- Information security and cyber risk
- Model risk
- Process failure risk
- Regulatory compliance risk
- Technology risk
- Third party risk
- Tax risk
- People risk.

RISK MANAGEMENT
CONTINUED

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Business disruption and operational resilience risk	
Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes.	• Investec maintains continuity through appropriate resilience strategies that cater for disruptions, irrespective of the cause • These strategies include, but are not limited to, relocating the impacted business to alternate processing sites, enabling staff to work from home, the application of high-availability technology solutions and ensuring readiness of physical solutions for critical infrastructure components.
Conduct risk	
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.	• Our approach to conduct risk is driven by our values and philosophies, ensuring that Investec operates with integrity and puts the wellbeing of its clients at the heart of how the business is run • Products and services are scrutinised and regularly reviewed to identify any issues early on, and to make sure they are escalated for appropriate resolution and, where necessary, remedial action • The conduct risk policy is designed to create an environment for consumer protection and market integrity within the business, supported with the right conduct risk management framework • Conduct Committees exist in South Africa (covering Mauritius) and the UK, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture.
Data management risk	
Risk associated with poor governance in acquiring, processing, storing, and protecting data. Issues with data quality, reliability, or corruption can adversely impact business decisions, client services and financial reporting.	• Investec drives robust data governance principles across the business, including data ownership, management, quality control and defined data architecture • Consistent mechanisms are in place for data consolidation, storage and reporting • Data flows and reconciliations are automated, and integration between systems is streamlined to reduce the need for manual tasks, minimise data processing delays and eliminate single points of failure • Data quality and aggregation are monitored, reported and enhanced in line with business needs and regulatory principles • Predictive intelligence is obtained through data analytics to support proactive risk management • Data retention and destruction processes are designed to meet business needs and comply with applicable legal obligations.

RISK MANAGEMENT
CONTINUED

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Financial crime risk	
Financial crime involves handling the proceeds of crime, financing of terrorism, proliferation financing, sanctions breaches and bribery or corruption, as well as any related regulatory breaches. Examples include bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting and identity theft.	• Established policies and procedures are in place to promote business with clients in such a manner that minimises the risk of Investec's products being used for money laundering and terrorist or proliferation financing • A risk-based approach supports these objectives whilst complying with Investec's regulatory compliance obligations. At a high-level the control framework ensures that: – Sufficient information about clients is obtained – All clients and prospective clients are risk rated and verification commensurate with their risk profile conducted – All prospective and existing clients and relevant related parties are screened against relevant lists (including applicable sanctions lists) to identify increased financial crime risk – Staff are appropriately trained – Suspicious transactions and terrorist financing are recognised and reported – Existing and prospective clients that are not within Investec's financial crime risk appetite are exited or declined.
Fraud risk	
The risk associated with any kind of criminal conduct arising from fraud, corruption, theft, forgery and misconduct by staff, clients, suppliers or any other internal or external stakeholder.	• Investec manages fraud risk through an integrated framework which includes global policies, standards and methodologies • Detection and prevention systems are utilised to help identify potential fraud, reaching out to clients where appropriate to validate or discuss concerns • An independent integrity (whistleblowing) line is in place to ensure that staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies • Fraud risk assessments are conducted to proactively identify and map existing preventative and detective controls to the relevant fraud risks to ensure effective mitigation • Fraud prevention and detection controls are enhanced on an ongoing basis in response to increased fraud losses across the industry and new fraud modus operandi • Industry collaboration assists with fraud prevention efforts and the recovery of funds that have been paid away • Adherence to fraud prevention policies is proactively monitored • Practices which comply with updated regulations, industry guidance and best practice are embedded within the Bank • Awareness of existing and horizon fraud threats is created through internal training and education of clients and intermediaries on fraud prevention and detection.
Information security and cyber risk	
Risk associated with the unauthorised access, use, disclosure, modification or destruction of data, which can impact their confidentiality, integrity, or availability.	• In light of the broad range of risks to which information resources are exposed, this risk is managed by addressing both internal and external threat exposures • Internal threats relate to data theft, improper access or confidentiality breaches by staff • These are mitigated by implementing risk-appropriate data protection controls to safeguard information assets in line with data sensitivity and business criticality • Role-based access to systems and data is closely controlled and privileged IT access is restricted and actively monitored • External threats relate to cyberattacks such as ransomware, denial of service and cyber fraud • This is mitigated by an adaptive cyber strategy that integrates prediction, prevention, detection, and response capabilities • A robust security architecture leverages defence-in-depth and advanced technologies to protect against evolving, sophisticated attacks • Threats are monitored 24/7 by a global cyber team and the security incident response plan is continuously improved • Cyber controls are stress-tested through security assessments, red team exercises and attack simulations, run both internally and in conjunction with independent specialists • Regular security training to all staff ensures high levels of awareness and vigilance.

RISK MANAGEMENT
CONTINUED

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Model risk	
The risk associated with the adverse consequences that arise from decisions based on incorrect or misused model outputs (including reports). Material sources of model risk include: credit model risk, liquidity model risk and trading book model risk.	• Investec manages model risk through embedded, risk-specific frameworks and policies • The frameworks address roles and responsibilities, governance processes and committees and approaches to managing and monitoring model risk • The relevant committees are mandated to oversee model risk and have delegated further oversight and approval to appropriate sub-committees.
Processing failure risk	
The risk associated with the failure to process, manage and execute transactions and/or other processes (such as change) completely, accurately and timeously due to human error or inadequate process design or implementation.	• Investec seeks to minimise process failures or human error that can disrupt operations or impact delivery of services to clients • Policies, processes, procedures and monitoring controls which mitigate against control failures are implemented to protect clients, markets and the Bank from detriment • We manage operational capacity to meet client and industry needs and continue to explore automation to improve efficiency and reduce human error • Key business processes are regularly reviewed and the relevant risks assessed through the Risk and Control Self-Assessment process • Material change is managed through dedicated projects with formalised project governance.
Regulatory compliance risk	
The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate can have a significant impact on the Group's operations, business prospects, costs, liquidity and capital requirements.	• Investec remains focused on achieving the highest levels of compliance to professional standards and integrity in each of our jurisdictions • Our culture is a major component of our compliance framework and is supported by robust policies, processes and talented professionals who ensure that the interests of our stakeholders remain at the forefront of everything we do • There are independent compliance, legal and risk management functions in each of our core operating jurisdictions that ensure that the Group implements the required processes, practices and policies to adhere to applicable regulations and legislation.
Technology risk	
Risk associated with disruption to the IT systems which underpin our critical business processes and client services.	• The technology environment is proactively monitored for continuous visibility of operational performance and availability • Mature incident management processes and continuity plans are in place to support a resilient IT environment that is able to withstand failure and minimise service disruption • Strategic roadmaps are in place that leverage new technologies to enhance capacity, scalability and continuity, and reduce reliance on legacy IT systems • IT systems are aligned to approved architectures and standards across the Group to reduce technical complexity and leverage common functions and services • The risk of errors in production systems is reduced through design reviews, secure development practices and robust code review, testing and deployment processes • Processes and controls are automated where possible to reduce human error and enhance efficiency.

RISK MANAGEMENT
CONTINUED

DEFINITION OF RISK	MANAGEMENT AND MITIGATION APPROACHES
Third party risk	
The risk associated with the reliance on and use of external providers of services to the Group.	• Third party policies and practices govern the assessment, selection, approval and oversight of third party services • Robust due diligence processes are in place to evaluate third party suitability and controls with the appropriate level of rigour based on the scale, complexity and risks a particular supply poses • Service disruption or security risks that third parties may introduce are identified and managed • Ongoing monitoring ensures that contractual obligations are met and required service levels are maintained • Appropriate supplier business contingency plans, including exit strategies for key/critical vendors, are established and managed to minimise customer impact following any disruption in service.
Tax risk	
The risk associated with inadequate tax planning, transaction execution, tax compliance and reporting failures, resulting in financial loss and reputational damage.	• Investec's control environment for the management and mitigation of tax risk includes a formalised tax strategy, policy and framework • The Bank seeks to ensure that all transactions and financial products and services are commercially motivated • All advisory and tax planning work is conducted in accordance with the relevant tax laws, regulations and intentions of legislators of the country in which the Group operates.
People risk	
The risk that we may be unable to recruit, retain and engage diverse talent across the organisation	• We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance • Investec invests significantly in opportunities for the development of all our employees, and in leadership programmes to enable current and future leaders of the Bank • There is a graduate programme operating across our organisation sourcing and developing our talent pipeline • Internal mobility is a valued mechanism for the development and retention of people • The people and organisation team plays a critical role in assisting the business to achieve its strategic objectives, which are matched to learning strategies and market trends • The people and organisation team is mandated to enable the attraction, development and retention of talent who can perform in a manner consistent with our culture and values • The people and organisation team also works with leadership to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation.

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 culture and values assessment, internal audit and regulatory compliance review and risk management practices.

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

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

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

Capital management and allocation

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

The Bank reports information on its capital position to the Investec Limited Capital Committee which in turn reports to the Investec Group DLC Capital Committee.

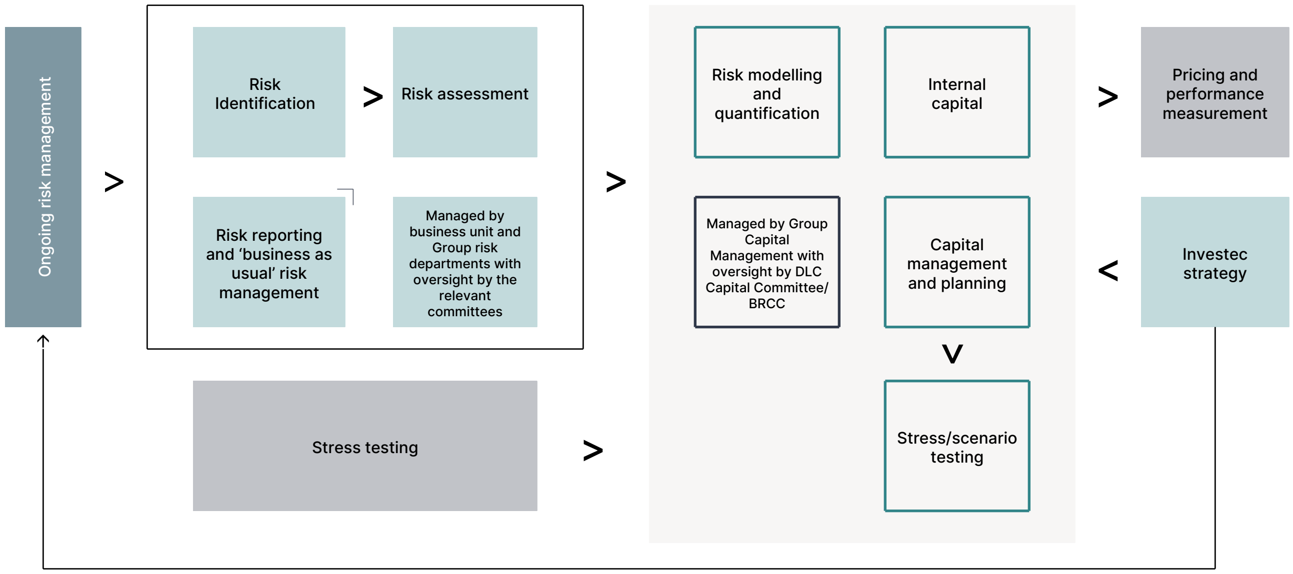
The Bank's internal capital framework, approved by the board, is based on processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet.

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

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

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

RISK MANAGEMENT
CONTINUED



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 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.

RISK MANAGEMENT
CONTINUED

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 1 April 2022. It will increase to 12.5% from that date.

RISK MANAGEMENT
CONTINUED

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		
	2022	2021	2020	**2022**	2021	2020
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	319 028	282 704	262 156	316 922	281 301	261 330
Other reserves	57 059	56 382	52 076	57 059	56 382	52 076
Common equity Tier 1 capital before regulatory adjustments	**432 565**	**395 564**	**370 710**	**430 459**	**394 161**	**369 884**
Deferred taxation asset	(451)	(498)	(421)	(451)	(498)	(421)
Total regulatory adjustments to common equity Tier 1 capital	**(451)**	**(498)**	**(421)**	**(451)**	**(498)**	**(421)**
Common equity Tier 1 capital (CET1)	**432 114**	**395 066**	**370 289**	**430 008**	**393 663**	**369 463**
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)	15 153	14 924	16 148	15 153	14 936	16 161
Tier 2 capital (T2)	**15 153**	**14 924**	**16 148**	**15 153**	**14 936**	**16 161**
Total capital (capital base) (TC = T1 + T2)	**447 267**	**409 990**	**386 437**	**445 161**	**408 599**	**385 624**
Risk-weighted on balance sheet assets	1 338 455	1 089 943	1 208 122	1 339 406	1 090 941	1 209 163
Non-market-related off balance sheet risk-weighted assets	109 204	100 190	77 602	109 204	100 190	77 602
Market-related off balance sheet risk-weighted assets	8 211	3 752	6 104	8 211	3 752	6 104
Operational risk	70 291	71 314	78 608	70 291	71 314	78 608
Aggregate net open foreign exchange position	3 945	7 010	3 164	3 945	7 010	3 164
Total risk-weighted assets	**1 530 106**	**1 272 209**	**1 373 600**	**1 531 057**	**1 273 207**	**1 374 641**
Capital adequacy %						
Tier 1 capital ratio	**28.3%**	**31.1%**	**27.0%**	**28.1%**	**31.0%**	**26.9%**
Total capital ratio	**29.2%**	**32.2%**	**28.1%**	**29.1%**	**32.1%**	**28.1%**

RISK MANAGEMENT
CONTINUED

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

As at 31 March 2022 US$'000	Group Balance sheet amount	Group Amounts included for regulatory purposes	Bank Balance sheet amount	Bank 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	319 028	319 028	316 922	316 922
Other reserves	68 538	57 059	68 538	57 059
Common Equity Tier 1 capital before regulatory adjustments	**444 044**	**432 565**	**441 938**	**430 459**
Deferred taxation asset		451		451
Common Equity Tier 1 capital (CET1)	**444 044**	**433 016**	**441 938**	**430 910**
Tier 2 capital (T2)		**15 153**		**15 153**
Total capital (capital base) (TC = T1 + T2)	**444 044**	**448 169**	**441 938**	**446 063**

Risk-weighted on balance sheet assets (Group)

As at 31 March US$'000	2022 Total on-balance sheet amount	2022 Risk-weights %	2022 **Risk-weighted asset**	2021 Risk- weighted asset	2020 Risk- weighted asset
Cash items	1	—	—	—	—
Claims on sovereigns	14 163	0%-50%	16 765	21 442	22 612
Claims on central banks and international institutions	36 552	0%-50%	—	566	5 177
Claims on banks	674 991	20%-100%	259 592	217 049	384 859
Claims on corporates	793 812	20%-100%	744 976	517 028	500 455
Claims secured by residential property	39 268	35%-125%	31 105	48 210	24 144
Claims secured by commercial real estate	273 491	100%-125%	273 491	237 962	258 758
Past due claims	1 271	50%-150%	1 271	21 913	2 347
Other assets	11 255	100%-250%	11 255	25 773	9 770
Total on-balance sheet credit risk-weighted exposures			**1 338 455**	**1 089 943**	**1 208 122**

RISK MANAGEMENT
CONTINUED

Risk-weighted on balance sheet assets (Bank)

As at 31 March US$'000	2022 Total on-balance sheet amount	2022 Risk-weights %	2022 Risk-weighted asset	2021 Risk- weighted asset	2020 Risk- weighted asset
Cash items	1	—	—	—	—
Claims on sovereigns	14 163	0%-50%	16 765	21 442	22 612
Claims on central banks and international institutions	36 552	0%-50%	—	566	5 177
Claims on banks	562 862	20%-100%	259 592	217 049	384 859
Claims on corporates	744 976	20%-100%	744 976	517 028	500 455
Claims secured by residential property	39 074	35%-125%	31 105	48 210	24 144
Claims secured by commercial real estate	273 491	100%-125%	273 491	237 962	258 758
Past due claims	1 271	50%-150%	1 271	21 913	2 347
Other assets	11 505	100%-250%	12 206	26 771	10 811
Total on-balance sheet credit risk-weighted exposures			**1 339 406**	**1 090 941**	**1 209 163**

Risk-weighted non-market-related off balance sheet assets (Group and Bank)

As at 31 March US$'000	2022 Notional principal amount	2022 Credit conversion factor %	2022 Credit equivalent amount	2022 Risk-weighted asset	2021 Risk-weighted asset	2020 Risk-weighted asset
Direct credit substitutes	24 420	—	24 420	24 088	10 471	11 820
Transaction-related contingent items	795	—	397	397	1 951	2 967
Total other commitments	227 884	—	79 639	84 719	87 768	62 815
Total non-market-related off balance sheet risk-weighted credit exposures				**109 204**	**100 190**	**77 602**

Risk-weighted market-related off balance sheet assets (Group and Bank)

As at 31 March US$'000	2022 Notional principal amount	2022 Potential future exposure	2022 Current exposure	2022 Credit equivalent amount	2022 Risk-weighted asset	2021 Risk-weighted asset	2020 Risk-weighted asset
Interest rate contracts	167 797	593	3 351	3 944	3 878	985	1 157
Foreign exchange and gold contracts	664 594	6 974	—	8 666	4 333	2 767	4 947
Credit derivative contracts	8 570	—	—	—	—	—	—
Other market-related contracts	—	—	—	—	—	—	—
Total market-related off balance sheet risk-weighted credit exposures					**8 211**	**3 752**	**6 104**

Lourens F Janse van Rensburg
Chair
Board of Directors

Kailash Sharma Ramnauth
Chair
Risk Management Committee

Grant M Parsons
Director/
Chief Executive Officer

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 has 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 is 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 risks 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. However, the Board ensures that the necessary disclosures and explanations 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 have been approved by the Board and are posted on the Bank's website:

- The Constitution
- The Code of ethics
- The Position statements of the chair of the Board and the Board committees, Chief Executive Officer and the Company Secretary
- 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 Chair and the Chief Executive Officer to ensure balance of power and authority. The Board is led by the Chair 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, two independent non-executive directors (40%) and two non-independent non-executive directors. Out of the two non-independent non-executive directors, one director is also a member of the parent Company's Board as a senior 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 20% female directors.

David M Lawrence, the former director and Chair of the Board retired on 1 October 2021 after more than 20 years of valuable contribution to the Bank, the Board and Board committees. Lourens F Janse van Rensburg was appointed as director and the new Chair of the Board effective from 1 October 2021.

Pierre de Chasteigner du Mee, former director and Chair of the Conduct Review Committee and the Risk Management Committee also retired on 1 April 2022 after more than 20 years of valuable contribution to the Bank, the Board and Board committees. Kailash Sharma Ramnauth was appointed as an independent non-executive director on the Board of the Bank effective from 1 April 2022.

Ramdeo (Dev) Erriah was appointed as the lead/senior independent non-executive director of the Bank effective from 5 April 2022.

The Board ensures that there is an appropriate balance of skills, experience and knowledge of the organisation 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 an invitee to the Board and Board committee meetings.

CORPORATE GOVERNANCE REPORT
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Board committees
To achieve its objectives, the Board delegates certain of its duties and functions to the 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: the Chair of the Board, one independent non-executive director 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 the periods between the Board meetings.

The Committee has all the 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 non-executive directors as members, out of which two are independent non-executive directors. The non-independent non-executive Chair is also an independent non-executive director on the parent company's board. She is also 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 and 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 for 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; 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.
(v) 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 auditors consider the Judgements and estimates used as aggressive or conservative within an acceptable range
- Significant or unusual transactions
- 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
- 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
The IBM Audit Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2022. The Committee continues to ensure that it exercises independent oversight and scrutiny of audit matters of the Bank and its subsidiary.

The Committee reports to the Board as well as to 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, we 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 the 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:

- Overseeing the Bank's financial reporting process and risks, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- Reviewing the Bank's internal controls and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of the Bank's internal audit functions
- Oversight of the Bank's compliance
- Appointing, managing and overseeing the relationship with the Bank's external auditors, including the quality control, effectiveness and independence of the external audit function
- Approving the fees to be paid to external auditors
- Managing the level and nature of non-audit services, if any, provided by the external auditors
- Dealing with concerns, if any, from outside the Bank regarding accounting, reporting and financial control.

At each Committee meeting, the chief executive officer, the chief operating officer, the head of finance, the head of risk, the head of compliance and other management 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 Chair 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 Chair 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 Chair 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 Chair 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 Chair 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.

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Areas covered by the Audit Committee
The significant matters addressed by the Committee during the financial year ended 31 March 2022, 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
- Matters which were otherwise considered to be subjective from an accounting or auditing perspective.

The following audit focus areas were deliberated by the Committee during the year:

Audit focus areas	What the Audit Committee did
Impact of COVID-19 and the Russia-Ukraine conflict The COVID-19 pandemic and the Russia-Ukraine conflict impacted the global economy and businesses across all industries.	• Considered the accounting and operational impact of these events on the economy and business, mitigating steps and the resulting impact on the applicability of the macro-economic scenarios and the judgements and estimates used by management to prepare the annual financial statements. The areas most impacted include: – Going concern, including liquidity – Expected Credit Loss (ECL) assessment (IFRS 9 macro-economic scenarios, probabilities and staging and impact on specific sectors such as aviation, tourism and hospitality and property) – Impact on quality of earnings – Impact of working from home on the overall control environment and operational risk – The financial control environment • Fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures
Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement disclosures • 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 presentation on investments including the analysis of the key judgements and assumptions applied and approved the valuation adjustments proposed by management for the year ended 31 March 2022 • 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. – Fair value of exposures in industries highly affected by COVID-19 – The appropriateness of the IFRS 13 disclosures on fair value
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	• 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 analyses based on different economic scenarios, and the possible impact of COVID-19 and the Russia-Ukraine conflict on the ability of the Bank to continue as a going concern

CORPORATE GOVERNANCE REPORT
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Audit focus areas	What the Audit Committee did
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 and the Russia-Ukraine conflict 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 ECLs experienced against forecast and considered whether ECLs 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 Committee meetings, to discuss the audit plan, 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 being present • The Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and the lead partner.
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 and the Russia-Ukraine conflict. There were no post balance sheet events that needed to be disclosed.
Fair, balanced and understandable reporting • The Bank is required to ensure that its external reporting is fair, balanced and understandable, and to consider whether it provides the information necessary for stakeholders to assess the Group's position, performance, business model and strategy • Reviewed the outcomes of the combined assurance coverage model as discussed below.	• 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 2022 were appropriate in ensuring that those statements were fair, balanced and understandable • The Committee recommended to the board that the 2022 annual report and the financial statements were fair, balanced and understandable.
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 and 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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Other matters considered by the Committee
The Committee considered the following matters during the financial year ended 31 March 2022:

Audit focus areas	What the Audit Committee did
Internal controls • The effectiveness of the overall control environment and 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.
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
IFRS	• Reviewed the impact of any new standard and the relevant disclosures
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 and 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 with internal audit without management being 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 programme to ensure audit quality is maintained at the highest level.

CORPORATE GOVERNANCE REPORT
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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. Their current appointment is ending with the 2022 audit.The Committee will request an extension of their appointment in terms of Section 39 5(A)b of the Banking Act.

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 audit 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 Chair 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.

The following matters were covered during these discussions:

- Transparency reports and reviews by the firm covering its client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
- Any reputational, legal or impending legal issues impacting the firm, including the implications of publicly observable information from regulatory investigations or the media
- The independence processes of the firm, including partner reward and remuneration criteria
- Interrogation of international and local firm audit quality control processes
- Detailed profiles of the partners, managers and technical support staff, including their relevant audit experience and specific Investec experience
- Details in relation to each firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process
- The results of the last firm-wide reviews carried out by the regulatory body
- The results of the latest individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner.

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.

Looking ahead
The role of the Committee will remain focused on:

- Ensuring the effective functioning of the Bank's financial systems, processes and controls, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS and other regulations
- The impact of COVID-19 on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the Bank
- The impact of the Russia-Ukraine conflict
- Continued exercise of oversight
- Overseeing regulatory compliance and the compliance programme.

Zarina BM Bassa

Chair, Audit Committee

CORPORATE GOVERNANCE REPORT
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3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NARC) comprises three members who are all non-executive directors including one who is an independent director. The chief executive officer, the chief operating officer and the head of Group HR are invitees to this committee. 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 incentive packages, 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
- Review succession for key leadership positions.

The committee met once during the financial year.

Three resolutions were approved via round robin by the members of the Committee during the financial year.

4. Corporate Governance Committee

The Corporate Governance Committee comprises three members, with the chair being an independent non-executive director. The other two members are non-executive directors, out of which one director is also an independent non-executive director 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, are in accordance with the principles of the applicable regulatory requirements and the applicable code of corporate governance.

The Corporate Governance Committee carries out the following activities:

- Advises the Board on all aspects of corporate governance and recommend the adoption of best practices as appropriate
- Determines, agrees and develops the Bank's general policy on corporate governance in accordance with the Code of Corporate Governance for Mauritius and the Bank of Mauritius Guideline;
- Approves the corporate governance report to be published in the Bank's annual report
- Ensures 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.

CORPORATE GOVERNANCE REPORT
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5. Conduct Review Committee

The Conduct Review Committee comprises three members. The chair is an independent non-executive director. The other two members are the chair of the Board and another independent non-executive director. The Committee approves, monitors and reviews 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
- 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.

Two resolutions were also approved via round robin by the members of the Committee.

The Committee did not note any breach of the requirements of the Guideline on Related Party Transactions issued by the Bank of Mauritius.

Following an amendment brought to the Guideline by the Bank of Mauritius on 12 May 2022, the requirement for financial institutions to set up a conduct review committee to review and approve related party transactions has been removed. The roles and responsibilities of the conduct review committee will now be entrusted to the financial institution's Board of Directors.

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

6. Investment Committee

The investment Committee comprised the chief executive officer who was the chair of the Committee, the chair of the Board and one external non-executive director. The Committee was responsible for the review and management of the Bank's investment portfolio and the approval of any new investment proposals.

The Investment Committee met on an ad hoc basis as circumstances dictate of in order to conduct its affairs with respect to purchase or sale decisions. The Credit Committee reviewed all new investment proposals and made its recommendations to the Investment Committee. The Investment Committee reviewed all new investment proposals and made its determinations known to the Investec Bank Limited Investment Committee. All investment proposals required the sanction of the Investec Bank Limited Investment Committee.

The Committee met twice during the financial year.

Following a resolution adopted by the Board of Directors on 15 March 2022, the Bank decided to dissolve the Investment Committee effective from 1 April 2022. The reason for the dissolution of the Committee is that the investment portfolio is gradually running down and based on the current market conditions and the global environment, new investments are not envisaged and thus no raison d'etre for an investment committee.

7. Risk Management Committee

The Risk Management Committee comprises three members. The chair of the Committee is an independent non-executive director and the other two members are the chair 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
- 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 chair of the Risk Management Committee is a member of the Audit Committee. The chair of the Audit Committee is also a regular invitee to the Risk Management Committee.

At each Board meeting, the chair of the Risk Management Committee provides feedback on the key matters discussed at the Committee meetings 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, which exceed 10% 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 four times during the financial year and also considered and approved eight resolutions via round robin.

Board and Board Committees attendance

The Board met four times during the financial year.

The chair 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 27 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*	2/2				2/2	1/1	2/2	2/2	2/2
Lourens F Janse van Rensburg**	2/2			1/1	2/2			2/2	2/2
Pierre de Chasteigner du Mée***	4/4	6/6		1/1	4/4		2/2	4/4	4/4
Grant M Parsons	4/4						2/2	4/4	4/4
Zarina Bibi Mahomed Bassa	4/4	6/6		1/1		1/1		4/4^	4/4
Ramdeo (Dev) Erriah	4/4	5/6			4/4	1/1		4/4^	

* Resigned on 1 October 2021
** Appointed on 1 October 2021
*** Resigned on 1 April 2022
**** All the resolutions taken by the Committee were via emails/round robin
^ as invitee

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 the shareholder.

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, and to 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.

One new director was appointed during the financial year. Another new director was appointed on 1 April 2022.

CORPORATE GOVERNANCE REPORT
CONTINUED

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

Lourens F Janse van Rensburg

Non-Executive Director

Date of appointment
1 October 2021

Age: 50

Qualifications: BCom, BCom (Hons), CA(SA), CFA and HDip Tax Law

Relevant skills and experience
Lourens is Head of Investec Corporate and Institutional Banking (ICIB) SA. He is part of a team that focuses on specialised lending, structured products and treasury activities for corporates, intermediaries and institutions. The team builds trusted, long-term relationships and provides holistic, forward-looking views to identify ways to help clients achieve their business goals.

Lourens joined Gensec Bank (now Sanlam Capital Markets) in 1998 until 2001 after completing his articles with Coopers and Lybrand (now PwC). He performed various functions including financial control for the equity derivatives team, risk management for the Interest Rate Derivative desk, and setting up the Investments Product business.

His journey at Investec began when he joined the financial products team in ICIB (formerly capital markets) in 2001, where he worked on interest rate structuring, preference share funding and investment products. Lourens was appointed head of the Financial Products (FP) team in 2010, and in 2012 he assumed responsibility for the Treasury Sales and Structuring area (TSS). TSS structures and sells foreign exchange, interest rate derivatives, commodity and money market products to the corporate, institutional, retail and interbank Investec client base.

Other principal appointments
Lourens is a director of AEL Investment Holdings (Pty) Ltd, Investec Life Ltd, Investec Specialist Investments (RF) Ltd, Investec Specialist Investments Fund Managers (Pty) Ltd, Investpref Ltd , KWJ Investments (Pty) Ltd, Sechold Finance Services (Pty) Ltd and Que Dee Trading 122 (Pty) Ltd

Committees
Lourens is the Chair of the Board, the Board Sub-Committee, the Nomination and Remuneration Committee and the Large Exposure Committee. He is a member of the Conduct Review Committee, Corporate Governance Committee and Risk Management Committee of the Bank.

David M Lawrence

Non-Executive Director

Date of appointment
3 October 1997

Age: 71

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 Adviser to the Prime Minister. He joined CitiBank (South Africa) in 1977, eventually becoming chair 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
None

Committees
David was the Chair of the Board, Board Sub-Committee, Nomination and Remuneration Committee and Large Exposure Committee. David was also a member of the Conduct Review Committee, Corporate Governance Committee, Investment Committee and Risk Management Committee of the Bank.

Date Resigned
1 October 2021

Pierre de Chasteigner du Mée

Non-Executive Director

Date of appointment
4 June 1999

Age: 69

Qualifications:
ACEA, FBIM, FMAAT

Relevant skills and experience
Pierre, a stockbroker on the Stock Exchange of Mauritius Ltd and 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 was a member of the Board Sub-Committee, Audit Committee, Nomination and Remuneration Committee, Conduct Review Committee (Chair), Investment Committee, Risk Management Committee (Chair) and Large Exposure Committee of the Bank.

Date Resigned
1 April 2022

CORPORATE GOVERNANCE REPORT
CONTINUED

Zarina BM Bassa
Non-Executive Director

Date of appointment
21 February 2019

Age: 58

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, as well as the Accounting Standards Board, and non-executive director of the Financial Services Board, the South African Institute of Chartered Accountants, and Vodacom South Africa Proprietary Limited, Woolworths Holdings 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 and the JSE Ltd. 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 Chair of the Audit Committee and a member of the Nomination and Remuneration Committee, Corporate Governance Committee and Large Exposure Committee of the Bank.

Ramdeo (Dev) Erriah
Independent Non-Executive Director

Date of appointment
21 February 2019

Age: 63

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 degrees 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 and 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 and 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 23 years

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

Committees
Dev is a member of the Audit Committee, Corporate Governance Committee (Chair) and Conduct Review Committee. He is also an invitee to the Risk Management Committee of the Bank.

Grant M Parsons
Executive Director/Chief Executive Officer

Date of appointment
1 January 2021

Age: 52

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

Relevant skills and experience
Grant has 27 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, Dolphin Coast Marina Estate Ltd and La Balise Gym and Spa Ltd.

Committees
Grant is a member of the Board Sub-Committee, Investment Committee (Chair), Risk Management Committee and Large Exposure Committee of the Bank.

CORPORATE GOVERNANCE REPORT
CONTINUED

Kailash Sharma Ramnauth
Independent Non-Executive Director

Date of appointment
1 April 2022

Age: 59

Qualifications: FCMA, MBA

Relevant skills and experience
Kailash is a seasoned financial sector and advisory-focused professional with expertise in corporate finance, governance and economic policy dialogue for public/private sector partnerships. Kailash has more than 20 years of hands-on experience in transactional investments and business advisory activities. He is also a private equity practitioner, with involvement in corporate fund raisings and both project and structured finance transactions.

Other principal appointments
Kailash is an independent non-executive director and audit committee chairman of Scott and Co Ltd and its subsidiary, Scott Health Ltd. Kailash is an independent non-executive director of Arisaig India Fund Limited, an independent non-executive director and audit committee chairman of Ekada Capital Ltd and an independent chairman of the board of Friday Private Equity Fund I. Kailash is also a director of GreenEQ Ltd and GreenDet Co Ltd.

Committees
Kailash is the Chair of the Risk Management Committee and Conduct Review Committee. He is also a member of the Audit Committee, Nomination and Remuneration Committee, Board Sub-Committee and the Large Exposure Committee of the Bank.

Prithiviraj Jeewooth
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.

CORPORATE GOVERNANCE REPORT
CONTINUED

Principle 4: Directors' 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 the shareholder 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.
- 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 Committees' 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 informally, through personal observations and discussions, and/or in the form of evaluation questionnaires. The results are considered and discussed by the Board. The Chair 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 Chair 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, thirteen training sessions for directors were organised.

Directors' interest and dealings in shares
All the shares of the Bank are owned by its sole shareholder namely, Investec Bank Limited.

Directors' emoluments
The executive and non-executive directors received emoluments amounting to US$456,014 for the year under review (2021: US$ 2,180,735* and 2020: US$919,657).

*includes retirement benefits paid to one retired director

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.

CORPORATE GOVERNANCE REPORT
CONTINUED

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.

As the chief executive officer is an expatriate, his employment with the Bank is subject to both Bank of Mauritius and Economic Development Board approvals.

The chief executive officer is entitled to receive a basic salary and is also eligible for an annual bonus and participation 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 20 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
Refer to Page 72 for his bibliography.

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.

CORPORATE GOVERNANCE REPORT
CONTINUED

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

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 16 to 59 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
- 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 reports 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
CONTINUED

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 79.

Dividend policy
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 years ended 31 March 2022 and 31 March 2021; (2020: US$13.4 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 79 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 updated as at 2013, and other health and safety related legislations.

The Health and Safety Working Committee (HSWC) consists of representatives from operational risk, CCO and the designated OHS officer. All OHS related matters are discussed at operational 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 16 to 59 of the annual report. The financial statements are set out on pages 92 to 181 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. Their current appointment is ending with the 2022 audit. An extension of their appointment will be requested in accordance with Section 39(5A)(b) of the Banking Act.

CORPORATE GOVERNANCE REPORT
CONTINUED

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 chair of the Audit Committee.

Internal audit (IA)
Internal audit is part of a Group-wide 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 chair 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 shareholder 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.

Lourens F Janse van Rensburg

Chair, Board of Directors

Ramdeo (Dev) Erriah

Chair, Corporate Governance Committee

23 June 2022

SUSTAINABILITY

Investec Bank (Mauritius) Limited (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.

Our CSI projects are directed at communities or beneficiaries that are financially disadvantaged, and we aim to provide long-term sustainability where possible.

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 2021 has been to offer a three-years Investec Bursary Program in collaboration with Curtin Mauritius University to a well-deserving candidate in the field of Banking and Finance. The end of 2021 was the candidate’s last semester at university.

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 which assist them in finding employment in the agricultural/horticultural sector. During the year, two vegetable gardens have been planted and new irrigation systems installed. The vegetables were sold to the local communities.

Our support in the sports development sector includes the Tranquebar Black Rangers Volleyball Club which IBM has been sponsoring for the past 12 years. Investec has also sponsored the Tranquebar Dalton Football Club for the past seven years. The team has reached the Super League Regional of the capital of Mauritius, Port Louis. Lastly, IBM has funded the Tranquebar Boxing Club for the past seven years, providing them with adequate training facilities. The team competes at national and international level.

In terms of philanthropic donations, Investec staff donated to the underprivileged MUR 93 000 pertaining to the damages done to their homes by Cyclone Batsirai in Mauritius. IBM has also contributed the same amount which made a total contribution of MUR 186 000.

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 from 31 March 2022
Annual meeting of shareholders:	July 2022

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 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 chair 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.	Corporate Governance report pages 60 to 78. 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 the setting and of reporting on ethical values, principles of conducting ethical business practice, and 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 60 to 78. 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 79.

KING IV
CONTINUED

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 and capital management are provided in section 2 of the annual report.
Principle 5 – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's 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 others. 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 60 to 78. Details on the number of meetings and attendance at the Board and Board committee meetings held during the financial year are shown on page 70 of the annual report. 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, two independent non-executive directors and two non-executive directors. Out of the two non-executive directors, one director is also a member 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 20% 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 organisation to enable the directors to discharge their respective duties and responsibilities objectively and effectively. The chief executive officer is a member of the Board. 40 % of the members are independent non-executive directors and 40% are non-independent 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 60 to 78. Details on the nomination and appointment process of directors and the Board- approved mandate of the Nomination and Remuneration Committee are provided on page 70 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.	Details on the structure of the Board and its subcommittees are provided on pages 60 to 69 of the Corporate Governance 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 evaluating 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 chair while maintaining an arm's-length relationship with the other directors as far as it is reasonably possible.	Corporate Governance report page 74.
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 chair and at the Nomination and Remuneration Committee meetings.	
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.

KING IV
CONTINUED

Principle	Explanation and focus areas	Annual report reference
Governance Functional Areas		
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. Other than a small administrative fine in respect of non-compliance with some of the terms and conditions of the Mauritius Credit Information Bureau, which have subsequently been rectified, 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's competitive packages and long-term share awards, which ensure alignment with key stakeholders in our business.	Refer to page 75 of the annual report for more detail on human resources and remuneration policy.

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.	Refer to pages 77 to 78 of the annual report for more details on external and internal audit.
Stakeholders Relations		
Principle 16 – In the 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 of 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, and encourage transparency and trust, and to enable the various stakeholders to make informed risk decisions.	Refer to page 78 for more details on relations with shareholders and other key stakeholders.

03

Annual financial statements

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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.
- 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

Lourens F Janse van Rensburg
Chair
Board of Directors
23 June 2022

Ramdeo (Dev) Erriah
Director

Grant M Parsons
Chief Executive Officer

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
23 June 2022

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 2022, 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 92 to 181, 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 2022, 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:

Risk management	Credit risk classification and provisioning policy
Note 2.2	Significant accounting judgements and estimates: Expected credit loss (ECL)/ impairment charge
Note 2.4	Summary of significant accounting policies: Impairment of financial assets held at amortised cost or FVOCI
Note 8	Expected credit loss reversal/(charge)
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's and the Bank's gross loans and advances to customers amount to US$ 1,065 million and the expected credit losses on the loans and advances to customers was US$ 4.3 million at 31 March 2022. 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 Group and Bank follow 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'. 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 (SICR) 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 losses 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** For stage 1 and 2 exposures we performed the following audit procedures, 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. • We re-performed model calculations to evaluate the risk parameter inputs used by management. • 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. • We have performed independent credit reviews for watchlist accounts to evaluate whether there has been any SICR of these exposures and critically assessed whether they are classified under the correct stages. **Stage 3 exposures** 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.

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 the information included in the document titled “Investec annual report 2022, Investec Bank (Mauritius) Limited”, 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other Legal and Regulatory Requirements
Mauritius Companies Act
We have no relationship with or interests in the Group and the Bank other than in our capacity as auditors.

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

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

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

The explanations or information called for or given to us by the officers or agents of the 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

23 June 2022

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the year to 31 March US$'000	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Interest income	3	48 965	47 243	74 991	48 952	47 245	74 995
Interest income calculated using effective interest rate		42 305	39 017	61 774	42 292	39 019	61 778
Other interest income		6 660	8 226	13 217	6 660	8 226	13 217
Interest expense	3	(14 402)	(16 435)	(32 567)	(14 400)	(16 435)	(32 587)
Net interest income		**34 563**	**30 808**	**42 424**	**34 552**	**30 810**	**42 408**
Fee income	4	11 931	7 186	9 118	10 767	6 259	8 207
Fee expense	4	(1 350)	(1 122)	(1 433)	(1 350)	(1 122)	(1 431)
Net fee income		**10 581**	**6 064**	**7 685**	**9 417**	**5 137**	**6 776**
Investment income	5	942	6	1 215	942	6	1 215
Net trading income/(loss)	6	1 567	496	(303)	1 574	481	(287)
Other operating income/(loss)	7	25	(286)	—	25	(286)	—
Total operating income before impairment		**47 678**	**37 088**	**51 021**	**46 510**	**36 148**	**50 112**
Expected credit loss reversal/(charge)	8	444	(1 671)	(457)	444	(1 671)	(457)
Operating income		**48 122**	**35 417**	**50 564**	**46 954**	**34 477**	**49 655**
Operating costs	9	(12 915)	(12 230)	(12 924)	(12 479)	(11 891)	(12 628)
Operating profit		**35 207**	**23 187**	**37 640**	**34 475**	**22 586**	**37 027**
Share of profit/(loss) in associate	25	155	(482)	(1 544)	155	(482)	(1 544)
Profit before taxation		**35 362**	**22 705**	**36 096**	**34 630**	**22 104**	**35 483**
Taxation	11	(2 174)	(1 349)	(2 219)	(2 139)	(1 330)	(2 198)
Profit after taxation		**33 188**	**21 356**	**33 877**	**32 491**	**20 774**	**33 285**
Analysed as follows:							
Transfer (from)/to regulatory general risk reserve		(2 974)	938	(5 304)	(2 974)	938	(5 304)
Transfer to retained income		36 162	20 418	39 181	35 465	19 836	38 589
Profit attributable to equity holder of the Bank		**33 188**	**21 356**	**33 877**	**32 491**	**20 774**	**33 285**

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year to 31 March US$'000	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Profit after taxation		33 188	21 356	33 877	32 491	20 774	33 285
Other comprehensive income net of tax:							
Items that may be reclassified to the income statement							
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	20 & 21	842	4 550	(3 978)	842	4 550	(3 978)
Foreign currency adjustment on translating investment in associate	25	(165)	(244)	(235)	(165)	(244)	(235)
Other comprehensive income/(loss)		—	9	(10)	—	9	(10)
Items that will not be reclassified to income statement							
Employee benefit liability adjustments		162	130	(159)	156	135	(159)
Total comprehensive income		**839**	**4 445**	**(4 382)**	**833**	**4 450**	**(4 382)**
Total comprehensive income attributable to equity holder of the Bank		**34 027**	**25 801**	**29 495**	**33 324**	**25 224**	**28 903**

CONSOLIDATED AND SEPARATE BALANCE SHEETS

At 31 March US$'000	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Assets							
Cash and balances at central bank	17	36 553	20 367	15 811	36 553	20 367	15 811
Due from banks	18	516 427	610 979	556 829	516 427	610 979	556 829
Reverse repurchase agreements	19	125 011	100 004	101 034	125 011	100 004	101 034
Bank debt securities	20	31 962	33 637	34 691	31 962	33 637	34 691
Other debt securities	21	59 078	19 960	22 583	59 078	19 960	22 583
Derivative financial instruments	22	5 175	1 604	735	5 175	1 604	735
Investment portfolio	23	3 813	2 663	2 402	3 813	2 663	2 402
Loans and advances to customers	24	1 061 222	883 832	892 566	1 061 222	883 832	892 566
Investment in associate	25	2 120	2 130	2 856	2 120	2 130	2 856
Deferred taxation asset	26	451	498	421	451	498	421
Current taxation asset	10	—	256	—	—	256	—
Other assets	27	4 105	19 684	4 101	3 891	19 525	3 978
Property, plant and equipment	28	404	962	1 191	402	958	1 190
Amount due from group companies	29	1 293	1 835	1 771	1 308	1 853	1 772
Investment in subsidiary	30	—	—	—	467	467	467
Total assets		**1 847 614**	**1 698 411**	**1 636 991**	**1 847 880**	**1 698 733**	**1 637 335**
Liabilities							
Derivative financial instruments	22	2 512	4 665	13 045	2 512	4 665	13 045
Customer deposits	31	1 102 632	986 918	944 650	1 105 211	988 793	945 944
Debt securities in issue	32	258 814	262 027	256 932	258 814	262 027	256 932
Amount due to group companies	29	30 051	26 480	22 789	30 051	26 480	22 779
Current taxation liabilities	11	994	4	1 064	974	—	1 052
Other liabilities	33	8 567	8 300	14 295	8 380	8 154	14 193
		1 403 570	**1 288 394**	**1 252 775**	**1 405 942**	**1 290 119**	**1 253 945**
Equity							
Ordinary share capital	34	56 478	56 478	56 478	56 478	56 478	56 478
Other reserves		68 538	70 835	65 582	68 538	70 835	65 582
Retained income		319 028	282 704	262 156	316 922	281 301	261 330
		444 044	**410 017**	**384 216**	**441 938**	**408 614**	**383 390**
Total liabilities and equity		**1 847 614**	**1 698 411**	**1 636 991**	**1 847 880**	**1 698 733**	**1 637 335**

Signed on behalf of the Board

Lourens F Janse van Rensburg
Chair
23 June 2022

Ramdeo (Dev) Erriah
Director

Grant M Parsons
Chief Executive Officer

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Other reserves					
US$'000	Ordinary share capital	Foreign currency reserves	Fair value reserve	Regulatory general risk reserve	Statutory reserve	Retained income	**Total equity**
Group							
At 1 April 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**
Movement in reserves 1 April 2021 - 31 March 2022							
Profit after taxation	—	—	—	—	—	33 188	33 188
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	842	—	—	—	842
Foreign currency adjustments on translating investment in associate	—	(165)	—	—	—	—	(165)
Other comprehensive income	—	—	—	—	—	—	—
Employee benefit liability adjustment	—	—	—	—	—	162	162
Total comprehensive income	**—**	**(165)**	**842**	**—**	**—**	**33 350**	**34 027**
Transfer from regulatory general risk reserve	—	—	—	(2 974)	—	2 974	—
At 31 March 2022	**56 478**	**(870)**	**1 451**	**11 479**	**56 478**	**319 028**	**444 044**

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 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 benefit 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 benefit 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**
Movement in reserves 1 April 2021 - 31 March 2022							
Profit after taxation	—	—	—	—	—	32 491	32 491
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	842	—	—	—	842
Foreign currency adjustments on translating investment in associate	—	(165)	—	—	—	—	(165)
Other comprehensive income	—	—	—	—	—	—	—
Employee benefit liability adjustment	—	—	—	—	—	156	156
Total comprehensive income	**—**	**(165)**	**842**	**—**	**—**	**32 647**	**33 324**
Transfer from regulatory general risk reserve	—	—	—	(2 974)	—	2 974	—
At 31 March 2022	**56 478**	**(870)**	**1 451**	**11 479**	**56 478**	**316 922**	**441 938**

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

For the year ended 31 March US$'000	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Cash flows from operating activities							
Profit before taxation adjusted for non-cash items	35	29 192	39 251	27 817	28 458	38 649	27 204
Taxation paid		(948)	(2 742)	(1 857)	(929)	(2 715)	(1 784)
(Increase)/decrease in operating assets	35	(272 355)	(23 687)	130 710	(272 298)	(23 670)	130 665
Increase/(decrease) in operating liabilities	35	118 207	31 987	(93 319)	118 865	32 541	(92 734)
Net cash (outflow)/inflow from operating activities		**(125 904)**	**44 809**	**63 351**	**(125 904)**	**44 805**	**63 351**
Cash flows from investing activities							
Purchase of debt securities		(38 000)	—	(35 000)	(38 000)	—	(35 000)
Purchase of investment portfolio		(1 150)	(260)	(150)	(1 150)	(260)	(150)
Proceeds from disposal of sovereign and bank debt securities		—	7 560	112 727	—	7 560	112 727
Acquisition of equipment		(35)	(160)	(57)	(35)	(156)	(57)
Net cash (outflow)/inflow from investing activities		**(39 185)**	**7 140**	**77 520**	**(39 185)**	**7 144**	**77 520**
Cash flows from financing activities							
Dividends paid to ordinary shareholders		—	—	(13 367)	—	—	(13 367)
Reverse repurchase agreement		(25 000)	—	(25 000)	(25 000)	—	(25 000)
Repurchase agreement		—	—	(76 129)	—	—	(76 129)
Debt securities issued		—	—	8 397	—	—	8 397
Payment of lease liabilities		(294)	(241)	(355)	(294)	(241)	(355)
Net cash outflow from financing activities		**(25 294)**	**(241)**	**(106 454)**	**(25 294)**	**(241)**	**(106 454)**
Effects of exchange rates on cash and cash equivalents		**2 304**	**(7 192)**	**1 964**	**2 304**	**(7 192)**	**1 964**
Net (decrease)/increase in cash and cash equivalents		**(188 079)**	**44 516**	**36 381**	**(188 079)**	**44 516**	**36 381**
Cash and cash equivalents at the beginning of the year		583 546	539 030	502 649	583 546	539 030	502 649
Cash and cash equivalents at the end of the year		**395 467**	**583 546**	**539 030**	**395 467**	**583 546**	**539 030**
Cash and cash equivalents is defined as including:							
Cash in hand	17	1	5	4	1	5	4
Cash and balances at central banks-unrestricted	17	22 681	7 631	9 894	22 681	7 631	9 894
Due from banks (excluding loans and advances to banks)	18	372 547	575 844	529 064	372 547	575 844	529 064
Expected credit loss on cash and cash equivalents	18	238	66	68	238	66	68
Cash and cash equivalents at the end of the year		**395 467**	**583 546**	**539 030**	**395 467**	**583 546**	**539 030**

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

1. Corporate information

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

The financial statements for the year ended 31 March 2022 have been authorised for issue in accordance with a resolution of the directors on 23 June 2022.

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 and Russia-Ukraine war required management to apply significant judgements and estimates, and assess the impact on the annual financial statements. The assumptions can specifically be viewed on page 12. 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 16 to 59 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 87, 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 15 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 (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 are included in note 8 to the financial statements.

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 2022 and which have been adopted in these audited financial statements.

Standard/Interpretation	
Amendment to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

Amendment to IFRS 16: COVID-19-Related Rent Concessions
In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance. The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. If the Board had taken no further action, the practical expedient would have expired in a few months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021.

The Board has therefore extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates. The Board identified two Groups of accounting issues arising from IBOR reform that could affect financial reporting and divided its project, IBOR Reform and its Effects on Financial Reporting, into two phases:

- pre-IBOR reform: where uncertainty could arise in the run-up to transition (Phase 1 amendments); and
- post-IBOR reform: when that uncertainty goes away but companies update the rates in their contracts and the details of their hedging relationships (Phase 2 amendments).

During the financial year, the Bank has successfully transitioned almost all of the GBP assets away from referencing IBOR to referencing alternative rates. A small number of remaining GBP loans are expected to reference Synthetic LIBOR. Furthermore, as from 1 January 2022, all new USD lending is non-LIBOR based.

The project will still continue to monitor the transition of existing USD LIBOR linked products to alternative rates, ahead of USD LIBOR cessation on 30 June 2023. For other benchmark interest rates such as EURIBOR that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

Given progress to date, the Bank has limited remaining risk with respect to ongoing IBOR reform.

The project was led by senior representatives from functions across the Bank including the client facing teams, Treasury, legal, finance, operations, risk and technology and provided regular progress updates to the Board, DLC BRCC, IBP BRCC and IBL ERC.

IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely.

These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Business risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and risk-free rates are illiquid and unobservable
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to risk-free rates.

At 31 March 2022	GBP IBOR – Number of trades No.	GBP IBOR – Notional value USD'm	USD IBOR – Number of trades No.	USD IBOR – Notional value USD'm
Derivatives	1	20	23	148
Other debt securities	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—
Loans and advances to customers	1	21	71	265
of which are undrawn	—	—	—	—
Other loans and advances	—	—	—	—
Customer deposits	—	—	8	19
Preference shares	—	—	4	191

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

At 31 March 2021

Pre-2022 dated instruments	GBP IBOR – Number of trades No.	GBP IBOR – Notional value USD'm	Other IBOR – Number of trades No.	Other IBOR – Notional value USD'm
Derivatives	1	226	20	216
Other debt securities	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	3	100
Loans and advances to customers	24	103	76	332
of which are undrawn	4	12	12	67
Other loans and advances	—	—	2	35
Customer deposits	427	86	2451	875

Post-2022 dated instruments	GBP IBOR – Number of trades No.	GBP IBOR – Notional value USD'm	Other IBOR – Number of trades No.	Other IBOR – Notional value USD'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 deposits	6	2	43	27

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 2022.

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:

2. Accounting policies (continued)

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in income statement; 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.
- 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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

- 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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.

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.

2. Accounting policies (continued)

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.

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 buildings.

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.'

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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.

Since 1 April 2018, revenue is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price, allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Interest income is recognised in the income statement using the effective interest 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 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 income statement and statement of other comprehensive income.

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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

	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.

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 reversals are 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 a defined contribution scheme. 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 Black-Scholes option pricing model at each reporting date. The liability is included in other liabilities on the balance sheet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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.

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 75% 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.

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 MUR 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' 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' 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (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
IAS 37 amendment	Onerous Contracts: Cost of Fulfilling a Contract	May 2020	1 April 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020)	May 2020	1 April 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	May 2020	1 April 2022
IFRS 3 amendment	Reference to the Conceptual Framework	May 2020	1 April 2022
IAS 1 amendment	Classification of liabilities as current or non-current	January 2020	1 April 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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies	February 2021	1 April 2023
Amendments of IAS 8	Definition of Accounting Estimate Definition of Accounting Estimate	February 2021	1 April 2023
Amendment of IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	May 2021	1 April 2023
IFRS 17	Insurance Contracts	May 2017	1 April 2023
Amendments of IFRS 17	Insurance Contracts	June 2020	1 April 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 April 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 April 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.

Property, Plant and Equipment: Proceeds before Intended use (Amendments to IAS 16)
The amendments apply for annual reporting periods beginning on or after 1 April 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
The Board has recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.
The key amendments to IAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 April 2023 but may be applied earlier.

Definition of Accounting Estimate (Amendments to IAS)
The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 April 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The amendments apply for annual reporting periods beginning on or after 1 April 2023.

IFRS 17 Insurance Contracts (and its related amendments)
IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:
a. Reinsurance contracts held;

b. Direct participating contracts; and

c. Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 April 2023. Early adoption is permitted only if the entity applied IFRS 9.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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3. Net interest income

For the year ended 31 March US$'000	Notes	Group 2022 Balance sheet value	 Interest income
Due from banks and bank debt securities*	1	709 953	4 334
Loans and advances to customers*	2	1 061 222	37 637
Other debt securities*		59 078	334
Interest income on derivative financial instruments **	4	5 175	6 660
Total interest-earning assets/interest income		**1 835 428**	**48 965**

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

For the year to 31 March US$'000	Notes	Group 2022 Balance sheet value	 Interest expense
Debt related securities	3	258 814	(3 809)
Customer deposits		1 102 632	(4 131)
Other interest-bearing liabilities	5	30 051	(987)
Interest expense on derivative financial instruments **	4	2 512	(5 475)
Total interest-bearing liabilities/interest expense		**1 394 009**	**(14 402)**
Net interest income			**34 563**

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

** The balance sheet value represents the mark-to-market amount and the interest is calculated on the notional. The notional amount is reflected in note 22 of the financial statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

Group				Bank					
2021		2020		2022		2021		2020	
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
764 988	3 139	708 365	12 819	709 953	4 321	764 987	3 141	708 365	12 823
883 832	34 871	892 566	46 687	1 061 222	37 637	883 832	34 871	892 566	46 687
19 960	1 007	22 583	2 268	59 078	334	19 960	1 007	22 583	2 268
1 604	8 226	735	13 217	5 175	6 660	1 604	8 226	735	13 217
1 670 384	**47 243**	**1 624 249**	**74 991**	**1 835 428**	**48 952**	**1 670 383**	**47 245**	**1 624 249**	**74 995**

Group				Bank					
2021		2020		2022		2021		2020	
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
262 027	(4 344)	256 932	(8 293)	258 814	(3 809)	262 027	(4 344)	256 932	(8 293)
986 918	(4 788)	944 650	(17 359)	1 105 211	(4 131)	988 793	(4 788)	945 944	(17 359)
26 480	(956)	22 789	(1 712)	30 051	(985)	26 480	(956)	22 779	(1 732)
4 665	(6 347)	13 045	(5 203)	2 512	(5 475)	4 665	(6 347)	13 045	(5 203)
1 280 090	**(16 435)**	**1 237 416**	**(32 567)**	**1 396 588**	**(14 400)**	**1 281 965**	**(16 435)**	**1 238 700**	**(32 587)**
	30 808		**42 424**		**34 552**		**30 810**		**42 408**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

4. Net fee income

For the year ended 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Fee income						
Credit related fees	8 269	3 751	5 821	8 269	3 751	5 821
Foreign exchange dealings	1 231	1 369	1 258	1 231	1 369	1 258
Client transactions and maintenance fees	1 267	1 139	1 128	1 267	1 139	1 128
Wealth management fees	1 164	927	911	—	—	—
	11 931	**7 186**	**9 118**	**10 767**	**6 259**	**8 207**
Fee expense						
Credit related fees paid	(1 350)	(1 122)	(1 431)	(1 350)	(1 122)	(1 431)
Other fees paid	—	—	(2)	—	—	—
	(1 350)	**(1 122)**	**(1 433)**	**(1 350)**	**(1 122)**	**(1 431)**
Net fee income	**10 581**	**6 064**	**7 685**	**9 417**	**5 137**	**6 776**

5. Investment income

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
2022				
Realised	—	—	942	942
	—	**—**	**942**	**942**
2021				
Realised	(40)	47	(1)	6
	(40)	**47**	**(1)**	**6**
2020				
Realised	1 215	—	—	1 215
	1 215	**—**	**—**	**1 215**

* Include stay-in-option matured in 2020.
** Include profit shares in 2020, 2021 and 2022.

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 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Changes in fair value of derivative financial instruments	1 668	(57)	(15)	1 668	(57)	(15)
Net foreign exchange (loss)/gain	(101)	553	(288)	(94)	538	(272)
	1 567	**496**	**(303)**	**1 574**	**481**	**(287)**

7. Other operating income/(loss)

For the year ended 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Operational gain/(loss)	25	(286)	—	25	(286)	—
	25	**(286)**	**—**	**25**	**(286)**	**—**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

8. Expected credit loss reversal/(charge)

For the year to 31 March US$'000	Group and Bank 2022	 2021	 2020
Expected credit loss impairment reversal/(charge) is recognised on the following assets:			
Loans and advances to customers	1 507	(1 435)	(383)
Other balance sheet assets	(841)	19	(85)
Off-balance sheet commitments and guarantees	(222)	(240)	11
	444	**(1 656)**	**(457)**
Bad debts written off	—	(15)	—
	444	**(1 671)**	**(457)**
Expected credit loss impairment reversal/(charge) comprises of:			
Stage 1	(764)	(1 320)	(448)
Stage 2	86	203	193
Stage 3	1 122	(539)	(202)
	444	**(1 656)**	**(457)**
Bad debts written off	—	(15)	—
	444	**(1 671)**	**(457)**

Balance sheet ECL reconciliation with income statement

US$'000	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2021	4 693	174	3 696	8 563
Transfer	—	—	533	533
Written off out of allowance	—	—	(2 520)	(2 520)
Expected credit loss	764	(86)	(1 122)	(444)
Balance at 31 March 2022	**5 457**	**88**	**587**	**6 132**
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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

9. Operating costs

For the year ended 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Staff costs	6 751	6 565	6 856	6 394	6 293	6 615
– Salaries (including directors' remuneration*)	6 003	5 760	5 868	5 691	5 533	5 659
– Training and other costs	168	86	140	167	86	140
– Share-based payments expense	447	577	710	405	534	681
– Pension fund contributions	133	142	138	131	140	135
Premises expenses**	203	221	206	201	219	204
Equipment expenses	3 114	2 961	3 164	3 114	2 961	3 164
Business expenses***	2 306	1 914	2 092	2 231	1 852	2 044
Marketing expenses	146	153	153	146	151	148
Depreciation on property, plant, and equipment	395	416	453	393	415	453
	12 915	**12 230**	**12 924**	**12 479**	**11 891**	**12 628**
Auditors' fees (included in business expenses)						
Fees payable to the Bank's auditors for the audit of the Bank accounts	227	200	191	222	195	186

* Details of the directors' emoluments, pensions and their interests are disclosed in the corporate governance report on page 74.
** 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.
*** Business expenses mainly comprise of insurance costs, consulting and professional fees and subscriptions.

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.

The total cost charged to the income statement of US$133,247 (2021: US$142,092 and 2020: US$137,528) 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$43,608 (2021: US$53,203 and 2020: US$54,120).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. 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		
	2022	2021	2020	**2022**	2021	2020
Equity-settled share-based payment expense charged to the income statement	447	577	710	405	534	681
Fair value of awards at grant date	483	221	584	481	122	534

For the year ended 31 March US$'000	Group			Bank		
	2022	2021	2020	**2022**	2021	2020
Details of awards and shares outstanding during the year						
Outstanding at the beginning of the year	396 386	390 122	391 583	345 282	369 921	380 446
Relocation of employees during the year	2 782	28 024	2 016	2 782	28 024	2 016
Granted during the year	122 405	100 990	118 593	121 965	55 435	108 392
Exercised during the year^	(97 742)	(91 761)	(121 630)	(94 409)	(91 761)	(120 493)
Lapsed during the year	(6 265)	(30 989)	(440)	(6 265)	(16 337)	(440)
Outstanding at the end of the year	**417 566**	**396 386**	**390 122**	**369 355**	**345 282**	**369 921**
Vested and exercisable at the end of the year	**3 984**	**2 668**	**6 931**	**3 984**	**2 668**	**6 931**

* The weighted average exercise price during the year was Rnil (2021 and 2020: Rnil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

	Group			Bank		
For the year ended 31 March	**2022**	2021	2020	**2022**	2021	2020
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	1.84 years	2.05 years	1.86 years	1.73 years	2.02 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	R57.61	R32.36	R88	R57.61	R32.36	R88
– 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	4.67 Years	4.75 Years	4.67 Years	4.67 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 2022 was US$93,626 (2021: US$205,678 and 2020: US$2,814).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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10. Share-based payments and other long term employee benefits (continued)

	Group			Bank		
For the year ended 31 March	**2022**	2021	2020	**2022**	2021	2020
Details of awards outstanding during the year						
Outstanding at the beginning of the year	150 560	194 875	—	140 459	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
Granted during the year	—	—	—	—	—	—
Exercised during the year	(48 925)	(45 523)	(3 308)	(47 258)	(45 523)	(3 308)
Lapsed during the year	(2 051)	(8 169)	—	(2 051)	(8 169)	—
Outstanding at the end of the year	**99 584**	**150 560**	**194 875**	**91 150**	**140 459**	**184 774**
Exercisable at the end of the year	**2 106**	**1 528**	**3 269**	**2 106**	**1 528**	**3 269**

* The weighted average exercise price during the year was Rnil (2021 and 2020: Rnil).

	Group			Bank		
For the year ended 31 March	**2022**	2021	2020	**2022**	2021	2020
The exercise price range and weighted average remaining contractual life for the Ninety One share options outstanding were as follows:						
Long-term incentive grants and long-term share awards with no strike price						
Exercise price range	Rnil	Rnil	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life	0.95 years	1.43 years	2.05 years	0.96 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	49.01	48	30.55	49.01	48	30.55
– Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
– Expected volatility	35.03%	35.00%	56.82%	35.03%	35.00%	56.82%
– Option life	0.19 - 2.16 years	0.10 - 3.16 years	0.14 - 4.19 years	0.19 - 2.16 years	0.10 - 3.16 years	0.14 - 4.19 years
– Expected dividend yields	0% - 6.25%	0% - 4.03%	0% - 6.15%	0% - 6.25%	0% - 4.03%	0% - 6.15%
– Risk-free rate	4.35% - 6.40%	3.6% - 5.97%	5.73% - 7.71%	4.35% - 6.40%	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 2022 by using the listed market price.

For the year ended 31 March 2022, a net cash settled option was awarded to eligible participants. The award is made in terms of a cash-settled option scheme with a strike price of R54.03. The award shall only be exercisable if the sum of the exercise date price and the share distribution amount exceeds the option price. At 31 March 2022, Investec Bank (Mauritius) Limited has 36 957 options in issue valued at US$20 507.49 and this amount has been recognised in share-based payments expense within operating costs. The fair value of the liability was calculated by using the Black-Scholes option pricing model.

Cash settled liability fair value calculated as at 31 March 2022, the inputs into the model were as follows:	Group and Bank		
	2022	2021	2020
– Share price at 31 March	R 97.51	n/a	n/a
– Exercise price	R 54.03	n/a	n/a
– Expected volatility	25.33%	n/a	n/a
– Option life	2.41 - 4.08 years	n/a	n/a
– Expected dividend yields	3.24% - 3.39%	n/a	n/a
– Risk-free rate	6.20% - 6.73%	n/a	n/a

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Taxation

For the year to 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Income tax (liability)/asset						
Current year	(2 078)	(1 438)	(2 334)	(2 042)	(1 417)	(2 307)
Tax credit	—	—	—	—	—	—
Tax paid under Advance Payment Scheme	1 084	1 690	1 270	1 068	1 673	1 255
Net income tax (liability)/asset	**(994)**	**252**	**(1 064)**	**(974)**	**256**	**(1 052)**
As disclosed on the face of the balance sheet						
Current tax assets	—	256	—	—	256	—
Current tax liabilities	(994)	(4)	(1 064)	(974)	—	(1 052)
	(994)	**252**	**(1 064)**	**(974)**	**256**	**(1 052)**
Income statement tax charge						
Taxation on income	2 174	1 349	2 219	2 139	1 330	2 198
– Current taxation	2 127	1 426	2 343	2 092	1 407	2 324
in respect of the current year	2 151	1 514	2 326	2 116	1 494	2 307
in respect of prior year adjustments	(24)	(87)	17	(24)	(87)	17
– Deferred taxation	47	(77)	(124)	47	(77)	(126)
Total taxation charge as per income statement	**2 174**	**1 349**	**2 219**	**2 139**	**1 330**	**2 198**
Tax rate reconciliation:						
Profit before taxation as per income statement	35 362	22 705	36 096	34 630	22 104	35 483
Total taxation charge as per income statement	2 174	1 349	2 219	2 139	1 330	2 198
Effective rate of taxation	6%	6%	6%	6%	6%	6%
At statutory income tax rate of 6% (2021: 6% and 2020: 6%)	1 768	1 135	1 805	1 732	1 105	1 774
Adjustment in respect of income tax of prior years	(24)	(87)	17	(24)	(87)	17
Special levy	33	77	—	33	77	—
Corporate social responsibility	18	17	9	18	17	6
Other deductible items*	(120)	(221)	(114)	(119)	(210)	(101)
Non-deductible expenses**	499	428	502	499	428	502
Foreign tax credit	—	—	—	—	—	—
Deferred taxation	—					
– Adjustment in respect of deferred taxation of prior years	—	—	—	—	—	—
Income tax expense reported in the income statement	**2 174**	**1 349**	**2 219**	**2 139**	**1 330**	**2 198**

* Other deductible items include bonus payments, impairment reversals and rental payments.
** Non-deductible expenses include foreign exchange loss, provision for retirement obligations, interest paid on preference shares and depreciation.

The corporate tax rate is 5% if the taxable profit is higher than the taxable profit for the year of assessment 2017/2018 provided that the Bank grants at least 5% of its new banking facilities to certain geographical sectors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Taxation (continued)

Tax paid under Advance Payment Scheme
The Finance Act 2007 introduced an Advance Payment Scheme ("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.

Special levy was included in taxation but it was included in operating costs in financial year ended 31 March 2020.

12. Dividends

	Group and Bank		
For the year to 31 March US$'00	**2022**	2021	2020
Ordinary dividend			
Declared and paid during the year	—	—	13 367
Equity dividends on ordinary shares	**—**	**—**	**13 367**

No dividend was declared and paid to the ordinary shareholder in respect of the financial year ended 31 March 2022 (2021: US$nil and 2020: US$0.24 per share).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

13. Analysis of income and impairments by category of financial and non-financial instruments

For the year to 31 March US$'000	**At fair value through profit or loss**		**At fair value through OCI**			
Group	Trading*	Non-trading*	Debt instruments with a dual business model	Amortised cost	Other fee income	**Total**
2022						
Net interest income	1 185	—	1 840	31 538	—	34 563
Fee income	—	—	—	10 767	1 164	11 931
Fee expense	—		—	(1 350)	—	(1 350)
Investment income	—	—	—	942	—	942
Net trading income/(loss)	1 668	—	—	(101)	—	1 567
Other operating income	—	—	—	25	—	25
Total operating income before impairment	**2 853**	**—**	**1 840**	**41 821**	**1 164**	**47 678**
Expected credit loss impairment reversal	—	—	—	444	—	444
Operating income	**2 853**	**—**	**1 840**	**42 265**	**1 164**	**48 122**
2021						
Net interest income	1 879	—	1 807	28 927	—	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)**	**2**	**34 330**	**927**	**38 893**
Expected credit loss impairment reversal/ (charge)	—	—	14	(1 685)	—	(1 671)
Operating income/(loss)	**1 822**	**(40)**	**2**	**32 645**	**927**	**37 222**
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**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

13. Analysis of income and impairments by category of financial and non-financial instruments (continued)

For the year to 31 March US$'000	At fair value through profit or loss		At fair value through OCI		
Bank	Trading*	Non-trading*	Debt instruments with a dual business model	Amortised cost	**Total**
2022					
Net interest income	1 185	—	1 840	31 527	34 552
Fee income	—	—	—	10 767	10 767
Fee expense	—	—	—	(1 350)	(1 350)
Investment income	—	—	—	942	942
Net trading income/(loss)	1 668	—	—	(94)	1 574
Other operating income	—	—	—	25	25
Total operating income before impairment	**2 853**	**—**	**1 840**	**41 817**	**46 510**
Expected credit loss impairment reversal	—	—	—	444	444
Operating income	**2 853**	**—**	**1 840**	**42 261**	**46 954**
2021					
Net interest income	1 879	—	1 807	30 734	32 615
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**	**37 953**
Expected credit loss impairment reversal/(charge)	—	—	14	(1 685)	(1 671)
Operating income/(loss)	**1 822**	**(40)**	**(578)**	**33 273**	**36 282**
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**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Group	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**
2022							
Assets							
Cash and balances at Central Banks	—	—	—	—	36 553	—	36 553
Due from banks	—	—	—	—	516 427	—	516 427
Reverse repurchase agreements	—	—	—	—	125 011	—	125 011
Bank debt securities	—	—	31 962	31 962	—	—	31 962
Other debt securities	—	—	39 160	39 160	19 918	—	59 078
Derivative financial instruments	5 175	—	—	5 175	—	—	5 175
Investment portfolio	—	3 813	—	3 813	—	—	3 813
Loans and advances to customers	—	—	—	—	1 061 222	—	1 061 222
Investment in associate	—	—	—	—	—	2 120	2 120
Deferred taxation asset	—	—	—	—	—	451	451
Other assets	—	—	—	—	2 290	1 815	4 105
Property, plant and equipment	—	—	—	—	—	404	404
Amount due from group companies	—	—	—	—	1 293	—	1 293
	5 175	**3 813**	**71 122**	**80 110**	**1 762 714**	**4 790**	**1 847 614**
Liabilities							
Derivative financial instruments	2 512	—	—	2 512	—	—	2 512
Customer deposits	—	—	—	—	1 102 632	—	1 102 632
Debt securities in issue	—	—	—	—	258 814	—	258 814
Amount due to group companies	—	—	—	—	30 051	—	30 051
Current taxation liabilities	—	—	—	—	—	994	994
Other liabilities	—	—	—	—	2 988	5 579	8 567
	2 512	**—**	**—**	**2 512**	**1 394 485**	**6 573**	**1 403 570**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Group	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	—	883 332
Investment in associate	—	—	—	—	—	2 130	2 130
Deferred taxation asset	—	—	—	—	—	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Group	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
Investment in associate	—	—	—	—	—	2 856	2 856
Deferred taxation asset	—	—	—	—	—	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 ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Bank	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**
2022							
Assets							
Cash and balances at Central Banks	—	—	—	—	36 553	—	36 553
Due from banks	—	—	—	—	516 427	—	516 427
Reverse repurchase agreements	—	—	—	—	125 011	—	125 011
Bank debt securities	—	—	31 962	31 962	—	—	31 962
Other debt securities	—	—	39 160	39 160	19 918	—	59 078
Derivative financial instruments	5 175	—	—	5 175	—	—	5 175
Investment portfolio	—	3 813	—	3 813	—	—	3 813
Loans and advances to customers	—	—	—	—	1 061 222	—	1 061 222
Investment in associate	—	—	—	—	—	2 120	2 120
Deferred taxation asset	—	—	—	—	—	451	451
Other assets	—	—	—	—	2 139	1 752	3 891
Property, plant and equipment	—	—	—	—	—	402	402
Amount due from group companies	—	—	—	—	1 308	—	1 308
Investment in subsidiary	—	—	—		—	467	467
	5 175	**3 813**	**71 122**	**80 110**	**1 762 578**	**5 192**	**1 847 880**
Liabilities							
Derivative financial instruments	2 512			2 512	—	—	2 512
Customer deposits	—	—	—	—	1 105 211	—	1 105 211
Debt securities in issue	—	—	—	—	258 814	—	258 814
Amount due to group companies	—	—	—	—	30 051	—	30 051
Current taxation liabilities	—	—	—	—	—	974	974
Other liabilities	—	—	—	—	1 598	6 782	8 380
	2 512	**—**	**—**	**2 512**	**1 395 674**	**7 756**	**1 405 942**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Bank	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
Investment in associate	—	—	—	—	—	2 130	2 130
Deferred taxation asset	—	—	—	—	—	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**	**1 698 733**
Liabilities							
Derivative financial instruments	4 655	—	—	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	6 459	8 154
	4 665	**—**	**—**	**4 665**	**1 278 995**	**6 459**	**1 290 119**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	At fair value through profit or loss		At fair value through OCI				
Bank	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
Investment in associate	—	—	—	—	—	2 856	2 856
Deferred taxation asset	—	—	—	—	—	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
Repurchase agreements	—	—	—	—	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.

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15. 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
2022				
Assets				
Bank debt securities	31 962	31 962	—	—
Other debt securities	39 160	39 160	—	—
Derivative financial instruments	5 175	—	5 175	—
Investment portfolio	3 813	3	—	3 810
	80 110	**71 125**	**5 175**	**3 810**
Liabilities				
Derivative financial instruments	2 512	—	2 512	—
	2 512	**—**	**2 512**	**—**
Net financial assets at fair value	**77 598**	**71 125**	**2 663**	**3 810**
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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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15. Financial instruments at fair value (continued)

Transfers between level 1 and level 2
During the year ended 31 March 2022, there were no financial instruments transferred between level 1 and level 2 (2021 and 2020: US$nil).

Measurement of financial assets and liabilities at level 2
The table below sets out information about the valuation techniques used at the end of the reporting year in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	VALUATION BASIS/TECHNIQUES	MAIN ASSUMPTIONS
Assets		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Investment portfolio	Adjusted quoted price	Liquidity adjustment
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	3 810	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 Bank has performed an assessment for the fair value and it is not deemed materially different from its cost.

The reconciliation of level 3 instruments is as follows:

US$'000	2022	2021	2020
Opening balance	2 660	2 400	2 250
Additions	1 150	260	150
Closing balance	**3 810**	**2 660**	**2 400**

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. Refer to page 39 of the annual report for the sensitivity.

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16. Fair value of financial instruments at amortised cost

At 31 March US$'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Group					
2022					
Assets					
Cash and balances at Central Banks	36 553	36 553	—	—	—
Due from banks	516 427	516 427	—	—	—
Reverse repurchase agreements	125 011	125 011	—	—	—
Other debt securities	19 918	19 918	—	19 918	—
Loans and advances to customers	1 061 222	1 062 738	—	—	1 062 738
Other assets	2 290	2 290	—	—	—
Amount due from group companies	1 293	1 293	—	—	—
	1 762 714	**1 764 230**	**—**	**19 918**	**1 062 738**
Liabilities					
Customer deposits	1 102 632	1 102 968	—	1 102 968	—
Debt securities in issue	258 814	258 814	—	258 814	—
Amount due to group companies	30 051	30 051	—	—	—
Other liabilities	2 988	2 988	—	—	—
	1 394 485	**1 394 821**	**—**	**1 361 783**	**—**
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**	**—**	**19 960**	**879 907**
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**	**—**	**262 027**	**—**
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	3 092	3 092	—	—	—
Amount due from group companies	1 771	1 771	—	—	—
	1 593 686	**1 595 681**	**—**	**22 562**	**894 582**
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**	**—**	**1 202 752**	**—**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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16. 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					
2022					
Assets					
Cash and balances at central banks	36 553	36 553	—	—	—
Due from banks	516 427	516 427	—	—	—
Reverse repurchase agreements	125 011	125 011	—	—	—
Other debt securities	19 918	19 918	—	19 918	—
Loans and advances to customers	1 061 222	1 062 738	—	—	1 062 738
Other assets	2 139	2 139	—	—	—
Amount due from group companies	1 308	1 308	—	—	—
	1 762 578	**1 764 094**	**—**	**19 918**	**1 062 738**
Liabilities					
Customer deposits	1 105 211	1 105 548	—	1 105 548	—
Debt securities in issue	258 814	258 814	—	258 814	—
Amount due to group companies	30 051	30 051	—	—	—
Other liabilities	1 598	1 598	—	—	—
	1 395 674	**1 396 011**	**—**	**1 364 362**	**—**
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**	**—**	**19 960**	**879 907**
Liabilities					
Customer deposits	988 793	989 825	—	989 925	—
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**	**—**	**1 251 952**	**—**
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**	**—**	**22 562**	**894 582**
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**	**—**	**1 204 046**	**—**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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16. 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.

17. Cash and balances at central bank

At 31 March US$'000	Group and Bank		
	2022	2021	2020
Cash in hand	1	5	4
Cash balance with the central bank			
– Restricted*	13 871	12 731	5 913
– Unrestricted	22 681	7 631	9 894
	36 553	**20 367**	**15 811**

* 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.

18. Due from banks

At 31 March US$'000	Group and Bank		
	2022	2021	2020
Holding bank^*	26 990	157 214	232 053
Other banks*	345 557	418 630	297 011
Loans and advances to banks	143 880	35 135	27 765
	516 427	**610 979**	**556 829**
Gross amount	516 665	611 045	556 897
Expected credit loss	(238)	(66)	(68)
	516 427	**610 979**	**556 829**

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

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19. Reverse repurchase agreements

At 31 March US$'000	Group and Bank		
	2022	2021	2020
Assets			
Reverse repurchase agreements with:			
Group companies	25 043	25 016	26 041
Others	99 968	74 988	74 993
	125 011	**100 004**	**101 034**
Gross amount	125 054	100 025	101 055
Expected credit loss	(43)	(21)	(21)
	125 011	**100 004**	**101 034**

The assets transferred and not derecognised in the above repurchase agreements were nil as at the financial year ended 31 March 2022 (2021 and 2020:US$nil). 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.

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20. Bank debt securities

At 31 March US$'000	Group and Bank 2022	2021	2020
Bonds	31 962	33 637	34 691
	31 962	**33 637**	**34 691**
South Africa	18 111	18 955	17 473
Europe (excluding UK)	13 851	14 682	17 218
	31 962	**33 637**	**34 691**

For the year ended 31 March 2022, all the bank debt securities are measured at FVOCI with fair value and ECL movement of US$0.4 million (2021: US$4.6 million and 2020: US$(4.0) million) accounted in the fair value reserve, in other comprehensive income.

21. Other debt securities

At 31 March US$'000	Group and Bank 2022	2021	2020
Bonds	59 078	19 960	22 583
	59 078	**19 960**	**22 583**
UK	9 978	—	2 552
Europe (excluding UK)	30 282	19 960	20 031
South Africa	8 316	—	—
United States	10 502	—	—
	59 078	**19 960**	**22 583**
Gross amount	59 213	20 056	22 681
Expected credit loss	(135)	(96)	(98)
	59 078	**19 960**	**22 583**

The other debt securities are measured at amortised cost and FVOCI with fair value and ECL movement of US$0.4 million (2021 and 2020: US$nil) accounted in the fair value reserve, in other comprehensive income.

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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								
	2022			**2021**			**2020**		
At 31 March US$'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value	Notional principal amounts	Positive fair value	Negative fair value
Forward foreign exchange contracts	656 381	1 691	(2 292)	394 465	873	(1 197)	387 836	29	(9 436)
Currency swaps	8 214	—	(52)	25 571	195	(2 491)	24 161	—	(2 275)
Credit default swaps	8 570	133	—	9 093	—	—	8 340	—	(136)
Dual currency deposits	—	—	—	—	—	—	775	—	(9)
	673 165	**1 824**	**(2 344)**	**429 129**	**1 068**	**(3 688)**	**421 112**	**29**	**(11 856)**
Interest rate derivatives									
Interest rate swaps	167 797	3 351	(168)	119 420	536	(977)	142 556	706	(1 189)
Derivatives per balance sheet	**840 962**	**5 175**	**(2 512)**	**548 549**	**1 604**	**(4 665)**	**563 668**	**735**	**(13 045)**

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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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23. Investment portfolio

At 31 March US$'000	Group and Bank 2022	2021	2020
Listed equities	3	3	2
Unlisted equities	3 810	2 660	2 400
	3 813	**2 663**	**2 402**

24. Loans and advances to customers

At 31 March US$'000	Group and Bank 2022	2021	2020
At amortised cost			
Gross amount	**1 065 483**	**891 587**	**898 961**
Expected credit loss	(4 261)	(7 755)	(6 395)
Net loans and advances to customers	**1 061 222**	**883 832**	**892 566**

For further analysis on loans and advances refer to pages 25 to 36 in the risk management section.

Reconciliation of movements in expected credit loss

At 31 March US$'000	Group and Bank 2022	2021	2020
Expected credit loss			
Balance at beginning of year	7 755	6 395	6 879
Expected credit loss impairment (reversal)/charge	(1 507)	1 435	383
Written off out of allowance	(2 520)	(398)	(879)
Intergroup transfers	533	323	12
Balance at end of year	**4 261**	**7 755**	**6 395**
Interest income recognised on loans that have been impaired	**179**	**138**	**108**
Income statement reversal/(charge)	**1 507**	**(1 435)**	**(383)**
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	1 860	18 877	13 481

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 2022, 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	0.12% to 9.45%	An increase/ decrease of 0.25% would result in an increase/decrease in ECL of US$513,000
Loss given default	3% to 54%	An increase/ decrease of 10% would result in an increase/decrease in ECL of US$1,010,000

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25. Investment in associate

At 31 March US$'000	Group and Bank		
	2022	2021	2020
Investment in associate consists of:			
Net asset value	2 120	2 130	2 856
	2 120	**2 130**	**2 856**
Analysis of the movement in our share of net assets:			
At beginning of year	2 130	2 856	4 635
Share of profit/(loss) in associate	155	(482)	(1 544)
Foreign currency adjustments through OCI	(165)	(244)	(235)
At end of year	**2 120**	**2 130**	**2 856**

The Bank owns 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		
	2022	2021	2020
Associate's balance sheet:			
Assets	7 996	9 588	11 250
Liabilities	(1 860)	(3 421)	(2 981)
Net assets	**6 136**	**6 167**	**8 269**
Share of associate's net assets	**2 120**	**2 130**	**2 856**
Share of associate's revenue and profit:			
Revenue	**1 861**	**108**	**695**
Share of profit/(loss)	**155**	**(482)**	**(1 544)**

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26. Deferred taxation

At 31 March US$'000	Group and Bank 2022	2021	2020
Deferred taxation assets	501	586	484
Deferred taxation liabilities	(50)	(88)	(63)
Net deferred taxation assets	**451**	**498**	**421**
The net deferred taxation assets arise from:			
Impairment of loans and advances to customers	319	430	313
Capital allowances	3	4	5
Income and expenditure accruals	129	64	103
Net deferred taxation assets	**451**	**498**	**421**
Reconciliation of net deferred taxation assets			
At beginning of year	498	421	295
Charge to income statement – current year taxation	(47)	77	126
At year end	**451**	**498**	**421**

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	Group			Bank		
US$'000	2022	2021	2020	2022	2021	2020
Settlement debtors	550	22	18	550	22	18
Prepayments and accruals	1 265	717	1 009	1 202	615	942
Other^	2 290	18 945	3 074	2 139	18 888	3 018
	4 105	**19 684**	**4 101**	**3 891**	**19 525**	**3 978**

^ Includes mainly exit fees accrual and in financial year 2021, the balance included a loan of US$15.5 million which has been disposed but not yet settled.

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28. Property, plant and equipment

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Right-of-use assets*	**Total**
Group						
2022						
Cost						
At beginning of year	317	563	484	83	1 165	2 612
Additions	33	1	1	—	—	35
Disposals	—	—	—	—	(197)	(197)
Adjustments	(1)	(2)	(17)	—	—	(20)
At end of year	**349**	**562**	**468**	**83**	**968**	**2 430**
Accumulated depreciation						
At beginning of year	193	446	423	36	552	1 650
Disposals	—	—	—	—	—	—
Depreciation charge for year	59	22	37	10	267	395
Adjustments	(1)	(1)	(17)	—	—	(19)
At end of year	**251**	**467**	**443**	**46**	**819**	**2 026**
Net carrying value	**98**	**95**	**25**	**37**	**149**	**404**
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**

* On adoption of IFRS 16 in 2020, the Bank was 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 104.

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28. Property, plant and equipment (continued)

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Right-of-use assets*	Total
Group						
2020						
Cost						
At beginning of year	214	583	494	33	—	1 324
Additions	54	1	2	—	1 233	1 290
Disposals	—	—	—	—	—	—
Adjustments	—	—	—	—	—	—
At end of year	**268**	**584**	**496**	**33**	**1 233**	**2 614**
Accumulated depreciation						
At beginning of year	181	403	353	33	—	970
Disposals	—	—	—	—	—	—
Depreciation charge for year	35	38	36	—	344	453
Adjustments	—	—	—	—	—	—
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**107**	**—**	**889**	**1 191**
Bank						
2022						
Cost						
At beginning of year	313	563	483	83	1 165	2 607
Additions	33	1	1	—	—	35
Disposals	—	—	—	—	(197)	(197)
Adjustments	(1)	(2)	(17)	—	—	(20)
At end of year	**345**	**562**	**467**	**83**	**968**	**2 425**
Accumulated depreciation						
At beginning of year	192	446	423	36	552	1 649
Disposals	—	—	—	—	—	—
Depreciation charge for year	58	22	36	10	267	393
Adjustments	(1)	(1)	(17)	—	—	(19)
At end of year	**249**	**467**	**442**	**46**	**819**	**2 023**
Net carrying value	**96**	**95**	**25**	**37**	**149**	**402**

* On adoption of IFRS 16 in 2020, the bank was 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 104.

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28. Property, plant and equipment (continued)

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Right-of-use assets*	Total
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**
2020						
Cost						
At beginning of year	214	583	493	33	—	1 323
Additions	54	1	2	—	1 233	1 290
Disposals	—	—	—	—	—	—
Adjustments	—	—	—	—	—	—
At end of year	**268**	**584**	**495**	**33**	**1 233**	**2 613**
Accumulated depreciation						
At beginning of year	181	403	353	33	—	970
Disposals	—	—	—	—	—	—
Depreciation charge for year	35	38	36	—	344	453
Adjustments	—	—	—	—	—	—
At end of year	**216**	**441**	**389**	**33**	**344**	**1 423**
Net carrying value	**52**	**143**	**106**	**—**	**889**	**1 190**

* On adoption of IFRS 16 in 2020, the Bank was 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 104.

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29. Amounts due from/to group companies

At 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Assets						
Amount due from group companies						
Holding company	1 293	1 587	1 158	1 293	1 587	1 158
Fellow subsidiaries	—	248	613	15	266	614
	1 293	**1 835**	**1 771**	**1 308**	**1 853**	**1 772**
Liabilities						
Amount due to group companies						
Holding company	20 937	20 684	17 393	20 937	20 684	17 383
Fellow subsidiaries	9 114	5 796	5 396	9 114	5 796	5 396
	30 051	**26 480**	**22 789**	**30 051**	**26 480**	**22 779**

Terms and conditions of transactions with related parties
The above mentioned outstanding balances arose in the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. For the year ended 31 March 2022, the Bank has not made any impairment loss relating to amounts owed by related parties (2021 and 2020: US$nil).

30. Investment in subsidiary

At 31 March	Nature of business	Holding (%)	Number of issued ordinary shares 2022 000	2021 000	2020 000	Shares at book value 2022 US$ '000	2021 US$ '000	2020 US$ '000	Net indebtedness 2022 US$ '000	2021 US$ '000	2020 US$ '000
Investec Wealth & Investment (Mauritius) Limited	Investment manager	100	1 050	1 050	1 050	467	467	467	15	18	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**	**15**	**18**	**10**

Consolidated structured entities
IBM consolidates its financial statements as at 31 March 2022.

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31. Customer deposits

At 31 March US$'000	Group			Bank		
	2022	2021	2020	**2022**	2021	2020
Private clients						
– Current accounts	105 084	98 935	78 756	105 084	98 935	78 756
– Term deposits	77 188	74 174	46 897	77 188	74 174	46 897
Corporates						
– Current accounts	627 403	500 156	592 114	629 982	502 031	593 408
– Term deposits	292 957	313 653	226 883	292 957	313 653	226 883
	1 102 632	**986 918**	**944 650**	**1 105 211**	**988 793**	**945 944**

32. Debt securities in issue

At 31 March US$'000	Group and Bank		
	2022	2021	2020
Redeemable cumulative non-participating preference shares of nominal value US$191 525 000, EUR52 700 000 and ZAR120 000 000 at no par value (2021 and 2020: US$191 525 000, EUR52 700 000 and ZAR120 000 000)			
	258 814	**262 027**	**256 932**

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

CLASS IMRP1	3-month Euribor+1.20% up to 31 May 2024, thereafter 1.20% or the adjusted margin up to 31 August 2026
CLASS IMRP2	3-month Euribor+1.20% up to 31 May 2024, thereafter 1.20% or the adjusted margin up to 31 August 2026
CLASS IMRP3	3-month Euribor+1.20% up to 31 August 2022, thereafter 1.42% or the adjusted margin up to 31 August 2026
CLASS IMRP4	3-month USD Libor+1.20% up to 31 August 2023, thereafter 1.70% or the adjusted margin up to 31 August 2026
CLASS IMRP5	Fixed rate 1.912% up to 28 July 2017 thereafter 3-month USD Libor+1% up to 28 July 2023
CLASS IMRP6	3-month USD Libor+1.42% up to 31 May 2024, thereafter 1.20% or the adjusted margin up to 31 August 2026
CLASS IMRP7	3-month USD Libor+1.70% up to 31 May 2024, thereafter 1.20% or the adjusted margin up to 31 August 2026
IMPR8	3-month Jibar-0.06% up to 19 December 2024
IMRP9	3-month Jibar-0.06% up to 19 December 2024

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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33. Other liabilities

At 31 March US$'000	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Settlement liabilities	676	514	3 617	676	514	3 617
Other creditors and accruals	5 421	5 783	5 168	5 234	5 637	5 077
Other non-interest-bearing liabilities	1 548	822	4 288	1 548	822	4 277
Lease liability*	158	637	918	158	637	918
Expected credit loss on off-balance sheet financial instruments	764	544	304	764	544	304
	8 567	**8 300**	**14 295**	**8 380**	**8 154**	**14 193**

* On adoption of IFRS 16 in 2020, the Bank was 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 2022	2021	2020
Balance at the beginning of the year	637	918	—
IFRS16 Recognition	—	60	1 233
IFRS16 Derecognition	(197)	(128)	—
Interest	12	28	40
Payment of lease liabilities	(294)	(241)	(355)
Balance at the end of the year	**158**	**637**	**918**

34. Ordinary share capital

At 31 March US$'000	Group and Bank 2022	2021	2020
Authorised			
Issued and fully paid at nil par value			
56 478 463 (2021 and 2020: 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 one 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 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.

Retained income
The reserve represents the accumulated earnings after accounting for dividends.

Holding company
The immediate holding company is Investec Bank Limited, and the ultimate holding company is Investec Limited, both incorporated in the Republic of South Africa.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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35. Notes to the cash flow statements

At 31 March US$'000	Group			Bank		
	2022	2021	2020	**2022**	2021	2020
Profit before taxation adjusted for non-cash and non-operating items is derived as follows:						
Profit before taxation	35 362	22 705	36 096	34 630	22 104	35 483
Adjustment for non-cash and non-operating items included in net income before taxation:						
Foreign exchange loss/(gain) on cash and cash equivalents	(2 304)	7 192	(1 964)	(2 304)	7 192	(1 964)
Depreciation of equipment	395	416	453	393	415	453
Expected credit loss impairment charge/(reversal) excluding ECL on cash and cash equivalents	(616)	1 605	320	(616)	1 605	320
Interest and foreign exchange loss/(gain) on debt securities in issue	(3 213)	5 096	(4 332)	(3 213)	5 096	(4 332)
Interest and foreign exchange loss/(gain) on debt and investment securities	1 400	714	(1 790)	1 400	714	(1 790)
Interest and foreign exchange loss/(gain) on securities sold under repurchase agreement	(9)	1 030	(1 312)	(9)	1 030	(1 312)
Profit on disposal of investments	—	(47)	—	—	(47)	—
Share of (gain)/loss in associate	(155)	482	1 544	(155)	482	1 544
(Gain)/loss on debt and investment securities and derivatives	(1 668)	58	(1 198)	(1 668)	58	(1 198)
Profit before taxation adjusted for non-cash and non-operating items	**29 192**	**39 251**	**27 817**	**28 458**	**38 649**	**27 204**
(Increase)/decrease in operating assets						
Balance with central bank – restricted	(1 140)	(6 819)	95	(1 140)	(6 819)	95
Due from banks – loans to banks	(108 745)	(7 371)	(27 765)	(108 745)	(7 371)	(27 765)
Loans and advances to customers	(176 946)	7 073	141 246	(176 946)	7 073	141 246
Derivative financial instruments	(1 903)	(925)	17 695	(1 903)	(925)	17 694
Other assets	15 837	(15 581)	200	15 891	(15 547)	151
Amount due from group companies	542	(64)	(761)	545	(81)	(756)
	(272 355)	**(23 687)**	**130 710**	**(272 298)**	**(23 670)**	**130 665**
Increase/(decrease) in operating liabilities						
Derivative financial instruments	(2 153)	(8 381)	11 374	(2 153)	(8 381)	11 374
Customer deposits	115 714	42 268	(92 186)	116 418	42 849	(91 664)
Amount due to group companies	3 571	3 691	(3 924)	3 571	3 701	(3 864)
Other liabilities	1 075	(5 591)	(8 583)	1 029	(5 628)	(8 580)
	118 207	**31 987**	**(93 319)**	**118 865**	**32 541**	**(92 734)**

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36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities based on when they are expected to be recovered or settled.

	Group			Bank		
At 31 March US$'000	Less than 12 months	Over 12 months	**Total**	Less than 12 months	Over 12 months	**Total**
2022						
Assets						
Cash and balances at central banks	22 681	13 871	36 553	22 681	13 871	36 553
Due from banks	516 427	—	516 427	516 427	—	516 427
Reverse repurchase agreements	125 011	—	125 011	125 011	—	125 011
Bank debt securities	—	31 962	31 962	—	31 962	31 962
Other debt securities	—	59 078	59 078	—	59 078	59 078
Derivative financial instruments	1 823	3 352	5 175	1 823	3 352	5 175
Investment portfolio	—	3 813	3 813	—	3 813	3 813
Loans and advances to customers	541 170	520 052	1 061 222	541 170	520 052	1 061 222
Investment in associate	—	2 120	2 120	—	2 120	2 120
Deferred taxation assets	—	451	451	—	451	451
Other assets	4 105	—	4 105	3 891	—	3 891
Property, plant and equipment	—	404	404	—	402	402
Amount due from group companies	1 293	—	1 293	1 308	—	1 308
Investment in subsidiary	—	—	—	—	467	467
Total	**1 212 511**	**635 103**	**1 847 614**	**1 212 312**	**635 568**	**1 847 880**
Liabilities						
Derivative financial instruments	2 292	220	2 512	2 292	220	2 512
Customer deposits	1 091 241	11 391	1 102 632	1 093 820	11 391	1 105 211
Debt securities in issue	—	258 814	258 814	—	258 814	258 814
Amount due to group companies	9 505	20 546	30 051	9 505	20 546	30 051
Current taxation liabilities	994	—	994	974	—	974
Other liabilities	8 567	—	8 567	8 380	—	8 380
Total	**1 112 600**	**290 971**	**1 403 571**	**1 114 971**	**290 971**	**1 405 942**
Net	**99 911**	**344 132**	**444 043**	**97 341**	**344 597**	**441 938**
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**

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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**
2020						
Assets						
Cash and balances at central bank	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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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		
	2022	2021	2020
Undrawn facilities	236 652	201 344	142 285
	236 652	**201 344**	**142 285**

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. 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		
	2022	2021	2020
Guarantees			
– Guarantees	21 740	28 081	24 061
	21 740	**28 081**	**24 061**

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, no provision for legal claims was deemed necessary.

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39. Related party transactions

For the year to 31 March US$'000	Group			Bank		
	2022	2021	2020	**2022**	2021	2020
Compensation of key management personnel						
Short-term employee benefits	2 207	3 209	2 443	1 984	3 029	2 251
Other benefits	327	493	389	274	440	364
Transactions with key management personnel						
Loans and advances to key management personnel	181	11	397	106	11	259
Deposits from key management personnel	1 107	1 205	2 223	1 107	1 205	2 223

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 2022 US$'000	Holding company	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	Total
Group						
Income statement						
Interest income	7 069	70	12	8	—	7 159
Interest expense	(10 227)	—	(43)	(41)	—	(10 311)
Fee expense	(947)	—	(7)	—	—	(954)
Contribution	—	—	—	—	133	133
Statement of financial position						
Assets						
Due from banks	26 990	—	—	—	—	26 990
Reverse repurchase agreements	—	—	25 043	—	—	25 043
Derivative assets	4 911	—	131	—	—	5 042
Interest in associated undertakings	—	2 120	—	—	—	2 120
Amount due from group companies	1 293	—	—	—	—	1 293
Loans and advances	—	1 485	—	181	—	1 666
Other assets	671	—	—	—	—	671
Liabilities						
Derivative liabilities	(2 460)	—	—	—	—	(2 460)
Amount due from group companies	(20 937)	—	(9 114)	—	—	(30 051)
Deposits	—	(3 079)	—	(1 107)	(836)	(5 022)
Debt securities in issue	(258 814)	—	—	—	—	(258 814)
Off-balance sheet						
Guarantees received	—	794	—	—	—	794

* 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% 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% 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 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	—	11	—	1 757
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	3 027	2 456	—	—	—	5 483

* 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% 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% 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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CONTINUED

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)
Fee expense	(518)	—	(224)	—	—	(742)
Contribution	—	—	—	—	(138)	(138)
Statement of financial position						
Assets						
Due from banks	232 053	—	—	—	—	232 053
Reverse repurchase agreements			26 050			26 050
Derivative assets	735	—	—	—	—	735
Interest in associated undertakings	—	2 856	—	—	—	2 856
Amount due from group companies	1 158	—	613	—	—	1 771
Loans and advances	—	1 926	—	2 526	—	4 452
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% 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% 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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39. Related party transactions (continued)

For the year to 31 March 2022 US$'000	Holding company	Subsidiary	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	**Total**
Bank							
Income statement							
Interest income	7 069	—	70	12	6	—	7 157
Interest expense	(10 227)	(13)	—	(43)	(41)	—	(10 324)
Fee expense	(947)	—	—	(7)	—	—	(954)
Contribution	—	—	—	—	—	131	131
Statement of financial position							
Assets							
Due from banks	26 990	—	—	—	—	—	26 990
Reverse repurchase agreements	—	—	—	25 043	—	—	25 043
Derivative assets	4 911	—	—	131	—	—	5 042
Investment in associate	—	—	2 120	—	—	—	2 120
Investment in subsidiary	—	467	—	—	—	—	467
Amount due from group companies	1 293	15	—	—	—	—	1 308
Loans and advances	—	—	1 485	—	106	—	1 591
Other assets	608	—	—	—	—	—	608
Liabilities							
Derivative liabilities	(2 460)	—	—	—	—	—	(2 460)
Amount due from group companies	(20 937)	—	—	(9 114)	—	—	(30 051)
Deposits	—	(2 580)	(3 079)	—	(1 107)	(836)	(7 602)
Debt securities in issue	(258 814)	—	—	—	—	—	(258 814)
Off-balance sheet							
Guarantees received	—	—	794	—	—	—	794

* 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% 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% 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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% 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% 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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	—	17 124
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 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% 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% 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 2022, the bank has not made any impairment loss relating to amounts owed by related parties (2021 and 2020: Nil).

Refer to page 75 in the directors' remuneration report for other transactions relating to directors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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40. Liquidity analysis of financial liabilities based on undiscounted cash flows

The balances in the below 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								
2022								
Liabilities								
Derivative financial instruments	—	2 292	—	—	—	220	—	2 512
Customer deposits	732 486	69 830	180 728	25 530	84 057	11 682	—	1 104 313
Debt securities in issue	—	238	821	1 058	2 117	270 599	—	274 833
Amount due to group companies	9 505	—	—	—	—	22 170	—	31 675
Other liabilities	1 878	773	3 008	868	41	970	1 029	8 567
Total on balance sheet liabilities	**743 869**	**73 133**	**184 557**	**27 456**	**86 215**	**305 641**	**1 029**	**1 421 900**
2021								
Liabilities								
Derivative financial instruments	—	—	—	1 206	2 181	1 278	—	4 665
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**	**207 831**	**104 309**	**90 185**	**422**	**1 295 931**
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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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								
2022								
Liabilities								
Derivative financial instruments	—	2 292	—	—	—	220	—	2 512
Customer deposits	735 065	69 830	180 728	25 530	84 057	11 682	—	1 106 892
Debt securities in issue	—	238	821	1 058	2 117	270 599	—	274 833
Amount due to group companies	9 505	—	—	—	—	22 170	—	31 675
Other liabilities	1 878	773	3 008	868	33	791	1 029	8 380
Total on balance sheet liabilities	**746 448**	**73 133**	**184 557**	**27 456**	**86 207**	**305 462**	**1 029**	**1 424 292**
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	—	26 071
Other liabilities	4 376	4 019	2 974	488	1 033	820	483	14 193
Total on balance sheet liabilities	**681 916**	**96 196**	**53 520**	**64 330**	**62 893**	**312 361**	**483**	**1 271 699**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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					
2022					
Interest income	13 671	52 253	13	(16 972)	48 965
Interest expense	(6 193)	(25 167)	(14)	16 972	(14 402)
Net interest income/(expense)	**7 478**	**27 086**	**(1)**	**—**	**34 563**
Fee income	2 093	8 676	1 162	—	11 931
Fee expense	(13)	(1 337)	—	—	(1 350)
Net fee income	**2 080**	**7 339**	**1 162**	**—**	**10 581**
Investment income/(loss)	942	(23)	23	—	942
Net trading (loss)/income	(115)	1 693	(11)	—	1 567
Other operating income	—	25	—	—	25
Total operating income	**10 385**	**36 120**	**1 173**	**—**	**47 678**
Expected credit loss (charge)/reversal	(106)	559	(9)	—	444
Net operating income	**10 279**	**36 679**	**1 164**	**—**	**48 122**
Operating costs	(2 731)	(9 742)	(442)	—	(12 915)
Operating profit	**7 548**	**26 937**	**722**	**—**	**35 207**
Cost to income ratio	**26%**	**27%**	**38%**	**— %**	**27%**
Total assets	**426 970**	**2 859 016**	**553 065**	**(1 991 437)**	**1 847 614**
Total liabilities	**(410 646)**	**(2 851 713)**	**(132 648)**	**1 991 437**	**(1 403 570)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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
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**	**828**	**—**	**37 088**
Expected credit loss reversal/(charge)	269	(2 148)	208	—	(1 671)
Net operating income	**8 551**	**25 830**	**1 036**	**—**	**35 417**
Operating costs	(2 948)	(8 910)	(372)	—	(12 230)
Operating profit	**5 603**	**16 920**	**664**	**—**	**23 187**
Cost to income ratio	**36%**	**32%**	**45%**	**—**	**33%**
Total assets	**364 284**	**2 494 084**	**520 952**	**(1 680 909)**	**1 698 411**
Total liabilities	**(350 602)**	**(2 475 696)**	**(143 005)**	**1 680 909**	**(1 288 394)**
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 (charge)/reversal	(158)	388	(687)	—	(457)
Operating income	**10 523**	**34 318**	**5 723**	**—**	**50 564**
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%**	**25%**	**27%**	**—**	**26%**
Total assets	**435 642**	**2 409 919**	**475 263**	**(1 683 833)**	**1 636 991**
Total liabilities	**(419 255)**	**(2 384 091)**	**(133 262)**	**1 683 833**	**(1 252 775)**

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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					
2022					
Interest income	13 671	52 253	—	(16 972)	48 952
Interest expense	(6 193)	(25 167)	(12)	16 972	(14 400)
Net interest income/(expense)	**7 478**	**27 086**	**(12)**	**—**	**34 552**
Fee income	2 092	8 675	—	—	10 767
Fee expense	(13)	(1 337)	—	—	(1 350)
Net fee income	**2 079**	**7 338**	**—**	**—**	**9 417**
Investment income/(loss)	942	(23)	23	—	942
Net trading (loss)/income	(115)	1 693	(4)	—	1 574
Other operating income	—	25	—	—	25
Total operating income	**10 384**	**36 119**	**7**	**—**	**46 510**
Expected credit loss (charge)/reversal	(106)	559	(9)	—	444
Net operating income	**10 278**	**36 678**	**(2)**	**—**	**46 954**
Operating costs	(2 731)	(9 748)	—	—	(12 479)
Operating profit	**7 547**	**26 930**	**(2)**	**—**	**34 475**
Cost to income ratio	**26%**	**27%**	**—%**	**—**	**27%**
Total assets	**426 970**	**2 859 016**	**553 332**	**(1 991 437)**	**1 847 880**
Total liabilities	**(410 646)**	**(2 851 713)**	**(135 021)**	**1 991 437**	**(1 405 942)**
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/(loss)	**8 282**	**27 980**	**(114)**	**—**	**36 148**
Expected credit loss 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**	**61**	**—**	**22 586**
Cost to income ratio	**36%**	**32%**	**(30%)**	**—**	**33%**
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)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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					
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 (charge)/reversal	(158)	388	(687)	—	(457)
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%**	**25%**	**25%**	**—**	**25%**
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)**

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42. Statutory segmental reporting

For the year to 31 March US$'000	Notes	Segment A 2022	2021	2020
Group				
Statement of profit or loss				
Interest income	I	1 146	1 362	1 910
Interest expense	I	(1 047)	(346)	(541)
Net interest income		**99**	**1 016**	**1 369**
Fee income	II	1 534	1 281	1 157
Fee expense	II	—	—	(4)
Net fee income		**1 534**	**1 281**	**1 153**
Investment income	III	—	—	—
Net trading (loss)/income	IV	(7)	15	(16)
Other operating income/(loss)		25	—	—
Total operating income before impairment		**1 651**	**2 312**	**2 506**
Expected credit loss reversal/(loss)	XI	3	249	231
Operating income		**1 654**	**2 561**	**2 737**
Operating costs	V	(568)	(800)	(763)
Operating profit		**1 086**	**1 761**	**1 974**
Share of profit/(loss) in associate		155	(482)	(1 544)
Profit before taxation		**1 241**	**1 279**	**430**
Taxation		(61)	(39)	(21)
Profit after taxation		**1 180**	**1 240**	**409**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
47 819	45 881	73 081	48 965	47 243	74 991
(13 355)	(16 089)	(32 026)	(14 402)	(16 435)	(32 567)
34 464	**29 792**	**41 055**	**34 563**	**30 808**	**42 424**
10 397	5 905	7 961	11 931	7 186	9 118
(1 350)	(1 122)	(1 429)	(1 350)	(1 122)	(1 433)
9 047	**4 783**	**6 532**	**10 581**	**6 064**	**7 685**
942	6	1 215	942	6	1 215
1 574	481	(287)	1 567	496	(303)
—	(286)	—	25	(286)	—
46 027	**34 776**	**48 515**	**47 678**	**37 088**	**51 021**
441	(1 920)	(688)	444	(1 671)	(457)
46 468	**32 856**	**47 827**	**48 122**	**35 417**	**50 564**
(12 347)	(11 430)	(12 161)	(12 915)	(12 230)	(12 924)
34 121	**21 426**	**35 666**	**35 207**	**23 187**	**37 640**
—	—	—	155	(482)	(1 544)
34 121	**21 426**	**35 666**	**35 362**	**22 705**	**36 096**
(2 113)	(1 310)	(2 198)	(2 174)	(1 349)	(2 219)
32 008	**20 116**	**33 468**	**33 188**	**21 356**	**33 877**

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

As at 31 March US$'000	Notes	Segment A 2022	2021	2020
Group				
Balance sheet				
Cash and balances at central bank		36 553	20 367	15 811
Due from banks		30 560	45 608	21 322
Reverse repurchase agreement	VI	—	—	—
Bank debt securities	VIII	—	—	—
Other debt securities	IX	—	—	—
Derivative financial instruments		—	—	—
Investment portfolio		—	—	—
Loans and advances to customer	XII	8 503	35 501	31 195
Investment in associate		2 120	2 130	2 856
Deferred taxation asset		451	498	421
Current tax assets		—	256	—
Other assets	XIII	901	531	1 126
Property, plant and equipment		404	962	1 191
Amount due from group companies	XI	—	—	—
		79 492	**105 853**	**73 922**
Liabilities and equity				
Derivative financial instruments		–	–	–
Customer deposits	XIV	81 686	76 609	29 989
Debt securities in issue		—	—	—
Amount due to group companies	XI	—	—	—
Current taxation liabilities		994	4	1 064
Other liabilities	XV	4 758	4 826	4 722
		87 438	**81 439**	**35 775**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
—	—	—	36 553	20 367	15 811
485 867	565 371	536 507	516 427	610 979	556 829
125 011	100 004	101 034	125 011	100 004	101 034
31 962	33 637	34 691	31 962	33 637	34 691
59 078	19 960	22 583	59 078	19 960	22 583
5 175	1 604	735	5 175	1 604	735
3 813	2 663	2 402	3 813	2 663	2 402
1 052 719	848 331	861 372	1 061 222	883 832	892 566
—	—	—	2 120	2 130	2 856
—	—	—	451	498	421
—	—	—	—	256	—
3 204	19 153	2 975	4 105	19 684	4 101
—	—	—	404	962	1 191
1 293	1 835	1 771	1 293	1 835	1 771
1 768 122	**1 592 558**	**1 564 070**	**1 847 614**	**1 698 411**	**1 636 991**
2 512	4 665	13 045	2 512	4 665	13 045
1 020 946	910 309	914 661	1 102 632	986 918	944 650
258 814	262 027	256 932	258 814	262 027	256 932
30 051	26 480	22 789	30 051	26 480	22 789
—	—	—	994	4	1 064
3 809	3 474	9 573	8 567	8 300	14 295
1 316 132	**1 206 955**	**1 217 000**	**1 403 570**	**1 288 394**	**1 252 775**
			56 478	56 478	56 478
			68 538	70 835	65 582
			319 028	282 704	262 156
			444 044	**410 017**	**384 216**
			1 847 614	**1 698 411**	**1 636 991**

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

For the year to 31 March US$'000	Notes	Segment A 2022	2021	2020
Bank				
Income statement				
Interest income	I	1 146	1 362	1 913
Interest expense	I	(1 047)	(346)	(561)
Net interest income		**99**	**1 016**	**1 352**
Fee income	II	370	351	246
Fee expense	II	—	—	(1)
Net fee income		**370**	**351**	**245**
Investment income	III	—	—	—
Net trading income/(loss)	IV	—	—	—
Other operating income/(loss)		25	—	—
Total operating income before impairment		**494**	**1 367**	**1 597**
Expected credit loss impairment reversals/(loss)	XI	3	249	231
Operating income		**497**	**1 616**	**1 828**
Operating costs	V	(132)	(461)	(465)
Operating profit		**365**	**1 155**	**1 363**
Share of profit/(loss) in associate		155	(482)	(1 544)
Profit before taxation		**520**	**673**	**(181)**
Taxation		(26)	(20)	—
Profit after taxation		**494**	**653**	**(181)**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
47 806	45 883	73 082	48 952	47 245	74 995
(13 353)	(16 089)	(32 026)	(14 400)	(16 435)	(32 587)
34 453	**29 794**	**41 056**	**34 552**	**30 810**	**42 408**
10 397	5 908	7 961	10 767	6 259	8 207
(1 350)	(1 112)	(1 430)	(1 350)	(1 122)	(1 431)
9 047	**4 796**	**6 531**	**9 417**	**5 137**	**6 776**
942	6	1 215	942	6	1 215
1 574	481	(287)	1 574	481	(287)
—	(286)	—	25	(286)	—
46 016	**34 791**	**48 515**	**46 510**	**36 148**	**50 112**
441	(1 920)	(688)	444	(1 671)	(457)
46 457	**32 871**	**47 827**	**46 954**	**34 477**	**49 655**
(12 347)	(11 430)	(12 163)	(12 479)	(11 891)	(12 628)
34 110	**21 441**	**35 664**	**34 475**	**22 586**	**37 027**
—	—	—	155	(482)	(1 544)
34 110	**21 441**	**35 664**	**34 630**	**22 104**	**35 483**
(2 113)	(1 310)	(2 198)	(2 139)	(1 330)	(2 198)
31 997	**20 131**	**33 466**	**32 491**	**20 774**	**33 285**

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

As at 31 March US$'000	Notes	Segment A 2022	2021	2020
Bank				
Balance sheet				
Cash and balances at central bank		36 553	20 367	15 811
Due from banks		30 560	45 608	21 322
Reverse repurchase agreements	VI	–	–	–
Bank debt securities	VIII	–	–	–
Other debt securities	IX	–	–	–
Derivative financial instruments		–	–	–
Investment portfolio		–	–	–
Loans and advances to customer	XII	8 503	35 501	31 195
Investment in associate		2 120	2 130	2 856
Deferred taxation assets		451	498	421
Current tax assets		—	256	—
Other assets	XIII	687	372	1 003
Property, plant and equipment		402	958	1 190
Amount due from group companies	XI	15	18	10
Investment in subsidiary		467	467	467
		79 758	**106 175**	**74 275**
Liabilities and equity				
Derivative financial instruments		–	–	–
Customer deposits	XIV	84 265	78 484	31 283
Debt securities in issue		–	–	–
Amount due to group companies	XI	–	–	–
Current taxation liabilities		974	—	1 052
Other liabilities	XV	4 571	4 680	4 620
		89 810	**83 164**	**36 955**
Equity				
Ordinary share capital				
Other reserves				
Retained income				
Total equity				
Total liabilities and equity				

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
–	–	–	36 553	20 367	15 811
485 867	565 371	535 507	516 427	610 979	556 829
125 011	100 004	101 034	125 011	100 004	101 034
31 962	33 637	34 691	31 962	33 637	34 691
59 078	19 960	22 583	59 078	19 960	22 583
5 175	1 604	735	5 175	1 604	735
3 813	2 663	2 402	3 813	2 663	2 402
1 052 719	848 331	861 371	1 061 222	883 832	892 566
–	–	–	2 120	2 130	2 856
–	–	–	451	498	421
–	–	–	—	256	—
3 204	19 153	2 975	3 891	19 525	3 978
—	—	—	402	958	1 190
1 293	1 835	1 762	1 308	1 853	1 772
–	–	–	467	467	467
1 768 122	**1 592 558**	**1 563 060**	**1 847 880**	**1 698 733**	**1 637 335**
2 512	4 665	13 045	2 512	4 665	13 045
1 020 946	910 309	914 661	1 105 211	988 793	945 944
258 814	262 027	256 932	258 814	262 027	256 932
30 051	26 480	22 779	30 051	26 480	22 779
—	—	—	974	—	1 052
3 809	3 474	9 573	8 380	8 154	14 193
1 316 132	**1 206 955**	**1 216 990**	**1 405 942**	**1 290 119**	**1 253 945**
			56 478	56 478	56 478
			68 538	70 835	65 582
			316 922	281 301	261 330
			441 938	**408 614**	**383 390**
			1 847 880	**1 698 733**	**1 637 335**

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

For the year to 31 March US$'000		Segment A	
	2022	2021	2020
I. Net interest income			
Group			
Due from banks and bank debt securities	26	47	129
Loans and advances to customers	1 120	1 315	1 781
Other debt securities	—	—	—
Interest income on derivative financial instruments	—	—	—
Total interest income	**1 146**	**1 362**	**1 910**
Debt-related securities	—	—	—
Customer accounts	1 047	346	541
Amount due to group companies	—	—	—
Interest expense on derivative financial instruments	—	—	—
Total interest expense	**1 047**	**346**	**541**
Net interest income	**99**	**1 016**	**1 369**
Bank			
Due from banks and bank debt securities	26	47	132
Loans and advances to customers	1 120	1 315	1 781
Other debt securities	—	—	—
Interest income on derivative financial instruments	—	—	—
Total interest income	**1 146**	**1 362**	**1 913**
Debt-related securities	—	—	—
Customer accounts	1 047	346	541
Amount due to group companies	—	—	20
Interest expense on derivative financial instruments	—	—	—
Total interest expense	**1 047**	**346**	**561**
Net interest income	**99**	**1 016**	**1 352**
II. Net fee income			
Group			
Credit related fees	207	207	90
Brokerage fees received	79	66	80
Client transactions and maintenance fees	84	81	76
Wealth management fees	1 164	927	911
Total fee income	**1 534**	**1 281**	**1 157**
Credit related fees	—	—	2
Other fees paid	—	—	2
Total fee expense	**—**	**—**	**4**
Net fee income	**1 534**	**1 281**	**1 153**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
4 308	1 285	12 690	4 334	3 139	12 819
36 517	33 556	44 906	37 637	34 871	46 687
334	2 814	2 268	334	1 007	2 268
6 660	8 226	13 217	6 660	8 226	13 217
47 819	**45 881**	**73 081**	**48 965**	**47 243**	**74 991**
3 809	4 344	8 293	3 809	4 344	8 293
3 084	4 442	16 818	4 131	4 788	17 359
987	956	1 712	987	956	1 712
5 475	6 347	5 203	5 475	6 347	5 203
13 355	**16 089**	**32 026**	**14 402**	**16 435**	**32 567**
34 464	**29 792**	**41 055**	**34 563**	**30 808**	**42 424**
4 295	1 287	12 691	4 321	3 141	12 823
36 517	33 556	44 906	37 637	34 871	46 687
334	2 814	2 268	334	1 007	2 268
6 660	8 226	13 217	6 660	8 226	13 217
47 806	**45 883**	**73 082**	**48 952**	**47 245**	**74 995**
3 809	4 344	8 293	3 809	4 344	8 293
3 084	4 442	16 818	4 131	4 788	17 359
985	956	1 712	985	956	1 712
5 475	6 347	5 203	5 475	6 347	5 203
13 353	**16 089**	**32 026**	**14 400**	**16 435**	**32 567**
34 453	**29 794**	**41 056**	**34 552**	**30 810**	**42 428**
8 062	3 544	5 731	8 269	3 751	5 821
1 152	1 303	1 178	1 231	1 369	1 258
1 183	1 058	1 052	1 267	1 139	1 128
–	–	–	1 164	927	911
10 397	**5 905**	**7 961**	**11 931**	**7 186**	**9 118**
1 350	1 122	1 429	1 350	1 122	1 431
—	—	—	—	—	2
1 350	**1 122**	**1 429**	**1 350**	**1 122**	**1 433**
9 047	**4 783**	**6 532**	**10 581**	**6 064**	**7 685**

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

For the year to 31 March US$'000	Segment A		
	2022	2021	2020
II. Net fee income (continued)			
Bank			
Credit related fees	207	204	90
Foreign exchange dealings	79	66	80
Client transactions and maintenance fees	84	81	76
Total fee income	**370**	**351**	**246**
Brokerage fees paid	—	—	—
Credit related fees	—	—	1
Other fees paid	—	—	—
Total fee expense	**—**	**—**	**1**
Net fee income	**370**	**351**	**245**
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)	7	15	(16)
	7	**15**	**(16)**
Bank			
Changes in fair value of derivative financial instruments	—	—	—
Net foreign exchange gain/(loss)	—	—	—
	–	**–**	**–**
V. Operating costs			
Group			
Staff costs	424	515	484
Premises expenses	4	11	10
Equipment expenses	33	115	117
Business expenses	99	133	123
Marketing expenses	2	9	11
Depreciation on equipment	6	17	18
Special levy	—	—	—
	568	**800**	**763**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
8 062	3 547	5 731	8 269	3 751	5 821
1 152	1 303	1 178	1 231	1 369	1 258
1 183	1 058	1 052	1 267	1 139	1 128
10 397	**5 908**	**7 961**	**10 767**	**6 259**	**8 207**
1 350	1 122	1 430	1 350	1 122	1 431
—	—	—	—	—	—
1 350	**1 122**	**1 430**	**1 350**	**1 122**	**1 431**
9 047	**4 786**	**6 531**	**9 417**	**5 137**	**6 776**
—	(40)	1 215	—	(40)	1 215
—	—	—	—	—	—
—	47	—	—	47	—
942	(1)	—	942	(1)	—
—	—	—	—	—	—
—	—	—	—	—	—
942	**6**	**1 215**	**942**	**6**	**1 215**
(1 668)	(57)	(15)	(1 668)	(57)	(15)
94	538	(272)	101	553	(288)
(1 574)	**481**	**(287)**	**(1 567)**	**496**	**(303)**
(1 668)	(57)	(15)	(1 668)	(57)	(15)
94	538	(272)	94	538	(272)
(1 574)	**481**	**(287)**	**(1 574)**	**481**	**(287)**
6 327	6 050	6 372	6 751	6 565	6 856
199	210	196	203	221	206
3 081	2 846	3 047	3 114	2 961	3 164
2 207	1 781	1 969	2 306	1 914	2 092
144	144	142	146	153	153
389	399	435	395	416	453
—	—	—	—	—	—
12 347	**11 430**	**12 161**	**12 915**	**12 230**	**12 924**

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

For the year to 31 March US$'000	Segment A		
	2022	2021	2020
V. Operating costs (continued)			
Bank			
Staff costs	67	243	243
Premises expenses	2	9	8
Equipment expenses	33	115	117
Business expenses	24	71	75
Marketing expenses	2	7	5
Depreciation on equipment	4	16	17
Special levy	—	—	—
	132	**461**	**465**
VI. Reverse repurchase agreements			
Group and Bank			
Reverse repurchase agreements	**–**	**–**	**–**
VII. Bank debt securities			
Group and Bank			
Financial assets at fair value through other comprehensive income			
– Bonds	**–**	**–**	**–**
VIII. Other debt securities			
Group and Bank			
Financial assets designated at fair value through profit or loss			
– Bonds	–	–	–
– Other investments	–	–	–
	–	**–**	**–**
IX. Investment portfolio			
Group and Bank			
Financial assets designated at fair value through profit or loss			
– Quoted equities	–	–	–
– Unquoted equities	–	–	–
	–	**–**	**–**
X. Amount due from/to group companies			
Remaining term to maturity			
(a) Amount due from group companies			
Group			
Within three months	—	—	—
	—	**—**	**—**
Bank			
Within three months	15	18	10
	15	**18**	**10**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
6 327	6 050	6 372	6 394	6 293	6 615
199	210	196	201	219	204
3 081	2 846	3 047	3 114	2 961	3 164
2 207	1 781	1 969	2 231	1 852	2 044
144	144	143	146	151	148
389	399	436	393	415	453
—	—	—	—	—	—
12 347	**11 430**	**12 163**	**12 479**	**11 891**	**12 628**
125 011	**100 004**	**101 034**	**125 011**	**100 004**	**101 034**
31 962	**33 637**	**34 691**	**31 962**	**33 637**	**34 691**
59 078	19 960	22 583	59 078	19 960	22 583
—	—	—	—	—	—
59 078	**19 960**	**22 583**	**59 078**	**19 960**	**22 583**
3	3 000	2 000	3	3 000	2 000
3 810	2 660	2 400	3 810	2 660	2 400
3 813	**5 660**	**4 400**	**3 813**	**5 660**	**4 400**
1 293	1 835	1 771	1 293	1 835	1 771
1 293	**1 835**	**1 771**	**1 293**	**1 835**	**1 771**
1 293	1 835	1 762	1 308	1 853	1 772
1 293	**1 835**	**1 762**	**1 308**	**1 853**	**1 772**

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

For the year to 31 March US$'000	Segment A		
	2022	2021	2020
X. Amount due from/to group companies (continued)			
Remaining term to maturity (continued)			
Group			
(b) Amount due to group companies			
Within three months	–	–	–
	–	**–**	**–**
Bank			
Within three months	–	–	–
	–	**–**	**–**
XI. Loans and advances to customer			
Group and Bank			
(a) Remaining term to maturity			
Within three months	3 375	4 743	2 923
Over three to six months	—	1 469	1 466
Over six to twelve months	1 401	23 512	317
Over one to five years	2 480	3 175	23 663
Over five years	1 247	2 602	2 826
	8 503	**35 501**	**31 195**
(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	16	287	229
Other balance sheet assets	—	5	(2)
Off balance sheet commitments and guarantees	(13)	(42)	4
Total expected credit loss impairment reversals	**3**	**250**	**231**
At 31 March,	42	329	902
Reversal recognised in the income statement	(16)	(287)	(229)
Written off out of allowance	—	—	(344)
Intergroup transfers	—	—	—
Balance at end of year	**26**	**42**	**329**

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
30 051	26 480	22 789	30 051	26 480	22 789
30 051	**26 480**	**22 789**	**30 051**	**26 480**	**22 789**
30 051	26 480	22 779	30 051	26 480	22 779
30 051	**26 480**	**22 779**	**30 051**	**26 480**	**22 779**
173 199	104 179	97 135	176 574	108 922	100 058
162 075	116 909	86 595	162 075	118 378	88 061
194 129	156 866	93 572	195 530	180 378	93 889
475 526	455 041	539 455	478 006	458 216	563 118
47 790	15 336	44 614	49 037	17 938	47 440
1 052 719	**848 331**	**861 371**	**1 061 222**	**883 832**	**892 566**
1 491	(1 722)	(612)	1 507	(1 435)	(383)
(841)	(1)	(83)	(841)	4	(85)
(209)	(198)	7	(222)	(240)	11
441	**(1 921)**	**(688)**	**444**	**(1 671)**	**(457)**
7 713	6 066	5 977	7 755	6 395	6 879
(1 491)	1 722	612	(1 507)	1 435	383
(2 520)	(398)	(535)	(2 520)	(398)	(879)
533	323	12	533	323	12
4 235	**7 713**	**6 066**	**4 261**	**7 755**	**6 395**

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

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Total impairment 2022	2021	2020
Group and Bank					
XI. Loans and advances to customer (continued)					
(c) Allowance for credit losses by sector					
Agriculture, forestry and fishing	12 407	—	265	87	65
Construction	16 990	—	101	35	222
Households	38 319	—	160	247	762
Real estate activities	281 315	1 860	1 304	1 226	914
Financial and insurance activities	526 688	—	436	1 162	443
Wholesale and retail trade	19 829	—	144	59	47
Manufacturing	44 219	—	583	272	8
Transportation and storage	50 418	—	951	4 609	2 944
Accommodation and food service activities	10 083	—	13	34	697
Electricity, gas, steam and air supply	20 146	—	62	22	60
Information and communication	25 611	—	110	2	187
Administrative and support service activities	17 074	—	129	—	—
Human health and social work activities	—	—	—	—	—
Mining and Quarrying	2 384	—	3	—	1
Other entities	—	—	—	—	45
	1 065 483	**1 860**	**4 261**	**7 755**	**6 395**
Analysed by segments:					
Segment A					
Construction	2 827	–	15	—	—
Households	1 310	–	—	2	31
Real estate activities	3 282	–	9	3	13
Financial and insurance activities	1 110	–	2	16	—
Accommodation and food service activities	—	–	—	22	285
Manufacturing	—	–	–	–	—
	8 529	**–**	**26**	**43**	**329**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Gross amount of loans	Non-performing loans	Total impairment 2022	2021	2020
XI. Loans and advances to customers (continued)					
Segment B					
Agriculture, forestry and fishing	12 407	—	265	87	65
Construction	14 163	—	86	34	222
Households	37 009	—	160	245	731
Real estate activities	276 173	1 860	1 295	1 223	854
Financial and insurance activities	525 578	—	434	1 146	443
Wholesale and retail trade	19 829	—	144	59	47
Manufacturing	44 219	—	583	272	8
Transportation and storage	50 418	—	951	4 609	2 944
Accommodation and food service activities	10 083	—	13	12	459
Electricity, gas, steam and air conditioning supply	20 146	—	62	22	60
Information and communication	25 611	—	110	3	187
Administrative and support service activities	17 074	—	129	—	—
Human health and social work activities	—	—	—	—	—
Mining and Quarrying	2 384	—	3	—	1
Other entities	–	–	—	—	45
	1 055 094	**1 860**	**4 235**	**7 712**	**6 066**
	1 063 623	**1 860**	**4 261**	**7 755**	**6 395**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

42. Statutory segmental reporting (continued)

For the year to 31 March US$'000	Segment A 2022	2021	2020
XII. Other asset			
Group			
Settlement debtors	—	—	—
Prepayments and accruals	700	295	975
Other	201	236	151
	901	**531**	**1 126**
Bank			
Settlement debtors	—	—	—
Prepayments and accruals	637	295	908
Other	50	77	95
	687	**372**	**1 003**
XIII. Customer deposits			
Group			
Demand	24 644	29 106	20 839
Term deposits with remaining term to maturity			
Within three months	45 517	31 520	5 150
Over three to six months	3 018	12 053	1 220
Over six to twelve months	8 507	3 016	2 780
Over one to five years	—	915	—
	81 686	**76 610**	**29 989**
Bank			
Demand	27 223	30 982	20 839
Term deposits with remaining term to maturity			
Within three months	45 517	31 520	6 444
Over three to six months	3 018	12 053	1 220
Over six to twelve months	8 507	3 016	2 780
Over one to five years	—	915	—
	84 265	**78 486**	**31 283**
XIV. Other liabilities			
Group			
Amounts payable and sundry creditors	**4 758**	**4 826**	**4 722**
Bank			
Amounts payable and sundry creditors	**4 571**	**4 680**	**4 620**
XV. 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	856	3 970	5 686
Commitments			
– Irrevocable unutilised facilities	7 670	25 134	4 179
	8 526	**29 104**	**9 865**

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

Segment B			Total		
2022	2021	2020	**2022**	2021	2020
550	22	18	550	22	18
565	321	34	1 265	616	1 009
2 089	18 810	2 923	2 290	19 046	3 074
3 204	**19 153**	**2 975**	**4 105**	**19 684**	**4 101**
550	22	18	550	22	18
565	321	34	1 202	616	942
2 089	18 810	2 923	2 139	18 887	3 018
3 204	**19 153**	**2 975**	**3 891**	**19 525**	**3 978**
707 844	569 985	651 325	732 488	599 091	672 164
204 703	204 751	136 411	250 220	236 271	141 561
22 386	51 621	28 084	25 404	63 674	29 304
74 624	73 428	79 090	83 131	76 444	81 870
11 390	10 523	19 751	11 390	11 438	19 751
1 020 947	**910 308**	**914 661**	**1 102 633**	**986 918**	**944 650**
707 844	569 984	651 325	735 066	600 966	672 164
204 703	204 751	136 411	250 220	236 271	142 855
22 386	51 621	28 084	25 404	63 674	29 304
74 624	73 428	79 090	83 131	76 444	81 870
11 390	10 523	19 751	11 390	11 438	19 751
1 020 947	**910 307**	**914 661**	**1 105 211**	**988 793**	**945 944**
3 809	**3 474**	**9 573**	**8 567**	**8 300**	**14 295**
3 809	**3 474**	**9 573**	**8 380**	**8 154**	**14 193**
26 694	24 111	18 375	21 740	28 081	24 061
188 042	176 210	138 106	236 652	201 344	142 285
214 736	**200 321**	**156 481**	**258 392**	**229 425**	**166 346**

CORPORATE INFORMATION

Secretary and registered office

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e-mail: infomru@investec.co.mu
Website: www.investec.com

Directorate

David M Lawrence (71)
BA(Econ) (Hons), MCom
Chair
(Resigned on 1 October 2021)

Lourens F Janse van Rensburg (50)
BCom, BCom (Hons), CA(SA), CFA and HDip Tax Law
Chair
(Appointed on 1 October 2021)

Zarina BM Bassa (58)
BAcc, DipAcc, CA(SA)

Pierre de Chasteigner du Mée (69)
ACEA, FBIM, FMAAT
(Resigned on 1 April 2022)

Ramdeo (Dev) Erriah (63)
LLB, LLM, TEP, Barrister-at-law (Gray's Inn)

Grant M Parsons (52)
Diploma in Accounting, BCom, CA(SA)
Chief Executive Officer (CEO))

Kailash S Ramnauth (59)
FCMA MBA
(Appointed on 1 April 2022)

Board committees

Board Sub-Committee
Lourens F Janse van Rensburg (Chair)
Kailash S Ramnauth
Grant M Parsons

Audit Committee
Zarina BM Bassa (Chair)
Ramdeo (Dev) Erriah
Kailash S Ramnauth

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

CORPORATE INFORMATION
CONTINUED

Nomination and Remuneration Committee
Lourens F Janse van Rensburg (Chair)
Zarina BM Bassa
Kailash S Ramnauth

In attendance
Grant M Parsons (CEO)
Group head of HR

Conduct Review Committee
Kailash S Ramnauth (chair)
Lourens F Janse van Rensburg
Ramdeo (Dev) Erriah

In attendance
Grant M Parsons (CEO)

Corporate Governance Committee
Ramdeo (Dev) Erriah (Chair)
Lourens F Janse van Rensburg
Zarina BM Bassa

Investment Committee
(Committee dissolved on 15 March 2022)
Grant M Parsons (chairman)
David M Lawrence
Pierre de Chasteigner du Mée

Risk Management Committee
Kailash S Ramnauth (Chair)
Grant M Parsons
Lourens F Janse van Rensburg

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
Lourens F Janse van Rensburg (Chair)
Zarina BM Bassa
Kailash S Ramnauth
Grant M Parsons (CEO and head of credit)
David Desvaux de Marigny (head of finance)
Farzanah Nowbuth (head of risk)
Helena Cloete (head of legal)

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