Investec

OUT OF THE ORDINARY

Creating enduring worth

Investec annual report 2023

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 2023 sustainability report which will be available on our website at the end of June 2023: www.investec.com

Reporting standard
Denotes our consideration of a reporting standard.

Feedback
We value feedback and invite questions and comments on our reporting. To give feedback please contact our Investor Relations division.

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www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html

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Investec Bank (Mauritius) Limited in perspective

IN THIS SECTION

Driving sustainable long-term growth

Building on the successes to simplify, focus and grow the business over the last years, we are well placed to pursue disciplined growth in the long-term pursuit of our purpose of creating enduring worth.

This growth will be pursued through our deep specialisations, with more emphasis being placed on what we can do for our clients if we act in an integrated way to bring the best of Investec to every relationship and interaction.

This involves further pursuing cross business integration strategies and significantly improving internal operating efficiencies.

The One Investec mindset

One Investec embodies our commitment to bring the best of Investec to every client relationship and interaction. It is premised on our obsession with client service and deep specailisation delivered in an integrated manner.

- Is a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each client, regardless of specialisation or geography;
- Is about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire group; and
- Demands a disciplined approach to optimising returns, not merely for one region or business area but for the group as a whole.

Fuelling a robust growth agenda

Growth objectives

- Continued execution with discipline to drive **optimisation of returns**
- Accelerate and scale **new growth initiatives**
- Further develop **connected client eco-systems** across business units & geographies

Underpinned by

- **Improved time to market, speed of execution and support to clients** (Out of the Ordinary)
- Continuous **digitalisation**
- **Strategic** use of **data**

One Investec

Our purpose

Our purpose is to create enduring worth.

Our mission

Investec is a distinctive bank and wealth manager, driven by commitment to our purpose, values, core philosophies and culture. 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 the 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-touch and high-tech approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values purposeful thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team, our people are empowered and committed to our values and culture.

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 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*

- Deep client partnerships, built on trust and out-of-the-ordinary service, are the bedrock of our business
- We are dedicated to building meaningful relationships with all our stakeholders
- We uphold cast-iron integrity in all we do
- We are committed to living in society, not off it
- We embrace our responsibility to the environment
- We thrive on change and challenge convention with courage, constantly adapting to an ever-changing world
- We believe in open and honest dialogue to test decisions, seek consensus and accept responsibility
- We trust our people to exercise their judgement, promoting entrepreneurial flair and freedom to operate within the context of prudent risk parameters and unwavering adherence to our values
- We embrace diversity in a deeply caring organisation in which everyone can bring their whole selves.

* We have recently realigned our values through extensive consultation and dialogue, across the organisation, with all business areas and geographies, ensuring that they reflect our steadfast beliefs and our aspirations. The processes has been bottom up and top down and then aggregated the wisdom of the organisation to reflect the depth of our thinking and the way we conduct ourselves

OUR 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	8 700+
Net core loans	**Customer deposits**	**Funds under management**
£30.2bn	£39.6bn	£61.0bn

Our clients and offering

One Investec

- Corporate
- Institutional
- Intermediary
- Government

- Private client (High Net Worth /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.

OUR 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

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

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

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
Investment management services in structured credit and allied products

OUR 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.
1992	We set up Investec Bank Plc (IBP) in the UK.
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	The Board approved a proposed share purchase and a share buyback programme of up to R7 billion (c.£350 million) to be executed over a period of 18 months from November 2022. We also distributed 15% of our shareholding in Ninety One.
2023	Today, we are a simplified and focused business well positioned to pursue identified growth opportunities, supported by our One Investec strategy.

Investment proposition

Well positioned to pursue long-term growth

Well capitalised and highly liquid balance sheet

Improved capital allocation – returning excess capital to shareholders

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

OUR BUSINESS AT A GLANCE
CONTINUED

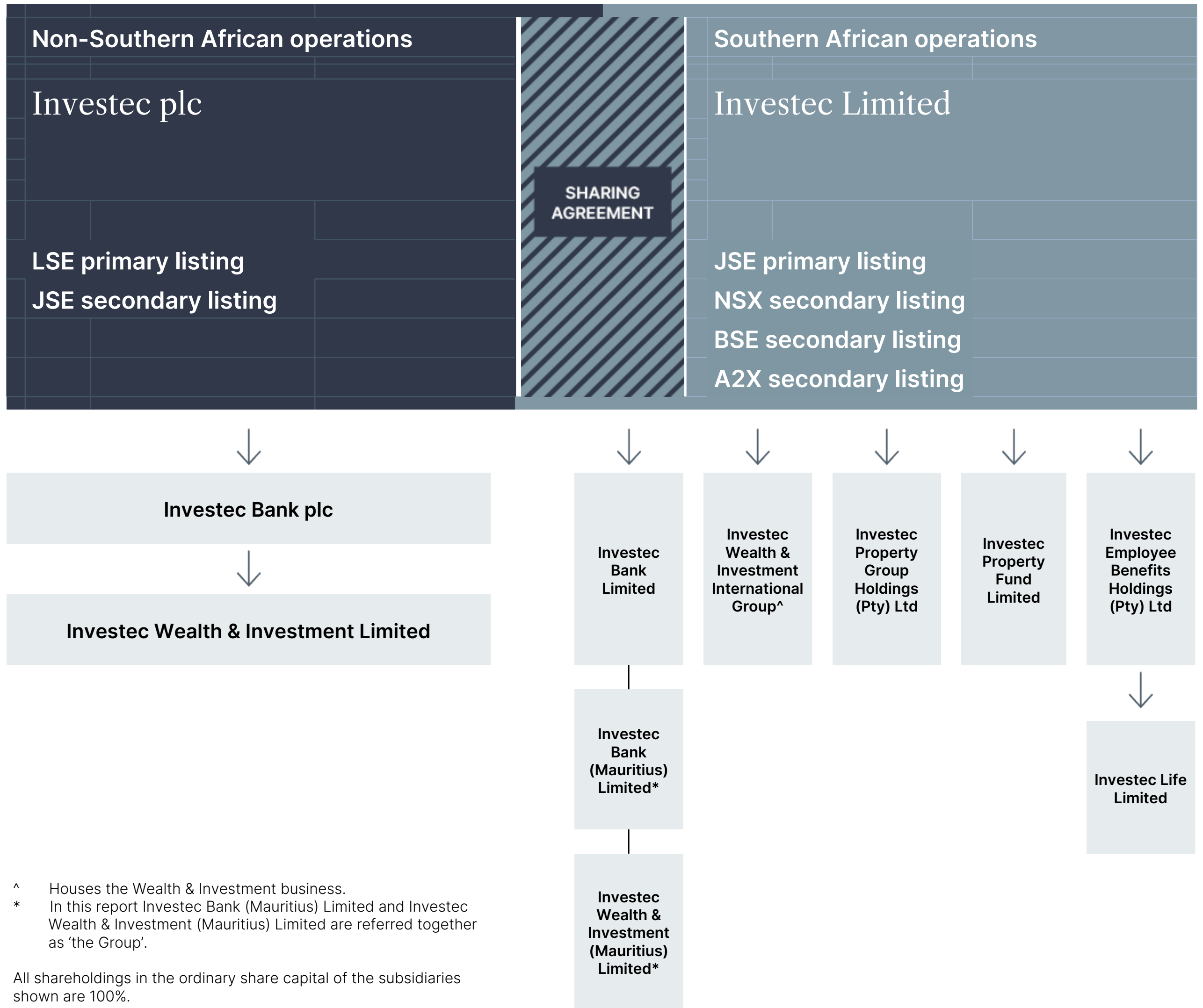
Our operational structure

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; and
- 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, corporate and institutional clients' needs. Each business provides specialised products and services to defined target markets.

What makes us distinct?

- Provision of high-touch personalised service, with ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth
- Provision of high-quality solutions to corporate and private clients, with leading positions in select areas.

Focus on helping our clients create and preserve wealth	A highly valued partner and adviser to our clients
High net worth private clients	**Corporate, private, intermediary, government and institutional clients**
Private client banking activities	Corporate and investment banking activities
• Lending • Private capital • Transactional banking • Savings • Foreign exchange.	• Lending • Treasury and risk management solutions • Advisory • Institutional research, sales and trading.
UK **Channel Islands**	**UK and Europe** **Channel Islands** **USA** **India**
Our high-touch and high-tech private client offering provides transactional banking, lending, private capital, savings and foreign exchange tailored to suit our clients' needs. Our target market includes high net worth (HNW) active wealth creators (with >£300 000 annual income and >£3mn NAV). Our savings offering targets primarily UK retail savers.	Our client-centric, solution-driven offering provides Corporate Banking and Investment Banking services to private companies, private equity and sponsor-backed companies and publicly listed companies.

Natural linkages between the private client and corporate business

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$295 million.

A two-tiered service offering; advisory and 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), Spring Nominees, 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; and
- 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; and
- Specialist portfolio management services for international clients.

Underlying **specialised mandates**:

- Segregated fixed income and equity-centric portfolios; and
- Capital Protected Structured Investments.

Management discussion and analysis

02

IN THIS SECTION

OUR OPERATING ENVIRONMENT

The 2023 financial year has been marked by a high inflation environment, increased interest rates and the ongoing Russia invasion of Ukraine.

Locally, the tourism industry has recovered strongly in a post-Covid environment while the financial sector has performed strongly in a high interest rate environment.

The group delivered strong results with total operating income before impairment increasing by 62% to US$77.4 mn compared to last year.

Shareholder's equity increased by 12% to US$497.6 mn and the return on average equity increased to 11.9% for the year under review.

While inflation rates are decreasing following increases in interest rates by central banks , the global economy faces challenges such as lower growth and the impact of geopolitical tensions.

The group will continue to pursue its growth objectives while remaining prudent by maintaining high levels of capital and liquidity.

FINANCIAL REVIEW

Performance against objectives

	OBJECTIVES 2023	PERFORMANCE 2023	OBJECTIVES 2024
Operating income	Operating income was expected to increase by 3% to US$49.5 million.	Operating income was 61% above objective at US$79.5 million.	Operating income is expected to increase by 5% to US$83.2 million.
Operating expenses	Operating expenses were expected to increase by 7% to US$13.8 million.	Costs were 17% above objective at US$16.1 million.	Operating expenses are expected to increase by 4% to US$16.8 million.
Cost-to-income ratio	Cost-to-income ratio was expected to remain below 30%.	Cost-to-income ratio stood at 20.7%.	Cost-to-income ratio is expected to remain below 30%.
Return on average assets	Return on average assets was expected to be at 1.7%.	Return on average assets stood at 2.6%.	Return on average assets is expected to remain at 2.6%.
Return on average equity	Return on average equity was expected to decrease to 7.0%.	Return on average equity stood at 11.9%.	Return on average equity is expected to remain at 11.9%.
Loans and advances growth	Loans and advances were expected to increase to US$1.4 billion.	Loans and advances stood at US$1.2 billion, 14% below objective, due to large early repayments in March 2023.	Loans and advances are expected to increase to US$1.4 billion.
Deposits growth	Deposits were expected to increase to US$1.3 billion.	Deposit grew by 8% to US$1.4 billion.	Deposits are expected to remain at the same level.
Asset quality	Credit loss ratio was expected to be below 1.0%.	Credit loss ratio stood at -0.2% due to ECL reversal.	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 30.4%.	Capital adequacy ratio to be maintained at a minimum of 15%.
Gearing	Gearing ratio was expected to be below 6.	Gearing ratio stood at 5.	Gearing ratio to be maintained below 6.

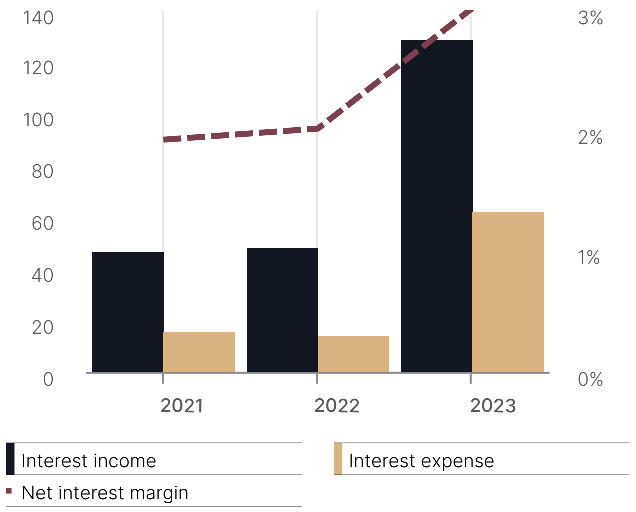
FINANCIAL REVIEW

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

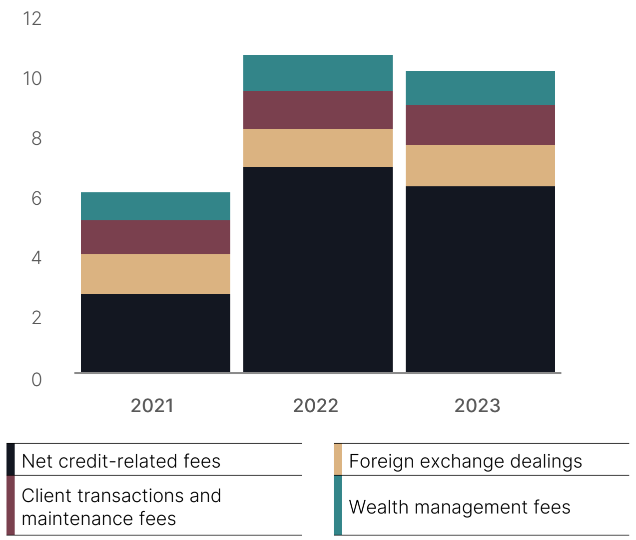
US$'mn



Net interest income increased by 92% to US$66.5 million due to the growth in average interest earning assets with net interest margin increasing from 2.0% to 3.0% for the current financial year.

Net fee income

US$'mn



Net fee income decreased by 5% from US$10.6 million to US$10.1 million mainly due to higher deal-related fees in the prior year.

Net trading income

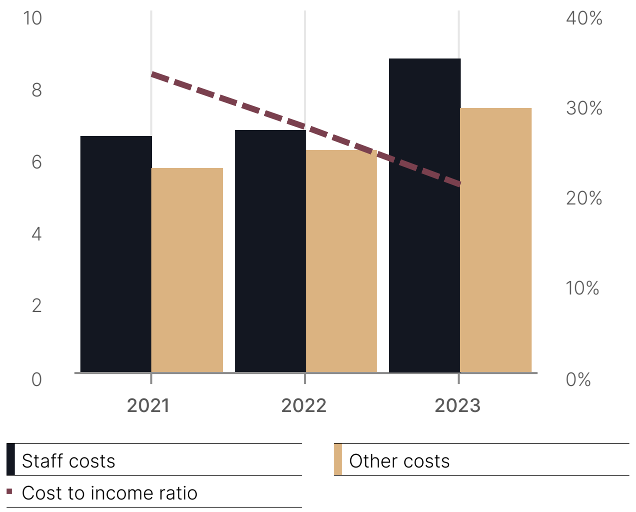
Trading income of US$0.9 million arose mainly from mark-to-market on derivatives and foreign exchange movement against the US dollar.

Expected credit loss (ECL)

During the current financial year ECL of US$2.1 million was reversed compared to a reversal of US$0.5 million in the previous financial year mainly due to improved PDs and LGDs.

Operating costs

US$'mn



Operating costs increased by 24% to US$16.1 million due to increase in personnel costs and business expenses. Staff costs represented 54% of the cost base, in line with the previous financial year.

The cost-to-income ratio decreased from 27.1% in the prior year to 20.7% 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	2023	Change 2023 vs 2022 (%)	2022	Change 2022 vs 2021 (%)	2021
Loans and advances to banks and customers (US$'000)	1 222 968	1.5%	1 205 102	31.1%	918 967
Cash holdings and reverse repurchase agreements (US$'000)	701 560	31.4%	534 111	(23.3%)	696 215
Sovereign debt securities (US'000)	416 856	>100%	—	—	—
Bank debt securities (US'000)	51 751	61.9%	31 962	(5.0%)	33 638
Other debt securities (US'000)	76 036	28.7%	59 078	196.0%	19 960
Borrowings from banks (US'000)	246 190	100.0%	—	—	—
Deposits from customers (US$'000)	1 408 462	27.7%	1 102 632	11.7%	986 918
Loan-to-deposit ratio (%)	86.8	(20.4%)	109.3	17.4%	93.1

Loans and advances to banks and customers

Loans and advances stood at US$1.2 billion, 1.5% above the last financial year.

Cash holdings

Cash holdings, which included reverse repurchase agreements, increased by 31% to US$702 million as a result of new borrowings from banks and an increase in deposits from customers.

Sovereign debt securities

Sovereign debt securities stood at US$417 million which related to treasury bills purchased during the year.

Bank debt securities

Bank debt securities increased by 62% to US$52 million following additional debt securities purchased during the year due to favourable market conditions.

Other debt securities

Other debt securities increased by 29% to US$76 million following additional debt securities purchased during the year due to favourable market conditions.

Borrowings from banks

Borrowings from banks related to a syndicated facility of US$150 million and deposits of US$ 96 million contracted with other banks during the year to increase liquidity levels.

Deposits from customers

Deposits from customers increased by 28% to US$1.4 billion and resulting in the loan-to-deposit ratio to decrease from 109.3% to 86.8%.

Performance ratios

For the year to 31 March	2023	2022	2021
Return on average equity (%)	11.9	7.8	5.4
Return on average assets (%)*	2.6	1.9	1.3

* Figures based on average interest-earning assets.

Return on average equity

Return on average equity increased from 7.8% to 11.9% as net profit increased during the current financial year.

Return on average assets

Return on assets increased from 1.9% last year to 2.6% for the current year due to the increase in profitability.

Capital

For the year to 31 March	2023	2022	2021
Shareholder's equity (US$'000)	497 608	444 044	410 017
Capital base (US$'000)	497 339	447 267	409 990
Capital adequacy ratio (%)	30.4	29.2	32.2
Tier 1 ratio (%)	29.3	28.3	31.1

Total equity increased from US$444 million to US$498 million as a result of an increase in retained income during the financial year. The capital adequacy ratio, mainly made up of Tier 1 capital, also increased from 29.2% to 30.4%, and remained well above the regulatory requirement of 12.5% (inclusive of the capital conservation buffer of 2.5%).

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 61) with further disclosures provided within the financial statements section (pages 100 to 173).

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; and
- 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. No losses were suffered for the year under review; credit loss ratio was -0.2% 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 20.0%;
- A high level of readily available, high-quality liquid assets with cash holdings and sovereign debt securities representing 44.9% of total assets;
- A high level of liquidity; the Bank does not rely on intergroup 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; and
- 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:

10 The competitive nature of the financial and banking industries.	**20** The Bank may be exposed to country risk, i.e. the risk inherent in sovereign exposure and events in other countries.	**20 – 37** **Credit and counterparty risk** exposes the Bank to losses caused by financial or other problems experienced by our clients.
39 **Equity and investment risk.**	**40 – 42** The Bank's net interest earnings and net asset value may be adversely affected by **interest rate risk.**	**39 – 45** Market, business and general economic conditions and fluctuations could adversely affect its businesses in a number of ways.
43 – 45 **Liquidity risk** may impair the ability of the Bank to fund its operation.	**46** The Bank is exposed to **foreign exchange currency risk** where fluctuation in exchange rates against the US Dollar could have an impact on its financial results.	**47 – 55** **Operational risk** may disrupt the business or result in regulatory action.
50 **Employee misconduct** could cause harm that is difficult to detect.	**52** The Bank may be **vulnerable to the failure of its systems** and breaches of its security systems.	**54** The Bank may be unable to **recruit, retain and motivate key personnel.**
56 Reputational, strategic and business risk.	**56** **Legal and regulatory risks** are substantial in its businesses.	**57 – 61** **The Bank may have insufficient capital** in the future and may be unable to secure additional financing as required.

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 2023, the Bank has provided an amount of US$3.5 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
- Review and management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision
- 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 37 for further information.

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

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

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

RISK MANAGEMENT
CONTINUED

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 2023, 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:

- 2023: US$732.8 million and 154.2% of Tier 1 capital
- 2022: US$321.1 million and 74.7% of Tier 1 capital
- 2021: US$466.9 million and 118.2% of Tier 1 capital

Large exposures

- Any credit exposure which is greater than 7.5% but less than 10% of IBM's Tier 1 Capital will be approved by the current Board sub-committee which comprises of the Board Chair, the Chair of the RMC and IBM's CEO.
- Any credit exposure which is greater than 10% of IBM's Tier 1 Capital will be approved by the full IBM Board.

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.

Management and measurement of credit and counterparty risk

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

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

Regular reporting of credit and counterparty risk exposures is made to management, the executives and the Board.

The Board regularly reviews and approves the appetite for credit and counterparty risk.

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

The Bank completes scenario tests on its loan portfolio with regard to the capital held. These tests stress the existing portfolio to allow the Bank to identify underlying risks and manage them accordingly. These stress tests include (but are not limited to) impairments and capital usage. The credit risk stress tests also play an integral part in the Bank's capital planning process.

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

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

Where there are three or more credit ratings with different risk weightings, the credit ratings corresponding to the two lowest ratings should be referred to and the higher of those two ratings should be applied. The Group applies the 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.

RISK MANAGEMENT
CONTINUED

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	2023	2022	2021
On- and off-balance sheet exposures with related parties (US$'million)	61.9	63.4	192.3
On- and off-balance sheet exposures with related parties (% of total exposures)	2.5	3.4	11.3
Amount of exposures to the six related parties with the highest exposure (US$'million)	61.9	63.4	192.3
Amount of exposures to the six related parties with the highest exposure (% of Tier 1 capital)	12.9	14.5	52.2

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 2023 (2022: US$ nil and 2021: 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.

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.

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RISK MANAGEMENT
CONTINUED

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 2023 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 32).

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

Effective 1 January 2020 general banking provision is calculated as per the BOM guideline on 'Credit Impairment Measurement and Income Recognition.'

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

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

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

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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 38 and 39.

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 4.2% of gross loans and advances to customers. These exposures remain relatively well secured.

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.

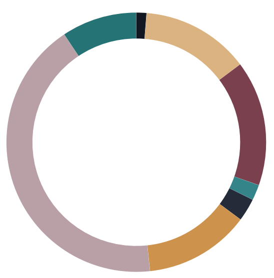
An analysis of gross credit and counterparty exposures

US$'000	31 March 2023	31 March 2022	31 March 2021	2023 vs 2022 % change	2023 vs 2022 Average*	2022 vs 2021 % change	2022 vs 2021. Average*
On-balance sheet exposures							
Cash and balances at central bank	33 862	36 552	20 362	(7%)	35 207	80%	28 457
Due from banks	359 304	489 675	453 830	(27%)	424 490	8%	471 752
Sovereign debt securities	416 856	—	—	100%	208 428	—	—
Bank debt securities	51 751	31 962	33 637	62%	41 857	(5%)	32 799
Other debt securities	76 055	59 213	20 056	28%	67 634	>100%	39 634
Derivatives financial instruments	43	133	—	(68%)	88	100%	66
Reverse repurchase agreements	350 466	100 003	75 000	>100%	225 235	33%	87 502
Loans and advances to customers	1 131 148	1 065 483	891 587	6%	1 098 316	20%	978 535
Total on-balance sheet credit and counterparty exposures	**2 419 485**	**1 783 020**	**1 494 472**	**36%**	**2 101 255**	**19%**	**1 638 745**
Guarantees^	19 538	21 740	28 081	(10%)	20 639	(23%)	24 910
Committed undrawn facilities	230 255	236 652	201 344	(3%)	233 454	18%	218 998
Off-balance sheet exposures	**249 793**	**258 392**	**229 425**	**(3%)**	**254 093**	**13%**	**243 908**
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	**2 669 278**	**2 041 412**	**1 723 897**	**31%**	**2 355 348**	**18%**	**1 882 652**

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

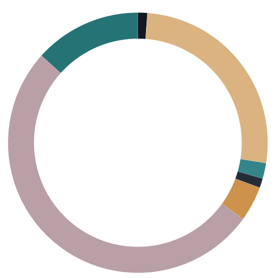
An analysis of gross credit and counterparty exposure

2023



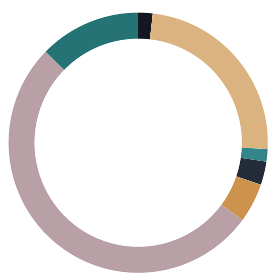
Cash and balances at central banks	1%
Due from banks	13%
Sovereign debt securities	16%
Bank debt securities	2%
Other debt securities	3%
Derivatives	—%
Reverse repurchase agreements and cash collateral on securities borrowed	13%
Loans and advances to customers	42%
Off-balance sheet exposures	9%

2022



Cash and balances at central banks	2%
Due from banks	24%
Sovereign debt securities	—%
Bank debt securities	2%
Other debt securities	3%
Derivatives	—%
Reverse repurchase agreements and cash collateral on securities borrowed	5%
Loans and advances to customers	52%
Off-balance sheet exposures	13%

2021



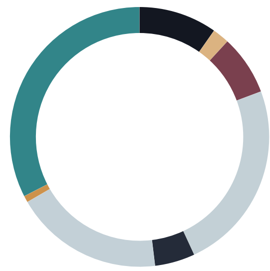
Cash and balances at central banks	1%
Due from banks	26%
Sovereign debt securities	—%
Bank debt securities	2%
Other debt securities	1%
Derivatives	—%
Reverse repurchase agreements and cash collateral on securities borrowed	4%
Loans and advances to customers	52%
Off-balance sheet exposures	13%

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

2023



Mauritius	10%
South Africa (SA)	2%
Africa (excl SA)	7%
Asia	—%
European Union	24%
Europe (non-EU)	5%
North America	18%
Other	—%
Australia	1%
UK	32%

2022

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

2021

Mauritius	13%
South Africa (SA)	6%
Africa (excl SA)	3%
Asia	1%
European Union	23%
Europe (non-EU)	7%
North America	18%
Other	1%
Australia	—%
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
2023					
Cash and balances at central bank	33 862	—	—		33 862
Due from banks	359 304	(183)	27 786	1	386 907
Sovereign debt securities	416 856	—	—		416 856
Bank debt securities	51 751	—	—		51 751
Other debt securities	76 055	(19)	—		76 036
Derivative financial instruments	43	—	5 647		5 690
Reverse repurchase agreements	350 466	(15)	25 039	1	375 490
Loans and advances to customers	1 131 148	(2 879)	—		1 128 269
Other assets	—	—	7 419		7 419
Investment portfolio	—	—	4 130	2	4 130
Investment in associate	—	—	1 882		1 882
Deferred taxation asset	—	—	328		328
Property, plant and equipment	—	—	299		299
Amount due from group companies	—	—	522	1	522
Total on-balance sheet exposures	**2 419 485**	**(3 096)**	**73 052**		**2 489 441**

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**
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
Current taxation asset	—	—	—		—
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**

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**

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**		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Agriculture, forestry and fishing	5 780	12 407	11 178	23 907	9 908	15 033	29 687	22 315	26 211
Construction	38 799	16 990	17 911	18 520	11 033	—	57 319	28 023	17 911
Households	12 140	38 319	24 449	—	2 821	882	12 140	41 140	25 331
Real estate activities	168 503	281 315	284 597	10 676	47 422	112 852	179 179	328 737	397 449
Financial and insurance activities	651 461	526 688	325 803	1 373 462	807 648	691 894	2 024 923	1 334 336	1 017 697
Wholesale and retail trade	22 368	19 829	19 737	42 572	31 335	1 455	64 940	51 164	21 192
Manufacturing	22 849	44 219	41 642	19 766	20 481	—	42 615	64 700	41 642
Transportation and storage	69 996	50 418	116 364	7 916	5 551	8 546	77 912	55 969	124 910
Accommodation and food service activities	—	10 083	32 604	476	—	—	476	10 083	32 604
Electricity, gas, steam and air conditioning supply	18 171	20 146	8 938	—	—	—	18 171	20 146	8 938
Information and communication	59 984	25 611	8 364	31 793	20 732	1 648	91 777	46 343	10 012
Administrative and support service activities	28 325	17 074	—	—	10 575	—	28 325	27 649	—
Mining and quarrying	2 512	2 384	—	9 042	8 423	—	11 554	10 807	—
Other entities	30 260	—	—	—	—	—	30 260	—	—
Total	**1 131 148**	**1 065 483**	**891 587**	**1 538 130**	**975 929**	**832 310**	**2 669 278**	**2 041 412**	**1 723 897**

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
2023							
On-balance sheet exposures	**5 780**	**38 799**	**12 140**	**168 503**	**1 883 974**	**42 048**	**42 615**
Other debt securities	—	—	—	—	20 231	19 680	19 766
Bank debt securities	—	—	—	—	51 751	—	—
Sovereign debt securities					416 856		
Due from banks	—	—	—	—	393 166	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	350 466	—	—
Derivative financial instruments	—	—	—	—	43	—	—
Gross core loans and advances to customers	5 780	38 799	12 140	168 503	651 461	22 368	22 849
Off-balance sheet exposures	**23 907**	**18 520**	**—**	**10 676**	**140 949**	**22 892**	**—**
Guarantees	—	—	—	—	19 120	—	—
Committed facilities	23 907	18 520	—	10 676	121 829	22 892	—
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**29 687**	**57 319**	**12 140**	**179 179**	**2 024 923**	**64 940**	**42 615**
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	—	—
Due from banks	—	—	—	—	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	—	—
Due from banks	—	—	—	—	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**

At 31 March US$'000	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
2023								
On-balance sheet exposures	**69 996**	**—**	**18 171**	**67 320**	**28 325**	**11 554**	**30 260**	**2 419 485**
Other debt securities	—	—	—	7 336	—	9 042	—	76 055
Bank debt securities	—	—	—	—	—	—	—	51 751
Sovereign debt securities								416 856
Due from banks	—	—	—	—	—	—	—	393 166
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	—	—	—	350 466
Derivative financial instruments	—	—	—	—	—	—	—	43
Gross core loans and advances to customers	69 996	—	18 171	59 984	28 325	2 512	30 260	1 131 148
Off-balance sheet exposures	**7 916**	**476**	**—**	**24 457**	**—**	**—**	**—**	**249 793**
Guarantees	418	—	—	—	—	—	—	19 538
Committed facilities	7 498	476	—	24 457	—	—	—	230 255
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**77 912**	**476**	**18 171**	**91 777**	**28 325**	**11 554**	**30 260**	**2 669 278**
2022								
On-balance sheet exposures	**50 418**	**10 083**	**20 146**	**25 611**	**17 074**	**10 700**	**—**	**1 783 020**
Other debt securities	—	—	—	—	—	8 316	—	59 213
Bank debt securities	—	—	—	—	—	—	—	31 962
Due from banks	—	—	—	—	—	—	—	526 226
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	—	—	—	100 003
Derivative financial instruments	—	—	—	—	—	—	—	133
Gross core loans and advances to customers	50 418	10 083	20 146	25 611	17 074	2 384	—	1 065 483
Off-balance sheet exposures	**5 551**	**—**	**—**	**20 732**	**10 575**	**107**	**—**	**258 392**
Guarantees	328	—	—	20 000	—	—	—	21 740
Committed facilities	5 223	—	—	732	10 575	107	—	236 652
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**55 969**	**10 083**	**20 146**	**46 343**	**27 649**	**10 807**	**—**	**2 041 412**
2021								
On-balance sheet exposures	**116 364**	**32 604**	**8 938**	**8 364**	**—**	**—**	**—**	**1 494 472**
Other debt securities	—	—	—	—	—	—	—	20 056
Bank debt securities	—	—	—	—	—	—	—	33 637
Due from banks	—	—	—	—	—	—	—	474 192
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	—	—	—	75 000
Gross core loans and advances to customers	116 364	32 604	8 938	8 364	—	—	—	891 587
Off-balance sheet exposures	**8 546**	**—**	**—**	**1 648**	**—**	**—**	**—**	**229 425**
Guarantees	328	—	—	—	—	—	—	28 081
Committed facilities	8 218	—	—	1 648	—	—	—	201 344
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**124 910**	**32 604**	**8 938**	**10 012**	**—**	**—**	**—**	**1 723 897**

RISK MANAGEMENT
CONTINUED

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	2023	2022	2021
Gross core loans and advances to customers subject to ECL	**1 131 148**	**1 065 483**	**891 587**
Stage 1	1 006 076	996 550	815 332
Stage 2	77 107	67 073	57 378
Stage 3	47 965	1 860	18 877
Gross core loans and advances to customers subject to ECL (%)	**100%**	**100%**	**100%**
Stage 1	88.9%	93.5%	91.5%
Stage 2	6.8%	6.3%	6.4%
Stage 3	4.2%	0.2%	2.1%
Expected credit loss	**(2 879)**	**(4 261)**	**(7 755)**
Stage 1	(1 874)	(3 586)	(3 886)
Stage 2	(236)	(88)	(173)
Stage 3	(769)	(587)	(3 696)
ECL coverage ratio (%)			
Stage 1	0.2%	0.4%	0.5%
Stage 2	0.3%	0.1%	0.3%
Stage 3	1.6%	31.6%	19.6%
Net core loans and advances to customers	**1 128 269**	**1 061 222**	**883 832**
Average gross core loans and advances to customers	**1 098 316**	**978 535**	**895 274**
Current loans and advances to customers	978 246	989 846	812 166
Past due loans and advances to customers (1 – 60 days)	29 551	6 948	3 166
Special mention loans and advances to customers	75 386	66 829	57 378
Default loans and advances to customers	47 965	1 860	18 877
Gross core loans and advances to customers	**1 131 148**	**1 065 483**	**891 587**
Current loans and advances to customers	1 053 632	1 056 675	869 544
Gross core loans and advances to customers that are past due but not impaired	29 551	6 948	3 166
Gross core loans and advances to customers that are impaired	47 965	1 860	18 877
Gross core loans and advances to customers	**1 131 148**	**1 065 483**	**891 587**
ECL impairment reversal/(charge) on loans and advances	**1 382**	**1 507**	**(1 435)**
Stage 3 loans net of ECL	47 196	1 273	15 181
Aggregate collateral and other credit enhancements	57 095	6 844	27 639
Stage 3 net of ECL and collateral	—	—	—
Gross default loans and advances to customers	47 965	1 860	18 877
Expected credit loss	(2 879)	(4 261)	(7 755)
Defaults net of impairments	**45 086**	**(2 401)**	**11 122**
Collateral and other credit enhancements	57 095	6 844	27 639
Net default loans and advances to customers (limited to zero)	—	—	—
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.3%	0.4%	0.9%
Total impairments as a % of gross default loans	6.0%	229.0%	41.1%
Gross defaults as a % of gross core loans and advances to customers	4.2%	0.2%	2.1%
Defaults (net of impairments) as a % of net core loans and advances to customers	4.0%	(0.2%)	1.3%
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)	(0.1%)	(0.2%)	0.2%

RISK MANAGEMENT
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Stage 1: 88.9% 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 0.2%.

Stage 2: 6.8% of gross exposure is in Stage 2 and has seen a significant increase in credit risk since origination. These assets require a lifetime expected loss to be held. An asset reported in Stage 2 does not imply we expect a loss on these assets. Stage 2 assets are assessed relative to their expected performance at the point of origination. While assets may underperform original expectations, the level of ECL indicates that our expected losses from these positions remain low at a coverage ratio of 0.3%.

Stage 3: 4.2% of gross exposure is in Stage 3 which is made up of assets that are credit impaired. The coverage ratio totals 1.6% 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 2022 to 31 March 2023. 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 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.

As at 31 March 2023	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
US$'000								
1 April 2022	996 550	(3 586)	67 073	(88)	1 860	(587)	1 065 483	(4 261)
Transfer from Stage 1	(107 147)	127	61 054	(62)	46 093	(65)	—	—
ECL re-measurement arising from transfer of stage	—	—	—	(160)	—	(5)	—	(165)
Net new lending and repayments	116 673	(216)	(51 020)	74	12	(112)	65 665	(254)
Changes to risk parameters and models	—	1 801	—	—	—	—	—	1 801
At 31 March 2023	**1 006 076**	**(1 874)**	**77 107**	**(236)**	**47 965**	**(769)**	**1 131 148**	**(2 879)**

A further analysis of credit quality by risk category

As at 31 March 2023	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
US$'000								
Corporate	378 266	1 407	5 780	28	45 623	71	429 669	1 506
Sovereign	32 070	88	6 728	—	—	—	38 798	88
Fund Finance	439 499	74	—	—	—	—	439 499	74
Mortgages	24 866	9	1 577	1	622	269	27 065	279
PB Corporate	122	1	—	—	—	—	122	1
Direct Corporate	65 424	202	17 855	192	—	—	83 279	394
HNW and Specialised Lending	22 672	21	—	—	—	—	22 672	21
Residential Real Estate Developments	21 905	3	29 357	1	—	—	51 262	4
Commercial Real Estate - Investment	6 244	3	15 810	14	1 720	429	23 774	446
Asset Finance	2 396	3	—	—	—	—	2 396	3
Investment Finance	12 612	63	—	—	—	—	12 612	63
	1 006 076	**1 874**	**77 107**	**236**	**47 965**	**769**	**1 131 148**	**2 879**

RISK MANAGEMENT
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As at 31 March 2022	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 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

As at 31 March 2022	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	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
Investment and Portfolio Gearing	29 965	10	244	1	198	196	30 407	207
Mortgages	143	1	—	—	—	—	143	1
PB 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
Project Finance								
	996 550	**3 586**	**67 073**	**88**	**1 860**	**587**	**1 065 483**	**4 261**

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	89 934	112	14 608	—	—	—	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	8 937	22	—	—	—	—	8 937	22
	815 332	**3 886**	**57 378**	**173**	**18 877**	**3 696**	**891 587**	**7 755**

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
2023				
Current core loans and advances	**978 246**	**(1 864)**	**976 382**	**—**
Past due (1 – 60 days)	**29 551**	**(10)**	**29 541**	**3 334**
Special mention – current	**75 386**	**(236)**	**75 150**	**—**
Default	**47 965**	**(769)**	**47 196**	**1 872**
Sub-standard	46 093	(189)	45 904	1 674
Doubtful	1 821	(534)	1 287	152
Loss	51	(46)	5	46
Total	**1 131 148**	**(2 879)**	**1 128 269**	**5 206**
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 – 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**

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

At 31 March US$'000	Current core loans and advances	Past due (1 – 60 days)	Special mention (1 – 90 days)	Special mention (1 – 90 days and items well secured)	Special mention – current	Sub- standard	Doubtful	Loss	**Total gross core loans and advances to customers**	**Expected credit loss**
2023										
Agriculture, forestry and fishing	—	—	—	—	5 780	—	—	—	5 780	(28)
Construction	32 220	—	—	—	6 579	—	—	—	38 799	(88)
Households	12 136	—	—	—	—	—	—	4	12 140	(130)
Real estate activities	102 339	—	—	—	45 172	19 271	1 674	47	168 503	(862)
Financial and insurance activities	621 910	29 551	—	—	—	—	—	—	651 461	(515)
Wholesale and retail trade	22 368	—	—	—	—	—	—	—	22 368	(26)
Manufacturing	22 849	—	—	—	—	—	—	—	22 849	(18)
Transportation and storage	69 849	—	—	—	—	—	147	—	69 996	(938)
Electricity, gas, steam and air conditioning supply	316	—	—	—	17 855	—	—	—	18 171	(192)
Information and communication	59 984	—	—	—	—	—	—	—	59 984	(35)
Administrative and support service activities	1 503	—	—	—	—	26 822	—	—	28 325	(7)
Mining and quarrying	2 512	—	—	—	—	—	—	—	2 512	—
Other entities	30 260	—	—	—	—	—	—	—	30 260	(40)
Total gross core loans and advances to customers	**978 246**	**29 551**	**—**	**—**	**75 386**	**46 093**	**1 821**	**51**	**1 131 148**	**(2 879)**
2022										
Agriculture, forestry and fishing	12 407	—	—	—	—	—	—	—	12 407	(265)
Construction	16 990	—	—	—	—	—	—	—	16 990	(101)
Households	36 943	1 376	—	—	—	—	—	—	38 319	(160)
Real estate activities	214 357	244	—	—	64 854	1 623	—	39	281 315	(1 304)
Financial and insurance activities	521 360	5 328	—	—	—	—	—	—	526 688	(436)
Wholesale and retail trade	19 829	—	—	—	—	—	—	—	19 829	(144)
Manufacturing	44 219	—	—	—	—	—	—	—	44 219	(583)
Transportation and storage	48 443	—	—	—	1 975	—	198	—	50 418	(951)
Accommodation and food service activities	10 083	—	—	—	—	—	—	—	10 083	(13)
Electricity, gas, steam and air conditioning supply	20 146	—	—	—	—	—	—	—	20 146	(62)
Information and communication	25 611	—	—	—	—	—	—	—	25 611	(110)
Administrative and support service activities	17 074	—	—	—	—	—	—	—	17 074	(129)
Mining and Quarrying	2 384	—	—	—	—	—	—	—	2 384	(3)
Total gross core loans and advances to customers	**989 846**	**6 948**	**—**	**—**	**66 829**	**1 623**	**198**	**39**	**1 065 483**	**(4 261)**
2021										
Agriculture, forestry and fishing	11 178	—	—	—	—	—	—	—	11 178	(87)
Construction	17 911	—	—	—	—	—	—	—	17 911	(35)
Households	23 120	—	—	—	—	1 130	199	—	24 449	(246)
Real estate activities	241 679	—	14 079	—	27 605	—	1 234	—	284 597	(1 226)
Financial and insurance activities	322 108	3 166	529	—	—	—	—	—	325 803	(1 162)
Wholesale and retail trade	19 737	—	—	—	—	—	—	—	19 737	(59)
Manufacturing	41 642	—	—	—	—	—	—	—	41 642	(272)
Transportation and storage	84 885	—	—	—	15 165	12 768	3 546	—	116 364	(4 609)
Accommodation and food service activities	32 604	—	—	—	—	—	—	—	32 604	(34)
Electricity, gas, steam and air conditioning supply	8 938	—	—	—	—	—	—	—	8 938	(22)
Information and communication	8 364	—	—	—	—	—	—	—	8 364	(2)
Total gross core loans and advances to customers	**812 166**	**3 166**	**14 608**	**—**	**42 770**	**13 898**	**4 979**	**—**	**891 587**	**(7 755)**

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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	Collateral held against: Other credit and counterparty exposures*	Total
2023			
Eligible financial collateral	**82 420**	**3 468**	**85 888**
Listed shares	60 883	—	60 883
Cash	21 537	3 468	25 005
Mortgage bonds	**270 858**	**522**	**271 380**
Residential mortgages	117 186	522	117 708
Commercial property developments	153 672	—	153 672
Other collateral	**389 247**	**—**	**389 247**
Unlisted shares	90 598	—	90 598
Bonds other than mortgages	145 425	—	145 425
Asset backed lending	137 106	—	137 106
Guarantees	16 118	—	16 118
Total collateral	**742 525**	**3 990**	**746 515**
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
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**

* 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 and to trade finance and fund finance deals which do not have a tangible collateral value.
The Bank has received cash collateral amounting to US$21.5 million (2022: US$18.1 million and 2021: US$16.4 million) with regard to loans and advances of US$67.9 million (2022: US$67.8 million and 2021: US$73.4 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 'Deposits from customers.' The effect of offsetting the above financial instruments would have resulted in net balances for loans and advances of US$46.4 million (2022: US$49.9 million and 2021: US$57.0 million).

RISK MANAGEMENT
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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 Credit 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.

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 2023	Valuation change stress test* 2023	On balance sheet value of investments 2022	Valuation change stress test* 2022	On balance sheet value of investments 2021	Valuation change stress test* 2021
Unlisted investments	3 810	571	3 810	571	2 660	399
Listed equities	320	80	3	1	3	1
Total	**4 130**	**651**	**3 813**	**572**	**2 663**	**400**

* 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 2023, indicates that the Bank could incur a fair value loss of US$0.7 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

Capital on listed and unlisted investments within the banking book is held in accordance with the BOM's guideline on Standardised Approach to 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
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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.

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Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs, assuming no management intervention. The Bank's assets and liabilities are included at carrying amount and are categorised by the earlier of contractual repricing or maturity date.

At 31 March 2023 **USD'million**	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short term funds and debt securities*	977	191	—	45	—	—	1 213
Bank and other debt securities and investments **	20	—	22	86	—	6	134
Loans and advances to customers	1 032	57	2	37	—	—	1 128
Other assets	—	—	—	—	—	8	8
Assets	**2 029**	**248**	**24**	**168**	**—**	**14**	**2 483**
Borrowings from banks	(246)	—	—	—	—	—	(246)
Deposits from customers	(1 282)	(59)	(71)	—	—	—	(1 412)
Repurchase agreements	(53)	—	—	—	—	—	(53)
Other liabilities	—	—	—	—	—	(14)	(14)
Liabilities	**(1 581)**	**(59)**	**(71)**	**—**	**—**	**(14)**	**(1 725)**
Intergroup ***	(262)	—	—	—	—	—	(262)
Shareholder's funds	—	—	—	—	—	(495)	(495)
Balance sheet	**186**	**189**	**(47)**	**168**	**—**	**(495)**	**1**
Off-balance sheet****	142	5	(23)	(125)	—	—	(1)
Repricing gap	**328**	**194**	**(70)**	**43**	**—**	**(495)**	**—**
Cumulative repricing gap	328	522	452	495	495	—	—

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary
*** Intergroup comprised of amount due from/due group companies and debt securities in issue
**** Off-balance sheet comprised of derivatives

At 31 March 2022 **USD'million**	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short term funds and debt securities*	605	50	24	—	—	—	679
Bank and other debt securities and investments **	22	1	—	69	—	6	98
Loans and advances to customers	950	59	4	55	—	(7)	1 061
Other assets	—	—	—	—	—	5	5
Assets	**1 577**	**110**	**28**	**124**	**—**	**4**	**1 843**
Deposits from customers	(1 006)	(25)	(74)	—	—	—	(1 105)
Other liabilities	—	—	—	—	—	(9)	(9)
Liabilities	**(1 006)**	**(25)**	**(74)**	**—**	**—**	**(9)**	**(1 114)**
Intergroup ***	(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	—	

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary
*** Intergroup comprised of amount due from/due group companies and debt securities in issue
**** Off-balance sheet comprised of derivatives

RISK MANAGEMENT
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At 31 March 2021 USD'million	Not > three months	> Three months but < six months	> Six months but < one year	One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short term funds and debt securities*	731	—	—	—	—	—	731
Bank and other debt securities and investments **	21	—	—	30	—	8	59
Loans and advances to customers	724	77	24	60	—	—	885
Other assets	—	—	—	—	—	21	21
Assets	**1 476**	**77**	**24**	**90**	**—**	**29**	**1 696**
Deposits from customers	(872)	(49)	(68)	—	—	—	(989)
Other liabilities	—	—	—	—	—	(8)	(8)
Liabilities	**(872)**	**(49)**	**(68)**	**—**	**—**	**(8)**	**(997)**
Intergroup ***	(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	—	

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary
*** Intergroup comprised of amount due from/due group companies and debt securities in issue
**** Off-balance sheet comprised of derivatives

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)**
2023						
200bp down	(0.05)	3.09	4.25	1.00	—	8.29
200bp up	0.04	(3.09)	(4.25)	(1.00)	—	(8.30)
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)

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Liquidity risk

Liquidity risk description

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

Liquidity risk is further broken down into:

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

Sources of liquidity risk include:

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

Management and measurement of liquidity risk

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

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

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

The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains a statutory deposit with the Bank of Mauritius equal to 9.0% of Mauritian Rupee customer deposits and 9.0% Segment B 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 2023 USD'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short term funds and debt securities*	289	394	244	211	30	45	—	1 213
Bank and other debt securities and investments **	6	—	—	—	22	106	—	134
Loans and advances to customers	2	139	178	169	121	437	82	1 128
Other assets	—	—	—	8	—	—	—	8
Assets	**297**	**533**	**422**	**388**	**173**	**588**	**82**	**2 483**
Borrowings from banks	—	(20)	(51)	(25)	—	(150)	—	(246)
Deposits from customers	(840)	(168)	(265)	(61)	(78)	—	—	(1 412)
Repurchase agreements	2	—	(55)	—	—	—	—	(53)
Other liabilities	—	—	—	(14)	—	—	—	(14)
Liabilities	**(838)**	**(188)**	**(371)**	**(100)**	**(78)**	**(150)**	**—**	**(1 725)**
Intergroup ***	(5)	—	(1)	(93)	—	(163)	—	(262)
Shareholder's funds	—	—	—	—	—	—	(495)	(495)
Balance sheet	**(546)**	**345**	**50**	**195**	**95**	**275**	**(413)**	**1**
Off-balance sheet****	—	—	—	—	—	(1)	—	(1)
Contractual liquidity gap	**(546)**	**345**	**50**	**195**	**95**	**274**	**(413)**	**—**
Cumulative liquidity gap	(546)	(201)	(151)	44	139	413	—	—

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities.
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary.
*** Intergroup comprised of amount due from/due group companies and debt securities in issue.
**** Off-balance sheet comprised of derivatives.

At 31 March 2022 USD'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short term funds and debt securities*	347	163	53	50	66	—	—	679
Bank and other debt securities and investments **	6	2	—	1	—	89	—	98
Loans and advances to customers	24	87	111	168	138	509	24	1 061
Other assets	—	—	—	5	—	—	—	5
Assets	**377**	**252**	**164**	**224**	**204**	**598**	**24**	**1 843**
Deposits from customers	(736)	(69)	(180)	(26)	(83)	(11)	—	(1 105)
Other liabilities	—	—	—	(9)	—	—	—	(9)
Liabilities	**(736)**	**(69)**	**(180)**	**(35)**	**(83)**	**(11)**	**—**	**(1 114)**
Intergroup ***	(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	—	

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities.
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary.
*** Intergroup comprised of amount due from/due group companies and debt securities in issue.
**** Off-balance sheet comprised of derivatives.

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Contractual liquidity (continued)

At 31 March 2021 USD'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short term funds and debt securities*	311	285	125	—	10	—	—	731
Bank and other debt securities and investments **	5	1	—	—	—	52	—	58
Loans and advances to customers	10	50	84	121	171	447	—	883
Other assets	—	—	—	21	—	—	—	21
Assets	**326**	**336**	**209**	**142**	**181**	**499**	**—**	**1 693**
Deposits from customers	(601)	(104)	(157)	(46)	(71)	(10)	—	(989)
Other liabilities	—	—	—	(8)	—	—	—	(8)
Liabilities	**(601)**	**(104)**	**(157)**	**(54)**	**(71)**	**(10)**	**—**	**(997)**
Intergroup ***	(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	—	

* Cash and short term funds and debt securities comprised of balances at central banks, due from banks, reverse repurchase agreement and sovereign debt securities.
** Investments comprised of investment portfolio, investment in associate and investment in subsidiary.
*** Intergroup comprised of amount due from/due group companies and debt securities in issue.
**** Off-balance sheet comprised of derivatives.

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 2023								
Behavioural liquidity gap	**132**	**549**	**(69)**	**(21)**	**35**	**(422)**	**(204)**	**—**
Cumulative	132	681	612	591	626	204	—	
At 31 March 2022								
Behavioural liquidity gap	**222**	**58**	**45**	**78**	**44**	**(175)**	**(272)**	**—**
Cumulative	222	280	325	403	447	272	—	
At 31 March 2021								
Behavioural liquidity gap	**208**	**148**	**27**	**(180)**	**(32)**	**125**	**(295)**	**—**
Cumulative	208	356	383	204	171	295	—	

Net Stable Funding Ratio (NSFR)

The Bank's NSFR stood at 129% as at 31 March 2023 (31 March 2022: 132% and 31 March 2021: 128%).

Liquidity Coverage Ratio (LCR)

The Bank computes the LCR in accordance by Basel III and the Guideline on Liquidity Risk Management issued by the Bank of Mauritius.

As at 31 March 2023, the Bank's LCR stood at 288% (31 March 2022: 131% and 31 March 2021: 139%), well above regulatory requirements.

Detailed disclosure is available on the Bank's website.

RISK MANAGEMENT
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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							
2023							
Long/(short) position		(26)	1 778	2 820	2 227	(45)	6 825
Sensitivity on net income and equity	5	(1)	89	141	111	(2)	341
	(5)	**1**	**(89)**	**(141)**	**(111)**	**2**	**(341)**
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)**

Operational risk

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

Operational risk management framework and governance

Management and measurement of operational risk

The Bank 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 provide the foundation for a structured and integrated approach to identify, assess, mitigate/manage, monitor and report on operational risks.

The key operational risk practices are as follows:

Identify and Assess	
Risk and control assessments	• Risk and control 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. • Investec 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 Bank'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
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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 Bank, 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 Bank'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, information security and cyber 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 implementation date has been set at 1 January 2023. The Bank will continue to work closely with the relevant 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 in accordance with the appropriate governance structures.

Operational risk year in review

Key operational risk themes

During the year the Bank remained focused on the management of the following key operational risk themes

Business disruption and operational resilience risk

- Resilience capabilities continued to be tested by disruptive events.
- The growing regulatory requirements for operational resilience increased the compliance expectations and delivery of stakeholder value.

Information security and Cyber risk

- Accelerated digitalisation of the business and client services, and remote/hybrid working, increased the inherent cyber risk.
- Cognisant of the increasing volume and sophistication of cyber-related attacks, information security and cyber risk continue to represent a key concern for Investec
- New business models for ransomware and cyber extortion were ob served. In response, Investec performed targeted assessments of control adequacy
- Geopolitical tensions have resulted in an increase in nation state cyber-warfare risk
- The Bank's risk exposure was well managed, and no impact or losses attributed to cyber events were experienced.

People risk

- An increasingly competitive skills market necessitated targeted strategies to source, retain and advance talent/human capital.

Regulatory and compliance risk

- Increasingly stringent regulatory compliance obligations continued to be a focus for the Bank.
- There has been a 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.

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RISK MANAGEMENT
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Third party risk

Investec'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.
- Enhanced focus on operational resilience, as well as concentration risk, associated with our third parties and their fourth parties.

Operational risk events

The Bank continued to manage internal risk events against 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. Causal analysis is performed on risk events to determine the reason for their occurrence and to assist with the effective identification of actions required to mitigate the reoccurrence of events.

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:

- Operational resilience risk
- Conduct risk
- Data management risk
- Financial crime risk
- Internal and External fraud risk
- Information security and cyber risk
- Model risk
- Processing and execution risk
- Regulatory and compliance risk
- Technology risk
- Third party risk
- Reporting and Tax risk
- People risk
- Physical security and safety risk

RISK MANAGEMENT
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Operational resilience risk

Risk associated with disruptive incidents which may impact important business services and critical functions/resources including processes, premises, staff, equipment, third party services and systems.

Monitoring and mitigation activities

- 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, obtaining third party dependency business continuity assurances and ensuring readiness of physical solutions for critical infrastructure components.
- Resilience testing is conducted annually to validate continuity strategies and ensure they remain effective and appropriate. This includes annual recovery testing for all key systems that support important/critical business services.

Conduct risk

Risk associated with inappropriate behaviour or business activities may lead to client, counterparty or market detriment and/or reputational and/or financial damage to Investec and/or erosion of Investec values, culture and ethical standards expected of its staff.

Monitoring and Mitigation activities

- 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 taken;
- 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, at which Mauritius is a participating member, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture; and
- The Bank FX Code of Conduct introduced to be at par with Principles of the FX global code of conduct covering areas such as Ethics, Transparency, Governance and Information sharing.

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.

Monitoring and Mitigation activities

- Investec drives robust data governance principles across the business, including data ownership, management, quality control, taxonomies 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; and
- Data retention and destruction processes are designed to meet business needs and comply with applicable legal obligations.

RISK MANAGEMENT
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Financial crime risk

Risk associated with handling the proceeds of crime, financing of terrorism, proliferation financing, sanctions breaches and bribery or corruption, as well as any related regulatory breaches.

Monitoring and mitigation activities

- 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 identified and reported
  - Existing and prospective clients that are not within Investec's financial crime risk appetite are exited or declined.

RISK MANAGEMENT
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Internal and External 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.

Monitoring and Mitigation activities

- 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;
- Adherence to fraud prevention policies is proactively monitored
- Practices which comply with updated regulations, industry guidance and best practice are embedded within the Bank; and
- 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

The risk associated with unauthorised access, use, disclosure, modification or destruction of information assets, including cyber threats to Investec's operations and data.

Monitoring and Mitigation activities

- 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
  – Access to systems and data is closely controlled and privileged IT access is restricted and actively monitored
  – A dedicated insider threat team drives proactive discovery of confidential data, targeted monitoring, and response to potential data loss events
- 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
  – Cyber risk is actively monitored by a 24/7 global cyber team and threat intelligence services, and security incident response processes are 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
  – Periodic updates to the Board keep them abreast of the threat landscape and informed on Investec's security position
  – Regular security training to all staff ensures high levels of awareness and vigilance.

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.

Monitoring and Mitigation activities

- 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; and
- The relevant committees are mandated to oversee model risk and have delegated further oversight and approval to appropriate sub-committees.

RISK MANAGEMENT
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Processing and execution 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.

Monitoring and Mitigation activities

- 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; and
- Material change is managed through dedicated projects with formalised project governance.

Regulatory compliance risk

The risks associated with changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate.

Monitoring and Mitigation activities

- Investec remains focused on achieving the highest levels of compliance to professional standards and integrity;
- 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; and
- There are independent compliance, legal and risk management functions which ensure that the Bank implements the required processes, practices and policies to adhere to applicable regulations and legislation.

Technology risk

The risk associated with disruption to or malfunction of the critical IT infrastructure, systems, or applications that support key business processes and client services.

Monitoring and Mitigation activities

- 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 components within the technology environment;
- Cloud computing is leveraged in a risk appropriate manner, to accelerate value delivery while ensuring that required safeguards are in place;
- Systems are aligned to approved standards and sound architectural principles to reduce technical complexity and to 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;
- Technology governance structures review IT projects and provide oversight of new investments in infrastructure and software;
- The risk of errors in production systems is reduced through design reviews, secure development practices and robust testing; and
- Processes and controls are automated where possible to reduce human error and enhance efficiency.

RISK MANAGEMENT
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Third party risk

The risk associated with the reliance on and use of external providers of services to the Bank.

Monitoring and mitigation activities

- Third party policies and practices govern the assessment, selection, approval and oversight of third party services;
- Formation of a global team to coordinate, streamline and enhance consistency of third-party processes;
- 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; and
- Understanding of our strategic partnerships with cloud providers and that of their fourth party providers.

Reporting and tax risk

The risk associated with inadequate tax planning, transaction execution, tax compliance and reporting failures

Monitoring and mitigation activities

- 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; and
- 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 associated with the inability to recruit, retain and engage diverse talent across the organisation.

Monitoring and Mitigation activities

- 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 its employees, and in leadership programmes to enable current and future leaders;
- 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; and
- 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
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Physical security and safety risk

The risk associated with failure to protect staff, visitors or physical assets from events that could cause serious harm, loss or damage. This includes fire, flood, natural disasters, burglary, theft, vandalism and terrorism.

Monitoring and mitigation activities

- Investec is committed to ensuring the health, safety and welfare of its employees, so far as is reasonably practicable. Investec also accepts responsibility for persons who may be affected by its activities. Steps are taken to ensure that its statutory duties are met at all times;
- Management ensures that all processes and systems of work are designed to take account of health and safety and are properly supervised at all times. Adequate facilities and arrangements are maintained to enable employees and their representatives to raise issues of health and safety;
- Contractors are required to have appropriate health and safety policies in place and that they are implemented when working at Investec premises; and
- Arrangements are made for suitable health and safety training for designated personnel.

RISK MANAGEMENT
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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 three 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; and

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

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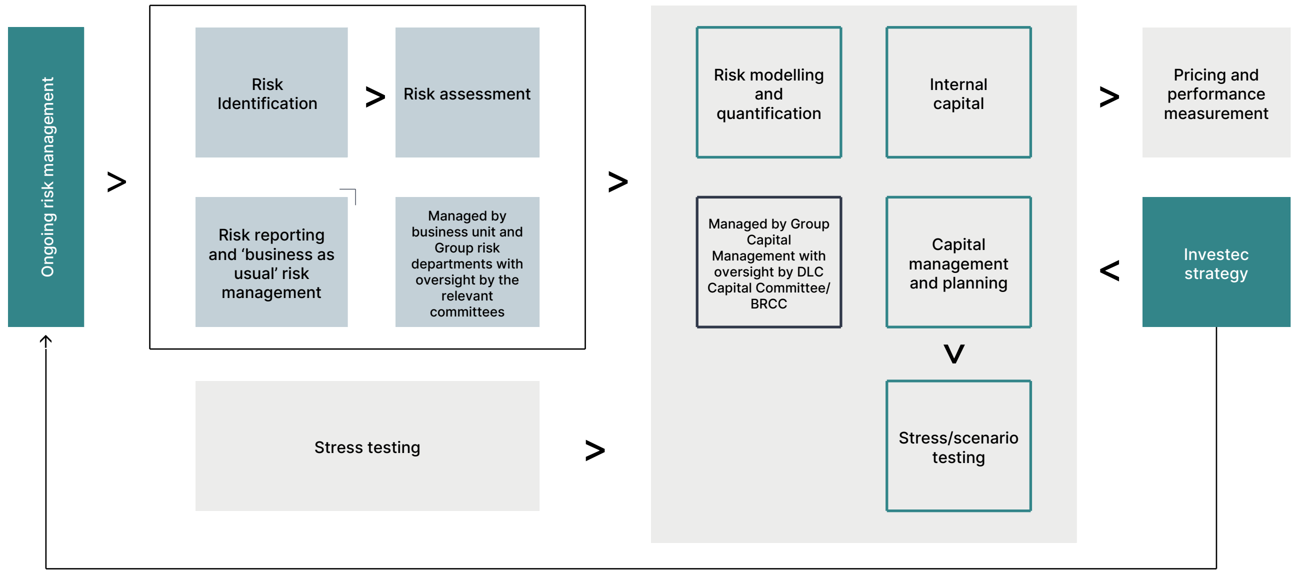

Risk assessment and identification

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
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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%	12.500%
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, and restored it to 12.5% from that date.

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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.

The bank uses Basel II Standardised Approach to manage its credit risk.

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 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
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	367 596	319 028	282 704	364 851	316 922	281 301
Other reserves	54 289	57 059	56 382	54 289	57 059	56 382
Common equity Tier 1 capital before regulatory adjustments	**478 363**	**432 565**	**395 564**	**475 618**	**430 459**	**394 161**
Deferred taxation asset	(328)	(451)	(498)	(328)	(451)	(498)
Total regulatory adjustments to common equity Tier 1 capital	**(328)**	**(451)**	**(498)**	**(328)**	**(451)**	**(498)**
Additional Tier 1 capital	—	—	—	—	—	—
Common equity Tier 1 capital (CET1)	**478 035**	**432 114**	**395 066**	**475 290**	**430 008**	**393 663**
Tier 2 capital: instruments and provisions						
Provisions or loan-loss reserves (subject to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach)	19 304	15 153	14 924	19 317	15 153	14 936
Tier 2 capital (T2)	**19 304**	**15 153**	**14 924**	**19 317**	**15 153**	**14 936**
Total capital (capital base) (TC = T1 + T2)	**497 339**	**447 267**	**409 990**	**494 607**	**445 161**	**408 599**
Risk-weighted on balance sheet assets	1 417 619	1 338 455	1 089 943	1 418 662	1 339 406	1 090 941
Non-market-related off balance sheet risk-weighted assets	112 328	109 204	100 190	112 328	109 204	100 190
Market-related off balance sheet risk-weighted assets	14 361	8 211	3 752	14 361	8 211	3 752
Operational risk	82 538	70 291	71 314	82 538	70 291	71 314
Aggregate net open foreign exchange position	6 827	3 945	7 010	6 827	3 945	7 010
Total risk-weighted assets	**1 633 673**	**1 530 106**	**1 272 209**	**1 634 716**	**1 531 057**	**1 273 207**
Capital adequacy %						
Tier 1 capital ratio	**29.3%**	**28.3%**	**31.1%**	**29.1%**	**28.1%**	**31.0%**
Total capital ratio	**30.4%**	**29.2%**	**32.2%**	**30.3%**	**29.1%**	**32.1%**

RISK MANAGEMENT
CONTINUED

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

As at 31 March 2023 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	367 596	367 596	364 851	364 851
Other reserves	73 534	54 289	73 534	54 289
Common Equity Tier 1 capital before regulatory adjustments	**497 608**	**478 363**	**494 863**	**475 618**
Deferred taxation asset		(328)		(328)
Common Equity Tier 1 capital (CET1)	**497 608**	**478 035**	**494 863**	**475 290**
Tier 2 capital (T2)		**19 304**		**19 317**
Total capital (capital base) (TC = T1 + T2)	**497 608**	**497 339**	**494 863**	**494 607**

Risk-weighted on balance sheet assets (Group)

As at 31 March US$'000	2023 Total on-balance sheet amount	2023 Risk-weights %	2023 Risk-weighted asset	2022 Risk- weighted asset	2021 Risk- weighted asset
Claims on sovereigns	448 927	0%-50%	32 070	16 765	21 442
Claims on central banks and international institutions	33 862	0%-50%	—	—	566
Claims on banks	450 157	20%-100%	241 339	259 592	217 049
Claims on corporates	955 073	20%-150%	965 374	744 976	517 028
Claims secured by residential property	30 510	35%-125%	19 877	31 105	48 210
Claims secured by commercial real estate	144 040	100%-125%	144 040	273 491	237 962
Past due claims	1 291	50%-150%	1 291	1 271	21 913
Other assets	13 628	100%-250%	13 628	11 255	25 773
Total on-balance sheet credit risk-weighted exposures			**1 417 619**	**1 338 455**	**1 089 943**

RISK MANAGEMENT
CONTINUED

Risk-weighted on balance sheet assets (Bank)

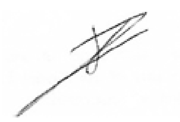
As at 31 March US$'000	2023 Total on-balance sheet amount	2023 Risk-weights %	2023 Risk-weighted asset	2022 Risk- weighted asset	2021 Risk- weighted asset
Claims on sovereigns	448 927	0%-50%	32 070	16 765	21 442
Claims on central banks and international institutions	33 862	0%-50%	—	—	566
Claims on banks	450 157	20%-100%	241 339	259 592	217 049
Claims on corporates	955 073	20%-150%	965 374	744 976	517 028
Claims secured by residential property	30 510	35%-125%	19 877	31 105	48 210
Claims secured by commercial real estate	144 040	100%-125%	144 040	273 491	237 962
Past due claims	1 291	50%-150%	1 291	1 271	21 913
Other assets	13 970	100%-250%	14 671	12 206	26 771
Total on-balance sheet credit risk-weighted exposures			**1 418 662**	**1 339 406**	**1 090 941**

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

As at 31 March US$'000	2023 Notional principal amount	2023 Credit conversion factor %	2023 Credit equivalent amount	2023 Risk-weighted asset	2022 Risk-weighted asset	2021 Risk-weighted asset
Direct credit substitutes	26 003	—	22 694	22 696	24 088	10 471
Transaction-related contingent items	—	—	—	—	397	1 951
Total other commitments	230 255	—	90 901	89 632	84 719	87 768
Total non-market-related off balance sheet risk-weighted credit exposures				**112 328**	**109 204**	**100 190**

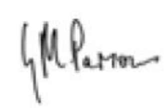
Risk-weighted market-related off balance sheet assets (Group and Bank)

As at 31 March US$'000	2023 Notional principal amount	2023 Potential future exposure	2023 Current exposure	2023 Credit equivalent amount	2023 Risk-weighted asset	2022 Risk-weighted asset	2021 Risk-weighted asset
Interest rate contracts	193 139	628	5 182	5 810	5 790	3 878	985
Foreign exchange and gold contracts	756 958	7 840	—	7 882	8 133	4 333	2 767
Credit derivative contracts	8 330	—	—	—	438	—	—
Total market-related off balance sheet risk-weighted credit exposures					**14 361**	**8 211**	**3 752**



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 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 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 and policies 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 reviewed and approved by the Board 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 (CEO) 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 CEO to ensure balance of power and authority. The Board is led by the Chair while the CEO leads the executive management team responsible for the day-to-day running of the business and handling of the daily operations of the Bank.

The Board comprises five members: the Bank's CEO, two independent non-executive directors (40%) and two non-executive directors. Out of the two 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.

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 duty, is the likely yardstick to measure independence, irrespective of the number of years he/she has been a director.

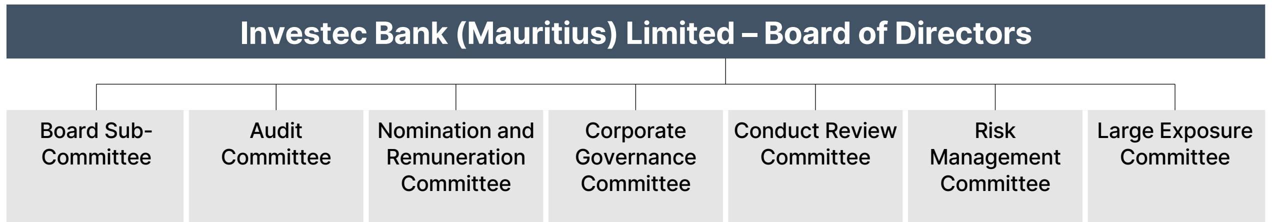
The Board is also of the opinion that given the size and scale of operation of the Bank, the appointment of a second executive director is not warranted. The Chief Operating Officer (COO), a member of the executive management of the Bank, is an invitee to the Board and the Board committees meetings.

CORPORATE GOVERNANCE REPORT
CONTINUED

Board committees

To achieve its objectives, the Board delegates certain of its duties and functions to the Board committees, forums or the CEO, 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:



1. Board Sub-Committee

This Committee comprises three members: the Chair of the Board, one independent non-executive director and the CEO.

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-executive Chair is also an independent non-executive director on the parent company's Board. She is also the Chair of the parent company's Audit Committee. The CEO, the COO, 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 Parent Group head of internal audit, the Parent 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 Investec 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. There is a dedicated head for IBM internal audit function.

The Committee also reviews and oversees that all 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 and that both are independent.
(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 IFRS and acceptable practice.
(v) Ensure that there is an appropriate structure in place for identifying, monitoring, and managing compliance risk, as well as a reporting system to advise the Committee and the Board of instances of non-compliance in a timely basis.

CORPORATE GOVERNANCE REPORT
CONTINUED

2. Audit Committee (cont)

(vi) Discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This includes:
- Key audit matters (KAMs)
- Key areas of risk of misstatement in the financial statements, including critical accounting policies, 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 four 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 2023. 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.

The following pages present the 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, independence, quality and effectiveness of the Bank's internal audit functions
- Overseeing the Bank's compliance function
- 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 the 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 the application of accounting principles and external reporting.

At each Committee meeting, the CEO, the COO, 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 to control and/or mitigate these risks.

Following each Committee meeting, the Chair provides feedback to the Bank's Board 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.

CORPORATE GOVERNANCE REPORT
CONTINUED

Areas covered by the Audit Committee

The significant matters addressed by the Committee during the financial year ended 31 March 2023, 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 The COVID-19 pandemic and the Russia-Ukraine conflict impacted the global economy and businesses across all industries.	• Considered the known accounting and operational impact of these events on the economy and business, mitigating actions by management together with the resulting impact on 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 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 Measurements disclosure.
Expected Credit Loss (ECL) assessment for the Bank • The appropriateness of the allowance for ECL is highly subjective and judgemental. The impact of COVID-19 and the resultant economic impacts have resulted in additional key judgments and assumptions being made during the current year.	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Bank. • Evaluated the impact of ECL on the interim results and year-end results • Reviewed and monitored the Bank's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, increase in Credit Risk, and volatility • Specific consideration was given to the methodology and assumptions applied to calculate the overlay. Further evaluated the appropriateness of the releases of the ECL model overlays • Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate • Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS • Reviewed the appropriateness of the ECL models and the forward-looking macro-economic scenarios
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 updates 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 2023 • 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 regarding fair value

CORPORATE GOVERNANCE REPORT
CONTINUED

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 on going concern • Considered the results of various stress testing analyses based on different economic scenarios, and the possible impact on the ability of the Bank to continue as a going concern • Recommended the approval of the going concern assumption underlying the annual financial statements to the Board for approval.
Cyber, IT Security, IT systems and controls impacting financial reporting	• Received and reviewed reports in respect of IT security, cyber security, IT systems and controls impacting financial reporting • Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process • Considered broader IT and Governance matters, including security, IT strategy and operations through the Audit Committee Chair's attendance of the DLC IT Risk and Governance Committee.
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 • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Bank for the year ended 31 March 2023 • Noted the unqualified independent auditors report in relation to the Bank • Started the process of rotation of external auditors

CORPORATE GOVERNANCE REPORT
CONTINUED

Other matters considered by the Committee

The Committee considered the following matters during the financial year ended 31 March 2023:

Audit focus areas	What the Audit Committee did
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 of regulatory universe, approved the monitoring plan 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 any post balance sheet disclosures that may require the financial statements to be adjusted or require additional disclosure. • There were no post balance sheet events.
Environmental, Social and Governance (ESG)	• Received reports on the progress made for the implementation of the requirements of the Environmental, Social and Governance related BOM guideline.
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.
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.	• Met with senior 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 • Reviewed the accounting treatment of key judgements and the quality of earnings assessment • Assessed disclosure controls and procedures • Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences • Took note of the areas highlighted to the Audit Committee by the JSE through its Pro-active Monitoring Process of the AFS of listed companies. Ensured these were appropriately considered in the AFS. • Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2023 were appropriate in ensuring that those statements were fair, balanced and understandable

CORPORATE GOVERNANCE REPORT
CONTINUED

Combined assurance model	• Confirmed our satisfaction with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates coverage and assurance by the various disciplines of Risk Management, Operational Risk, Legal, Regulatory Compliance, Internal Audit, External Audit and other Assurance Providers • Confirmed our satisfaction 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 • Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes • Reviewed the year-end conclusions from Internal Audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year
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 • Reviewed and obtained confirmation from Finance that the recommendations in the JSE pro-active monitoring report had been implemented in the preparation of the annual financial statements • Concluded on the reasonableness of the significant accounting judgements.
Internal Audit • The performance of internal audit and delivery of the internal audit plan, including scope of work performed, independence , the level of resources, the risk assessment methodology and coverage of the internal audit plan. • The Committee is responsible for assessing audit quality and the effectiveness of the Internal Audit function.	• 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 independence and 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
CONTINUED

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.

The Committee confirms its satisfaction with the performance and quality of external audit and the external auditor.

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. After completion of a tenure of five years, an extension for an additional year was sought and approved by the Bank of Mauritius in terms of Section 39 5(A)b of the Banking Act 2004.

The Committee assessed the suitability of the audit firm and its individual audit partners for 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 appointment.

The Committee has considered and recommended to the Board the appointment of PwC Mauritius as the new statutory auditor of the Bank.

The Board and the Committee is recommending the appointment of PwC Mauritius to replace KPMG as external auditor of the Bank at the Annual meeting in July 2023 for the financial year ending 31 March 2024 subject to the approval of the Bank of Mauritius.

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. Mervyn Lam Hung 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 the 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
- Overseeing the transition arrangements of the new external auditors, PwC
- Management's response in respect of future changes to IFRS legislation and other regulations impacting disclosure requirements
- The implications of ESG risk in measuring the sustainability and societal impact of an investment in a company or business together with ESG accounting disclosures and assurance processes
- The impact of Ukraine-Russia on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the Bank
- Continued exercise of oversight
- Overseeing regulatory compliance and the compliance programme.

Zarina BM Bassa

Chair, Audit Committee

CORPORATE GOVERNANCE REPORT
CONTINUED

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NARC) comprises three members who are all non-executive directors including one who is an independent director. The CEO and the head of Group Human Resources 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.

4. Corporate Governance Committee

The Corporate Governance Committee comprises three members, with the Chair being a senior 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 recommends 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 responsibilities of the Conduct Review Committee, as per the Guideline on Related Party Transactions issued by the Bank of Mauritius, included 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.

One resolution was approved via round robin by the Committee.

Following an amendment to the Guideline on Related Party Transactions by the Bank of Mauritius in May 2022 that the requirement for financial institutions to set up a Conduct Review Committee to review and approve related party transactions was removed, the Conduct Review Committee was dissolved on 23 June 2022. The approval and review of all related party transactions has been entrusted to the Board of Directors.

Refer to note 41 of the annual report for related party transactions.

6. 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 CEO.

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 and the Chair of the Corporate Governance Committee are regular invitees 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.

7. Large exposure committee

The main objectives of the Committee were 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 Large exposure committee was initially set up as per the requirements of the South African Reserve Bank. Following recommendation from the Bank of Mauritius, the Board decided to dissolve the Large exposure Committee after obtaining approval from the South African Reserve Bank in March 2023.

The Committee met four times during the financial year.

CORPORATE GOVERNANCE REPORT
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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 CEO 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 meetings.

There were also 19 written resolutions which were considered and adopted via round-robin by the Board 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	Risk Management Committee	Large Exposure Committee
Lourens F Janse van Rensburg	3/4			1/1		1/1	3/4	3/4
Grant M Parsons	4/4						4/4	4/4
Zarina Bibi Mahomed Bassa	4/4	4/4		1/1		1/1	4/4^	4/4
Ramdeo (Dev) Erriah	4/4	4/4				1/1	4/4^	
Kailash Sharma Ramnauth*	4/4	4/4		1/1			4/4	4/4

* Appointed effective from 1 April 2022
** Resolutions taken by the Committees were via emails/round robin
^ as invitee

Pierre de Chasteigner du Mee resigned as director on 01 April 2022
Lourens F Janse van Rensburg did not parti.cipate in one Board meeting because he was involved in a regulator requested liquidity simulation at the time

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 as one resolution without each appointment being voted on 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 effective from 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

Age
51

Qualifications
BAcc, BCom (Hons), CA (SA)

Date of appointment
1 October 2021

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 Fund Managers (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 and the Nomination and Remuneration Committee. He is a member of the Corporate Governance Committee and Risk Management Committee of the Bank.

Zarina BM Bassa

Non-Executive Director

Age
59

Qualifications
BAcc, DipAcc, CA(SA)

Date of appointment
21 February 2019

Relevant skills and experience
Zarina's previous appointments include partner of Ernst & Young, Executive Director of Absa Bank and head of Absa Private Bank, Chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board. She has also been a member of the Accounting Standards Board, and a Non-Executive Director of the Financial Services Board, the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Mercedes South Africa, Vodacom South Africa Proprietary Limited, Woolworths Holdings Limited, Oceana Group Limited, Mediclinic International plc and Chair of YeboYethu Limited. This background affords significant audit and risk, financial, leadership, banking and regulatory reporting experience.

Other principal appointments
Zarina is a director of the JSE Limited. She also serves on various Investec entities including Investec Bank Limited, Investec Limited, Investec plc, Investec Bank plc, Investec Wealth & Investment International (Pty)Ltd, Investec Investment Management (Pty)Ltd, Investec Investment Platform (Pty)Ltd and Investec Life Limited.

Committees
Zarina is the Chair of the Audit Committee and a member of the Nomination and Remuneration Committee and the Corporate Governance Committee of the Bank. She is also an invitee to the Risk Management Committee of the Bank.

CORPORATE GOVERNANCE REPORT
CONTINUED

Ramdeo (Dev) Erriah

Lead/senior Independent Non-Executive Director

Age
64

Qualifications
LLB, LLM, TEP, barrister-at-law (Gray's Inn)

Date of appointment
21 February 2019

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 24 years

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

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

Grant M Parsons

Executive Director/Chief Executive Officer

Age
53

Qualifications
Diploma in Accounting, BCom, CA(SA)

Date of appointment
1 January 2021

Relevant skills and experience
Grant has 28 years' experience in the financial services industry, 24 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 and the Risk Management Committee of the Bank.

CORPORATE GOVERNANCE REPORT
CONTINUED

Kailash Sharma Ramnauth

Independent Non-Executive Director

Age
60

Qualifications
FCMA, MBA

Date of appointment
1 April 2022

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 21 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 Chair 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 Chair of Ekada Capital Ltd and an independent Chair of the Board of Friday Private Equity Fund I. Kailash is also a director of GreenEQ Ltd and GreenDebt Co Ltd.

Committees
Kailash is the Chair of the Risk Management Committee. He is a member of the Audit Committee, the Nomination and Remuneration Committee and the Board Sub-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.

Directors of Investec Wealth and Investment (Mauritius) Limited, a subsidiary of the Bank

1 Pierre Arthur de Chasteigner du Mee
2 Rodney Ian Marthinusen
3 Henry Errol Blumenthal
4 Mathieu Erwan Sylvain Leheilleix
5 Bernadette Marie Ghenne
6 Grant M Parsons

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 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.
- at all times act in a manner which is not oppressive, unfairly discriminatory or unfairly prejudicial to shareholders.

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 must 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 formally, 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.

The Bank has decided that an independent third party assessment of the effectiveness of its Board and its Board committees should be conducted every five years.

The Bank has appointed an independent third party to evaluate the Board and the board Committees.

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, eleven 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

	31 March 2023	31 March 2022
Bank	USD	USD
Executive	540 036	420 372
Non-executive	40 793	35 877
Total	**580 829**	**456 249**
Grant Parsons	540 036	420 372
Pierre De Chasteigner du Mee	4 514	18 761
Ramdeo Erriah	18 529	17 116
Kailash Sharma Ramnauth	17 750	—
Total	**580 829**	**456 249**
Subsidiary		
Executive	339 670	254 404
Non-executive	500	470
Total	**340 170**	**254 874**
Mathieu Leheilleix	339 670	254 404
Pierre De Chasteigner du Mee	500	470
Total	**340 170**	**254 874**

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 Investec 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 have 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 22 and note 41 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.

No instance of conflict of interest was noted during the financial year.

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 75 for his biography.

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 is dedicated to implementing strategic roadmaps that leverage new technologies to enhance capacity, scalability, security, resilience, and robustness while reducing reliance on legacy IT systems. We prioritize future-proofing IT development and implementation to support innovation and ensure efficient and timely delivery. Our focus on driving automation aims to minimize human error and maximize operational efficiency.

We are committed to aligning IT architecture and standards across the Bank to reduce technical complexity and capitalize on common functions and services. Proactive monitoring of the IT environment is continuously enhanced to ensure ongoing effectiveness and performance. Additionally, we maintain and regularly test IT resilience capabilities to withstand failures and minimize service disruptions.

Investec's overarching vision is to consistently deliver efficient and effective information technology that enables seamless business operations and excellent client service, all while managing acceptable risks. To achieve this, we continue to invest in our digital and technology platforms to remain competitive and fulfill our high-touch, high-tech value proposition for both corporate and private clients.

CORPORATE GOVERNANCE REPORT
CONTINUED

As part of our comprehensive approach to IT governance, the Bank's Board and committees ensure the timely identification and addressing of all IT risks through robust risk management, monitoring, and assurance processes. The Board oversees technology governance within the Bank, ensuring that our information technology initiatives yield business benefits and create value.

To support effective IT governance, the Bank has adopted a set of Investec Group information technology policies. These policies undergo annual reviews and receive approval from the Board. They are readily accessible to all employees through our intranet, facilitating consultation and promoting compliance throughout the organization.

Furthermore, information security is a critical component of our IT strategy. We prioritize the protection of sensitive data, confidential information, and the privacy of our clients. We have implemented robust security measures, including advanced threat detection, data encryption, access controls, and ongoing security awareness training for our employees. These measures are regularly reviewed and updated to address emerging threats and ensure the highest level of information security across our operations.

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

Furthermore, the Board is of the opinion that the Bank's risk management processes and systems of internal control are 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 Bank's 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,to identify and report material breakdowns and to 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 lead by the compliance officer of the Bank and supported by the Investec Bank Limited Compliance officer. .

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 Investec Bank Limited head of compliance and the Audit Committee. The Bank's head of compliance provides regular training to ensure that all employees are familiar with their regulatory obligations; provides advice on regulatory issues; and works closely with business and operational units to ensure consistent management of compliance risk.

Whistle-blowing policy

One of Investec's values requires employees to "conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust". Integrity 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 5 to 6 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 82.

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 and the requirements of the Bank of Mauritius Guideline on Payment of Dividend.

No dividend was paid during the last three financial years.

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 82 of the annual report for more details on donations.

No political donations or donations to any related parties were made either by the Bank or its subsidiary.

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. .

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 18 to 61 of the annual report. The financial statements are set out on pages 95 to 173 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

KPMG acted as statutory auditors of the Bank since the 2018 financial year. As per section 39 of the Banking Act 2004, the Bank is rotating its statutory auditors and appointing PwC Mauritius as its new external auditors for the financial year ending 31 March 2024 subject to the approval of the regulator.

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.

	Bank		Subsidiary	
Auditors' Fees	**31 March 2023 USD**	**31 March 2022 USD**	**31 March 2023 USD**	**31 March 2022 USD**
Audit fee	210 980	222 465	5 250	4 683
Other services	—	—	—	—
Total	**210 980**	**222 465**	**5 250**	**4 683**

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 IBM 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.

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 2023

SUSTAINABILITY

Sustainability report

Investec Bank (Mauritius) Limited ("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 income derived from foreign sources, 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 by adopting the approach of "Living in Society, not off it".

The Bank believes that education is key to empower disadvantaged communities, enabling individuals to make a better life for themselves. Since 2019, the Bank's key project has been to offer a three-year Investec Bursary Program in collaboration with Curtin Mauritius University. Since 2019, Investec has offered two bursaries to two well deserving candidates, one of which has finished her studies and was ranked first in Mauritius in ACCA. The second bursary student is currently in her second year.

In the environment sector the Bank 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. This 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.

In the sports development sector, the Bank focuses on the physical wellbeing of people by offering them a healthier lifestyle with the aid of sports. IBM has funded the Tranquebar Black Rangers volleyball club for the past thirteen years, the Tranquebar Dalton football club and boxing club for the past eight years. All three clubs have been competing on both a national and international level; they are currently competing in the premier league in Mauritius.

In terms of philanthropic donations, the Bank donated to Link to Life, an NGO supporting cancer patients. The bank made several philanthropic donations throughout the year, namely to All Life Matters supporting the sterilization project for stray dogs in Mauritius. In December, the Bank's staff donated food hampers and clothing to the underprivileged of value MUR 38,000 the bank contributed the same amount which made a total contribution of MUR 76,000. Every year, IBM has given end of year gifts to their clients however in December 2022, IBM decided to do things differently and adhered to the approach "Living in Society, not off it" and donated MUR 250,000 to a charity named SOS village. The funds given were used for the project "No child should grow up alone" the project provides inclusive and adapted early childhood education and development for underprivileged families.

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.

Group sustainability
Refers readers to further information in the Investec Group's 2023 sustainability report which will be available on our website at the end of June 2023: www.investec.com

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 2023
Annual meeting of shareholders:	July 2023

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 62 to 81. 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 of and reporting on ethical values, principles of conducting ethical business practice, and human and environmental rights considerations. Investec's code of ethics and business conduct guide the ethical behaviour of all Investec employees and directors.	Corporate Governance report pages 62 to 81. 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 82.

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 Bank Limited whereby the Board and Investec Bank Limited 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	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 62 to 81. Details on the number of meetings and attendance at the Board and Board committee meetings held during the financial year are shown on page 73 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 CEO, 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 CEO is a member of the Board. 40 % of the members are independent non-executive directors and 40% are non-executive directors. Directors are required to disclose any actual or potential conflict for consideration. No instance of conflict of interest was noted during the financial year either for the Bank or its subsidiary. 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 62 to 81. Details on the nomination and appointment process of directors and the Board- approved mandate of the Nomination and Remuneration Committee are provided on page 73 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 63 to 72 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. The Bank has decided on an independent third party evaluation of its Board and its Board committees every five years.	Corporate Governance report page 78.
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.
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.	

KING IV
CONTINUED

Principle	Explanation and focus areas	Annual report reference
Governance Functional Areas		
Principle 13 – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	The Board ensures that the Bank complies with applicable laws, non-binding rules, codes and standards. The Board has delegated the responsibility for implementing compliance to management. Systems and procedures are in place to formally assess the Bank's compliance with applicable law and adopted non-binding rules, codes and standards through the application of compliance risk management methodology, compliance management policy and framework. There were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the Bank.	
Principle 14 – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term	The Nomination and Remuneration Committee assumes responsibility for the governance of remuneration and sets the direction regarding how remuneration should be approached. The Bank's overarching remuneration philosophy remains focused on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards, which ensure alignment with key stakeholders in our business.	Refer to page 79 of the annual report for more detail on human resources and remuneration policy.
Principle 15 – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and integrity of the organisation's external reports	The Audit Committee agenda together with 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 80 to 81 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 81 for more details on relations with shareholders and other key stakeholders.

Annual financial statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Directors' responsibilities

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

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

The Bank's Board of Directors, acting in part through the Audit Committee, Risk Management Committee and Conduct Review Committee which comprise independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

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

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

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

Directors' compliance

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

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

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

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

Signed on behalf of the Board

Lourens F Janse van Rensburg
Chair
Board of Directors
23 June 2023

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 2023

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 2023, 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, the specified disclosures within the risk management section that are marked as audited and the notes to the annual financial statements, including a summary of significant accounting policies, as set out on pages 95 to 173.

In our opinion, the accompanying consolidated ad separate financial statements give a true and fair view of the consolidated and separate financial position of Investec Bank (Mauritius) Limited as at 31 March 2023, 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 as issued by the International Accounting Standards Board (IFRS) 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 matter

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 25	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$ 1,131.1 million and the expected credit losses on the loans and advances to customers was US$ 2.9 million at 31 March 2023. 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 for 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 assessed the appropriateness of the accounting policies and loan impairment methodologies applied by management by comparing these to the requirements of IFRS 9. • 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. **Stage 1 and 2 exposures** For stage 1 and 2 exposures we performed the following audit procedures, with the assistance of 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 model outputs. • 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.

03 Annual financial statements
Investec Bank (Mauritius) Limited
Annual Financial Statements 2023

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 2023", 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.

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 as issued by the International Accounting Standards Board (IFRS) 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 Group and 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

Mervyn Lam Hung

Licensed by FRC

23 June 2023

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

For the year to 31 March US$'000	Notes	Group **2023**	Group 2022	Group 2021	Bank **2023**	Bank 2022	Bank 2021
Interest income	3	128 820	48 965	47 243	128 823	48 952	47 245
Interest income calculated using effective interest rate		95 243	42 305	39 017	95 246	42 292	39 019
Other interest income		33 577	6 660	8 226	33 577	6 660	8 226
Interest expense	3	(62 313)	(14 402)	(16 435)	(62 378)	(14 400)	(16 435)
Net interest income		**66 507**	**34 563**	**30 808**	**66 445**	**34 552**	**30 810**
Fee income	4	11 837	11 931	7 186	10 664	10 767	6 259
Fee expense	4	(1 743)	(1 350)	(1 122)	(1 743)	(1 350)	(1 122)
Net fee income		**10 094**	**10 581**	**6 064**	**8 921**	**9 417**	**5 137**
Investment (loss)/ income	5	(9)	942	6	15	942	6
Net trading income	6	854	1 567	496	873	1 574	481
Other operating income/(loss)	7	—	25	(286)	—	25	(286)
Total operating income before impairment		**77 446**	**47 678**	**37 088**	**76 254**	**46 510**	**36 148**
Expected credit loss reversal/ (charge)	8	2 054	444	(1 671)	2 054	444	(1 671)
Operating income		**79 500**	**48 122**	**35 417**	**78 308**	**46 954**	**34 477**
Operating costs	9	(16 062)	(12 915)	(12 230)	(15 513)	(12 479)	(11 891)
Operating profit		**63 438**	**35 207**	**23 187**	**62 795**	**34 475**	**22 586**
Share of (loss)/profit in associate	26	(166)	155	(482)	(166)	155	(482)
Profit before taxation		**63 272**	**35 362**	**22 705**	**62 629**	**34 630**	**22 104**
Taxation	11	(7 233)	(2 174)	(1 349)	(7 209)	(2 139)	(1 330)
Profit after taxation		**56 039**	**33 188**	**21 356**	**55 420**	**32 491**	**20 774**
Analysed as follows:							
Transfer to/(from) regulatory general risk reserve		7 767	(2 974)	938	7 767	(2 974)	938
Transfer to retained income		48 272	36 162	20 418	47 653	35 465	19 836
Profit attributable to equity holder of the Bank		**56 039**	**33 188**	**21 356**	**55 420**	**32 491**	**20 774**

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year to 31 March US$'000	Notes	Group **2023**	Group 2022	Group 2021	Bank **2023**	Bank 2022	Bank 2021
Profit after taxation		56 039	33 188	21 356	55 420	32 491	20 774
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	20-22	(2 699)	842	4 550	(2 699)	842	4 550
Foreign currency translation on investment in associate	26	(72)	(165)	(244)	(72)	(165)	(244)
Other comprehensive income		—	—	9	—	—	9
Items that will not be reclassified to income statement							
Employee benefit liability adjustments	10	296	162	130	276	156	135
Total comprehensive (loss)/ income		**(2 475)**	**839**	**4 445**	**(2 495)**	**833**	**4 450**
Total comprehensive income attributable to equity holder of the Bank		**53 564**	**34 027**	**25 801**	**52 925**	**33 324**	**25 224**

CONSOLIDATED AND SEPARATE BALANCE SHEETS

At 31 March US$'000	Notes	Group 2023	2022	2021	Bank 2023	2022	2021
Assets							
Cash and balances at central bank	17	33 862	36 553	20 367	33 862	36 553	20 367
Due from banks	18	386 907	516 427	610 979	386 907	516 427	610 979
Reverse repurchase agreements	19	375 490	125 011	100 004	375 490	125 011	100 004
Sovereign debt securities	20	416 856	—	—	416 856	—	—
Bank debt securities	21	51 751	31 962	33 637	51 751	31 962	33 637
Other debt securities	22	76 036	59 078	19 960	76 036	59 078	19 960
Derivative financial instruments	23	5 690	5 175	1 604	5 690	5 175	1 604
Investment portfolio	24	4 130	3 813	2 663	3 814	3 813	2 663
Loans and advances to customers	25	1 128 269	1 061 222	883 832	1 128 269	1 061 222	883 832
Investment in associate	26	1 882	2 120	2 130	1 882	2 120	2 130
Deferred taxation asset	27	328	451	498	328	451	498
Current taxation asset	11	—	—	256	—	—	256
Other assets	28	7 419	4 105	19 684	7 296	3 891	19 525
Property, plant and equipment	29	299	404	962	298	402	958
Amount due from group companies	30	522	1 293	1 835	540	1 308	1 853
Investment in subsidiary	31	—	—	—	467	467	467
Total assets		**2 489 441**	**1 847 614**	**1 698 411**	**2 489 486**	**1 847 880**	**1 698 733**
Liabilities							
Derivative financial instruments	23	6 992	2 512	4 665	6 992	2 512	4 665
Repurchase agreements	19	53 048	—	—	53 048	—	—
Borrowings from banks	32	246 190	—	—	246 190	—	—
Deposits from customers	33	1 408 462	1 102 632	986 918	1 411 573	1 105 211	988 793
Debt securities in issue	34	257 074	258 814	262 027	257 074	258 814	262 027
Amount due to group companies	30	5 404	30 051	26 480	5 404	30 051	26 480
Current taxation liabilities	11	5 910	994	4	5 898	974	—
Other liabilities	35	8 753	8 567	8 300	8 444	8 380	8 154
		1 991 833	**1 403 570**	**1 288 394**	**1 994 623**	**1 405 942**	**1 290 119**
Equity							
Ordinary share capital	36	56 478	56 478	56 478	56 478	56 478	56 478
Other reserves	36	73 534	68 538	70 835	73 534	68 538	70 835
Retained income		367 596	319 028	282 704	364 851	316 922	281 301
		497 608	**444 044**	**410 017**	**494 863**	**441 938**	**408 614**
Total liabilities and equity		**2 489 441**	**1 847 614**	**1 698 411**	**2 489 486**	**1 847 880**	**1 698 733**

Signed on behalf of the Board

Lourens F Janse van Rensburg
Chair
23 June 2023

Ramdeo (Dev) Erriah
Director

Grant M Parsons
Chief Executive Officer

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

US$'000	Ordinary share capital	Other reserves Foreign currency reserves	Fair value reserve	Regulatory general risk reserve	Statutory reserve	Retained income	**Total equity**
Group							
At 1 April 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 translation on 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 translation on investment in associate	—	(165)	—	—	—	—	(165)
Employee benefit liability adjustment	—	—	—	—	—	162	162
Total comprehensive income	**—**	**(165)**	**842**	**—**	**—**	**33 350**	**34 027**
Transfer from regulatory general risk reserve	—	—	—	(2 974)	—	2 974	—
At 31 March 2022	**56 478**	**(870)**	**1 451**	**11 479**	**56 478**	**319 028**	**444 044**
Movement in reserves 1 April 2022 - 31 March 2023							
Profit after taxation	—	—	—	—	—	56 039	56 039
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2 699)	—	—	—	(2 699)
Foreign currency translation on investment in associate	—	(72)	—	—	—	—	(72)
Employee benefit liability adjustment	—	—	—	—	—	296	296
Total comprehensive income	**—**	**(72)**	**(2 699)**	**—**	**—**	**56 335**	**53 564**
Transfer to regulatory general risk reserve	—	—	—	7 767	—	(7 767)	—
At 31 March 2023	**56 478**	**(942)**	**(1 248)**	**19 246**	**56 478**	**367 596**	**497 608**

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 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 translation on 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 translation on investment in associate	—	(165)	—	—	—	—	(165)
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**
Movement in reserves 1 April 2022 - 31 March 2023							
Profit after taxation	—	—	—	—	—	55 420	55 420
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	(2 699)	—	—	—	(2 699)
Foreign currency translation on investment in associate	—	(72)	—	—	—	—	(72)
Employee benefit liability adjustment	—	—	—	—	—	276	276
Total comprehensive income	**—**	**(72)**	**(2 699)**	**—**	**—**	**55 696**	**52 925**
Transfer to regulatory general risk reserve	—	—	—	7 767	—	(7 767)	—
At 31 March 2023	**56 478**	**(942)**	**(1 248)**	**19 246**	**56 478**	**364 851**	**494 863**

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

		Group			Bank		
For the year ended 31 March US$'000	Notes	**2023**	Restated 2022	Restated 2021	**2023**	Restated 2022	Restated 2021
Cash flows from operating activities							
Profit before taxation adjusted for non-cash items	37	53 808	29 192	39 251	53 164	28 458	38 649
Taxation paid		(2 196)	(948)	(2 742)	(2 162)	(929)	(2 715)
Increase in operating assets*	37	(18 622)	(271 215)	(16 869)	(18 718)	(271 158)	(16 852)
Increase in operating liabilities	37	286 194	118 207	31 987	286 583	118 865	32 541
Net cash inflow/(outflow) from operating activities *		**319 184**	**(124 764)**	**51 627**	**318 867**	**(124 764)**	**51 623**
Cash flows from investing activities							
Purchase of bank and other debt securities		(39 624)	(38 000)	—	(39 624)	(38 000)	—
Purchase of investment portfolio		(317)	(1 150)	(260)	—	(1 150)	(260)
Proceeds from disposal of bank debt securities		—	—	7 560	—	—	7 560
Purchase of sovereign debt securities		(417 809)	—	—	(417 809)	—	—
Acquisition of equipment		(45)	(35)	(160)	(45)	(35)	(156)
Net cash (outflow)/inflow from investing activities		**(457 795)**	**(39 185)**	**7 140**	**(457 478)**	**(39 185)**	**7 144**
Cash flows from financing activities							
Reverse repurchase agreement		(250 000)	(25 000)	—	(250 000)	(25 000)	—
Repurchase agreement		55 107	—	—	55 107	—	—
Borrowings from banks		245 000	—	—	245 000	—	—
Payment of lease liabilities		(283)	(294)	(241)	(283)	(294)	(241)
Net cash inflow/ (outflow) from financing activities		**49 824**	**(25 294)**	**(241)**	**49 824**	**(25 294)**	**(241)**
Effects of exchange rates on cash and cash equivalents		**5 702**	**2 304**	**(7 192)**	**5 702**	**2 304**	**(7 192)**
Net (decrease)/increase in cash and cash equivalents		**(83 085)**	**(186 939)**	**51 334**	**(83 085)**	**(186 939)**	**51 334**
Cash and cash equivalents at the beginning of the year *		409 338	596 277	544 943	409 338	596 277	544 943
Cash and cash equivalents at the end of the year		**326 253**	**409 338**	**596 277**	**326 253**	**409 338**	**596 277**
Cash and cash equivalents is defined as including:							
Cash in hand	17	—	1	5	—	1	5
Cash and balances at central bank	17	33 862	36 552	20 362	33 862	36 552	20 362
Due from banks (excluding loans and advances to banks)	18	292 208	372 547	575 844	292 208	372 547	575 844
Expected credit loss on balances due from banks	18	183	238	66	183	238	66
Cash and cash equivalents at the end of the year		**326 253**	**409 338**	**596 277**	**326 253**	**409 338**	**596 277**

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

*These numbers have been restated, refer to Change in accounting policy for Cash and cash equivalents in Note 37.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2023 have been authorised for issue in accordance with a resolution of the directors on 23 June 2023.

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 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 14. 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) standards as issued by the International Accounting Standards Board 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 Group 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)

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 2023 and which have been adopted in these audited financial statements.

Standard/Interpretation	Effective date
Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
Annual Improvements to IFRS Standards 2018-2020	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	01 January 2022

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 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.

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

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

Interest Rate Benchmark Reform (IBOR)

During the financial year, the Bank has progressed the transition of the remaining USD assets referencing IBOR to referencing alternative rates. We still continue to monitor the transition of the remaining USD LIBOR linked products to alternative rates, ahead of the cessation of the remaining USD IBORs on 30 June 2023.

Given progress to date, the Bank has limited remaining risks with respect to ongoing IBOR reform. 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 Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available; and
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to risk-free rates.

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 (Investec Wealth and Investment Limited) as at 31 March 2023.

The Bank uses the direct method of consolidation.

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in income statement;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investment in subsidiary

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 subsidiary). 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:

- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

Solely payment of principal and interest (SPPI)

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

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

Financial assets and liabilities measured at amortised cost

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 other comprehensive income.

Impairment of financial assets held at amortised cost or FVOCI

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

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

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement and at FVOCI are presented in the statement of other comprehensive income. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 retained 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.

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 FVTPL 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;
- 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;
- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 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.

Interest income earned on derivative financial assets and interest expense incurred on derivative financial liabilities are recorded under net interest income in profit or loss.

Embedded derivatives

To the extent that a derivative may be embedded in a hybrid contract and the hybrid contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt financial instruments

Financial instruments issued by the Group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent.' Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed.' The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

The cash collateral from agency-based scrip lending transactions are disclosed on a net basis, in accordance with master netting agreements and the intention to settle net.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 Group 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 changes 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 asset 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.'

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non- financial assets and credit enhancements such as netting agreements.

The fair value of collateral is generally assessed, at a minimum, at inception.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Recognition of income and expenses

Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management and other trading activities and other operating income.

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.

Fee expense relates mainly to transaction and service fees which are expensed as the services are received.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Trading income arising from balance sheet management and other trading activities consists of other gains or losses arising from balance sheet management.

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 (including the cash reserve balance in accordance with Section 49 of the Bank of Mauritius Banking Act) 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:

	Rate
Right-of-use assets*	1 year
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. The existing lease expire within the next 12 months.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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2. Accounting policies (continued)

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 40 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.

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. The levy obligation is subject to a minimum activity threshold so the obligating event is on reaching a minimum activity threshold.

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 5.5% where the operating income is more that MUR 1.2 billion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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
  - 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 8 amendment	Definition of Accounting Estimates	February 2021	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	Disclosure Initiative: Accounting Policies	February 2021	1 January 2023
IAS 12 amendment	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	May 2021	1 January 2023
Amendment of IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	May 2021	1 January 2023
IAS 1 amendment	Classification of liabilities as current or non-current liabilities with covenants	October 2022	1 January 2024
IFRS 16 amendment	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024

Definition of Accounting Estimate (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The amendments to IAS 8 focus entirely on accounting estimates and clarify the following:

Developing an accounting estimate includes both:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

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.

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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies (continued)

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 January2023.

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.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

Lease Liability in a sale and Leaseback (Amendments to IFRS 16)

Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

3. Net interest income

	Group						Bank					
	2023		2022		2021		2023		2022		2021	
For the year ended 31 March US$'000	**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	Balance sheet value	Interest income
Cash and balances at central banks, due from banks and reverse repurchase agreement	796 259	23 278	677 991	2 555	731 350	3 139	796 259	23 281	677 991	2 542	731 350	1 974
Loans and advances to customers*	1 128 269	62 776	1 061 222	37 637	883 832	34 871	1 128 269	62 776	1 061 222	37 637	883 832	34 871
Sovereign debt securities	416 856	5 183	—	—	—	—	416 856	5 183	—	—	—	—
Bank debt securities	51 751	2 424	31 962	1 779	33 637		51 751	2 424	31 962	1 779	33 637	1 167
Other debt securities	76 036	1 581	59 078	334	19 960	1 007	76 036	1 581	59 078	334	19 960	1 007
Interest income on derivative financial instruments **	5 690	33 578	5 175	6 660	1 604	8 226	5 690	33 578	5 175	6 660	1 604	8 226
Total interest-earning assets/interest income	**2 474 861**	**128 820**	**1 835 428**	**48 965**	**1 670 383**	**47 243**	**2 474 861**	**128 823**	**1 835 428**	**48 952**	**1 670 383**	**47 245**

	Group						Bank					
	2023		2022		2021		2023		2022		2021	
For the year to 31 March US$'000	**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	Balance sheet value	Interest expense
Debt securities in issue	257 074	(9 488)	258 814	(3 809)	262 027	(4 344)	257 074	(9 488)	258 814	(3 809)	262 027	(4 344)
Repurchase agreements	53 048	(1 232)	—	—	—	—	53 048	(1 232)	—	—	—	—
Borrowings from banks	246 190	(6 230)	—	—	—	—	246 190	(6 230)	—	—	—	—
Deposits from customers	1 408 462	(22 413)	1 102 632	(4 131)	986 918	(4 788)	1 411 573	(22 413)	1 105 211	(4 131)	988 793	(4 788)
Other interest-bearing liabilities***	5 404	(1 097)	30 051	(987)	26 480	(956)	5 404	(1 162)	30 051	(985)	26 480	(956)
Interest expense on derivative financial instruments **	6 992	(21 853)	2 512	(5 475)	4 665	(6 347)	6 992	(21 853)	2 512	(5 475)	4 665	(6 347)
Total interest-bearing liabilities/interest expense	**1 977 170**	**(62 313)**	**1 394 009**	**(14 402)**	**1 280 090**	**(16 435)**	**1 980 281**	**(62 378)**	**1 396 588**	**(14 400)**	**1 281 965**	**(16 435)**
Net interest income		**66 507**		**34 563**		**30 808**		**66 445**		**34 552**		**30 810**

* Interest income is calculated by using the effective interest rate.
** 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 23 of the financial statement.
*** Other interest-bearing represents interest on amount due to group companies and unwinding interest on operating lease liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

4. Net fee income

For the year ended 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Fee income						
Credit related fees	7 974	8 269	3 751	7 974	8 269	3 751
Foreign exchange dealings	1 424	1 231	1 369	1 424	1 231	1 369
Client transactions and maintenance fees	1 266	1 267	1 139	1 266	1 267	1 139
Wealth management fees	1 173	1 164	927	—	—	—
	11 837	**11 931**	**7 186**	**10 664**	**10 767**	**6 259**
Fee expense						
Credit related fees paid	(1 743)	(1 350)	(1 122)	(1 743)	(1 350)	(1 122)
	(1 743)	**(1 350)**	**(1 122)**	**(1 743)**	**(1 350)**	**(1 122)**
Net fee income	**10 094**	**10 581**	**6 064**	**8 921**	**9 417**	**5 137**

5. Investment (loss)/ income

For the year ended 31 March US$'000	Group: Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories *	Total
2023				
Unrealised	(24)	—	—	(24)
Realised	—	—	15	15
	(24)	**—**	**15**	**(9)**
2022				
Realised	—	—	942	942
	—	**—**	**942**	**942**
2021				
Realised	(40)	47	(1)	6
	(40)	**47**	**(1)**	**6**

For the year ended 31 March US$'000	Bank: Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories *	Total
2023				
Realised	—	—	15	15
	—	**—**	**15**	**15**
2022				
Realised	—	—	942	942
	—	**—**	**942**	**942**
2021				
Realised	(40)	47	(1)	6
	(40)	**47**	**(1)**	**6**

* In year 2022 included profit shares

In year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the realised item.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

6. Net trading income

For the year ended 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Changes in fair value of derivative financial instruments	301	1 668	(57)	301	1 668	(57)
Net foreign exchange gain/(loss)	553	(101)	553	572	(94)	538
	854	**1 567**	**496**	**873**	**1 574**	**481**

7. Other operating income/(loss)

For the year ended 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Operational gain/(loss)	—	25	(286)	—	25	(286)
	—	**25**	**(286)**	**—**	**25**	**(286)**

8. Expected credit loss reversal/(charge)

For the year to 31 March US$'000	Group and Bank 2023	2022	2021
Expected credit loss impairment reversal/(charge) is recognised on the following assets:			
Loans and advances to customers	1 382	1 507	(1 435)
Other balance sheet assets	348	(841)	19
Off-balance sheet commitments and guarantees	324	(222)	(240)
	2 054	**444**	**(1 656)**
Bad debts written off	—	—	(15)
	2 054	**444**	**(1 671)**
Expected credit loss impairment reversal/(charge) comprises of:			
Stage 1	2 384	(764)	(1 320)
Stage 2	(148)	86	203
Stage 3	(182)	1 122	(539)
	2 054	**444**	**(1 656)**
Bad debts written off	—	—	(15)
	2 054	**444**	**(1 671)**

Balance sheet ECL reconciliation with income statement

US$'000	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2022	5 457	88	587	6 132
Expected credit loss (reversal)/ charge	(2 384)	148	182	(2 054)
Balance at 31 March 2023	**3 073**	**236**	**769**	**4 078**
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 charge/ (reversal)	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 charge/ (reversal)	1 320	(203)	539	1 656
Balance at 31 March 2021	**4 693**	**174**	**3 696**	**8 563**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

9. Operating costs

For the year ended 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Personnel expenses	8 712	6 751	6 565	8 237	6 394	6 293
– Salaries (including directors' remuneration*)	7 805	6 003	5 760	7 379	5 691	5 533
– Training and other costs	202	168	86	202	167	86
– Share-based payments expense	551	447	577	507	405	534
– Pension fund contributions	154	133	142	149	131	140
Premises expenses	177	203	221	175	201	219
Equipment expenses	5 370	4 328	2 961	5 370	4 328	2 961
Business expenses**	1 202	1 092	1 914	1 131	1 017	1 852
Marketing expenses	216	146	153	216	146	151
Depreciation on property, plant, and equipment	385	395	416	384	393	415
	16 062	**12 915**	**12 230**	**15 513**	**12 479**	**11 891**
Auditors' fees (included in business expenses)						
Fees payable to the Bank's auditors for the audit of the Bank accounts	216	227	200	211	222	195

* Details of the directors' emoluments, pensions and their interests are disclosed in the corporate governance report on page 77.
** 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$154,161 (2022: US$133,247 and 2021: US$142,092) 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$52,883 (2022: US$46,608 and 2021: US$53,203).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Equity-settled share-based payment expense charged to the income statement	551	447	577	507	405	534
Fair value of awards at grant date	713	483	221	713	481	122

For the year ended 31 March	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Number of awards and shares outstanding during the year						
Outstanding at the beginning of the year	417 566	396 386	390 122	369 355	345 282	369 921
Relocation of employees during the year	24 339	2 782	28 024	24 339	2 782	28 024
Granted during the year	152 052	122 405	100 990	152 052	121 965	55 435
Exercised during the year*	(104 727)	(97 742)	(91 761)	(94 660)	(94 409)	(91 761)
Lapsed during the year	(3 337)	(6 265)	(30 989)	(3 337)	(6 265)	(16 337)
Outstanding at the end of the year	**485 893**	**417 566**	**396 386**	**447 749**	**369 355**	**345 282**
Vested and exercisable at the end of the year	**13 125**	**3 984**	**2 668**	**13 125**	**3 984**	**2 668**

* The weighted average exercise price during the year was R nil and R93.31 (2022 and 2021: R nil). In the current year, both options with a zero strike price and shares with a strike price, were granted to participants. In 2022, only shares with a zero strike price were granted, with a weighted average exercise price of Nil.

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	**2023**	2022	2021	**2023**	2022	2021
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 strike price						
Exercise price in ZAR	93.31	n/a	n/a	93.31	n/a	n/a
Weighted average remaining contractual life	3.16 years	n/a	n/a	3.16 years	n/a	n/a
Long-term incentive options and long-term shares with no strike price						
Exercise price in ZAR	R nil	R nil	R nil	R nil	R nil	R nil
Weighted average remaining contractual life	1.97 years	1.84 years	1.84 years	1.97 years	1.86 years	1.73 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 in ZAR	95.89	57.61	32.36	95.89	57.61	32.36
– Exercise price	R nil, R 93.31	R nil	R nil	R nil, R 93.31	R nil	R nil
– Expected volatility	0.2542	n/a	n/a	0.2542	n/a	n/a
– Option life	4.75 Years	4.67 Years	4.67 Years	4.75 Years	4.67 Years	4.67 Years
– Expected dividend yields	5.89% - 6.06%	n/a	n/a	5.89% - 6.06%	n/a	n/a
– Risk-free rate	7.07% - 7.52%	n/a	n/a	7.07% - 7.52%	n/a	n/a

Long-term employment benefits liability-Ninety One shares

As part of the Investec Asset Management (IAM) demerger, each participant of the Investec share option and long-term share incentive plan for employees, received one Ninety One share option for every two Investec share options they had. The Ninety One share options were granted on the same terms and vesting period as the Investec options they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share options; accordingly this obligation was classified and measured as an other long-term liability in terms of IAS 19 Employee Benefits. The total value of the liability represented past service cost and was accounted for in retained income and the liability was subsequently measured through profit and loss in the period in which they arise.

On 30 May 2022, the Group's 15% shareholding in Ninety One DLC was distributed to ordinary shareholders. Each participant of the Investec share option and long-term share incentive plans for employees, received the right to receive 0.13751 Ninety One shares for every one Investec share option they had.

In the current year, management approved the acceleration of certain remaining Ninety One awards. Participants had 90 days to exercise the acceleration. The acceleration excluded awards made to senior management.

The IAS 19 long-term employment benefit liability movement recognised in the Group's income statement for the year ended 31 March 2023 was US$53,922 (2022: US$93,626 and 2021: US$205,678).

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

	Group			Bank		
For the year ended 31 March	**2023**	2022	2021	**2023**	2022	2021
Number of awards outstanding during the year						
Outstanding at the beginning of the year	99 584	150 560	194 875	91 150	140 459	184 774
Re-location of employees during the year	5 372	—	9 377	5 372	—	9 377
Granted during the year	67 859	—	—	61 228	—	—
Exercised during the year	(156 819)	(48 925)	(45 523)	(145 155)	(47 258)	(45 523)
Lapsed during the year	(1 669)	(2 051)	(8 169)	(1 669)	(2 051)	(8 169)
Outstanding at the end of the year	**14 327**	**99 584**	**150 560**	**10 926**	**91 150**	**140 459**
Exercisable at the end of the year	**14 327**	**2 106**	**1 528**	**10 926**	**2 106**	**1 528**

	Group			Bank		
For the year ended 31 March	**2023**	2022	2021	**2023**	2022	2021
The exercise price range and weighted average remaining contractual life for the Ninety One share options outstanding were as follows:						
Options with strike prices						
Exercise price range in ZAR	n/a	n/a	n/a	n/a	n/a	n/a
Weighted average remaining contractual life	n/a	n/a	n/a	n/a	n/a	n/a
Long-term incentive grants and long-term share awards with no strike price						
Exercise price range in ZAR	0	0	0	0	0	0
Weighted average remaining contractual life	0 years	0.95 years	1.43 years	0 years	0.96 years	1.41 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 in ZAR	40.54	49.01	48	40.54	49.01	48
– Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
– Expected volatility	31.27%	35.03%	35.00%	31.27%	35.03%	35.00%
– Option life	0.17 - 0.21 years	0.19 - 2.16 years	0.10 - 3.16 years	0.17 - 0.21 years	0.19 - 2.16 years	0.10 - 3.16 years
– Expected dividend yields	—%	0% - 6.25%	0% - 4.03%	—%	0% - 6.25%	0% - 4.03%
– Risk-free rate	7.66% - 7.70%	4.35% - 6.40%	3.6% - 5.97%	7.66% - 7.70%	4.35% - 6.40%	3.60% - 5.97%

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 2023 by using the listed market price.

During 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 2023, Investec Bank (Mauritius) Limited has 36 957 options in issue valued at US$32,202.14 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

Cash settled liability fair value calculated as at 31 March, the inputs into the model were as follows:	Group and Bank		
	2023	2022	2021
– Share price in ZAR at 31 March	98.12	97.51	n/a
– Exercise price in ZAR	54.03	54.03	n/a
– Expected volatility	30.61%	25.33%	n/a
– Option life	1.41 - 3.08 years	2.41 - 4.08 years	n/a
– Expected dividend yields	5.94% - 6.34%	3.24% - 3.39%	n/a
– Risk-free rate	7.75% - 7.92%	6.20% - 6.73%	n/a

Retirement Benefit Obligations

This disclosure has not been provided for comparatives as it was not material as at 31 March 2022 and 31 March 2021.

Reconciliation of Net Defined Benefit Liability

For the year ended 31 March US$'000	Group and Bank 2023
- Opening balance	1 010
- Amount recognised in P&L	513
- Amount recognised in OCI	(67)
- Closing balance	**1 456**

Reconciliation of Present Value of Defined Benefit Obligation

For the year ended 31 March US$'000	Group and Bank 2023
- Opening balance	1 010
- Current service cost	144
- Interest expense	70
- Past service cost	299
- Liability experience loss	148
- Liability (gain) due to change in financial assumptions	(215)
- Closing balance	**1 456**

Components of amount recognised in P&L

For the year ended 31 March US$'000	Group and Bank 2023
- Current service cost	144
- Past service cost	299
- Total service cost	**443**
- Net interest on net defined benefit liability	70
Total	**513**

Components of amount recognised in OCI

For the year ended 31 March US$'000	Group and Bank 2023
- Liability experience loss	148
- Liability loss due to change in financial assumptions	(215)
- Total	**(67)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

Principal Assumptions used at End of Period

For the year ended 31 March	Group and Bank 2023
- Discount rate	6.2%
- Rate of salary increases	4.2%
- Rate of Pension increases	4.5%
- Average retirement age (ARA)	65

Sensitivity Analysis on Defined Benefit Obligation at End of Period

For the year ended 31 March US$'000	Group and Bank 2023
- Increase due to 1% decrease in discount rate	352
- Decrease due to 1% increase in discount rate	(292)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cash flows

For the year ended 31 March US$'000	Group and Bank 2023
The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.	
- Expected employer contribution for the next year	—
- Weighted average duration of the defined benefit obligation	19 years

The plan exposes the Group to normal risks described below:

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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11. Taxation

For the year to 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Income tax (liability)/asset						
Current year	(7 301)	(2 078)	(1 438)	(7 269)	(2 042)	(1 417)
Tax paid under Advance Payment Scheme	1 391	1 084	1 690	1 371	1 068	1 673
Net income tax (liability)/asset	**(5 910)**	**(994)**	**252**	**(5 898)**	**(974)**	**256**
As disclosed on the face of the balance sheet						
Current tax assets	—	—	256	—	—	256
Current tax liabilities	(5 910)	(994)	(4)	(5 898)	(974)	—
	(5 910)	**(994)**	**252**	**(5 898)**	**(974)**	**256**
Income statement tax charge						
Taxation on income	7 233	2 174	1 349	7 209	2 139	1 330
– Current taxation	7 110	2 127	1 427	7 086	2 092	1 407
in respect of the current year	7 110	2 151	1 514	7 086	2 116	1 494
in respect of prior year adjustments	—	(24)	(87)	—	(24)	(87)
– Deferred taxation	123	47	(77)	123	47	(77)
Total taxation charge as per income statement	**7 233**	**2 174**	**1 349**	**7 209**	**2 139**	**1 330**
Tax rate reconciliation:						
Profit before taxation as per income statement	63 272	35 362	22 705	62 629	34 630	22 104
Total taxation charge as per income statement	7 233	2 174	1 349	7 209	2 139	1 330
Effective rate of taxation	11%	6%	6%	11%	6%	6%
At statutory income tax rate of 5% and 15% (2022: 5% and 2021: 5%)	6 261	1 768	1 135	6 164	1 732	1 105
Adjustment in respect of income tax of prior years	—	(24)	(87)	—	(24)	(87)
Special levy	—	33	77	—	33	77
Corporate social responsibility	7	18	17	7	18	17
Other deductible items*	(564)	(120)	(221)	(491)	(119)	(210)
Non-deductible expenses**	1 529	499	428	1 529	499	428
Income tax expense reported in the income statement	**7 233**	**2 174**	**1 349**	**7 209**	**2 139**	**1 330**

* 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.

For the financial years ended 31 March 2021 and 31 March 2022, the statutory corporate tax rate was 5% for chargeable income up to MUR1.5 billion and 15% above that level. However, the tax rate was reduced to 5% for chargeable income above MUR1.5 billion provided certain conditions were met. These conditions have expired during the financial year ended 31 March 2023 and taxation has been provided at 15% for chargeable income above MUR1.5 billion.

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.

The Bank did not have leviable income for the financial year ended 31 March 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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12. Dividends

No dividend was declared and paid to the ordinary shareholder in respect of the financial year ended 31 March 2023 (2022: US$nil and 2021: US$nil).

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	Amortised cost	Other fee income	Total
2023						
Net interest income	11 725	556	8 370	45 856	—	66 507
Fee income	—	—	—	10 664	1 173	11 837
Fee expense	—	—	—	(1 743)	—	(1 743)
Investment income	—	(24)	—	15	—	(9)
Net trading income/(loss)	301	—	—	553	—	854
Other operating income	—	—	—	—	—	—
Total operating income before impairment	**12 026**	**532**	**8 370**	**55 345**	**1 173**	**77 446**
Expected credit loss impairment reversal	—	—	—	2 054	—	2 054
Operating income	**12 026**	**532**	**8 370**	**57 399**	**1 173**	**79 500**
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 (loss)/income	—	—	—	942	—	942
Net trading (loss)/income	1 668	—	—	(101)	—	1 567
Other operating income	—	—	—	25	—	25
Total operating income/(loss) before impairment	**2 853**	**—**	**1 840**	**41 821**	**1 164**	**47 678**
Expected credit loss impairment reversal/(charge)	—	—	—	444	—	444
Operating income/(loss)	**2 853**	**—**	**1 840**	**42 265**	**1 164**	**48 122**
2021						
Net interest income	1 879	—	1 807	27 122	—	30 808
Fee income	—	—	—	6 259	927	7 186
Fee expense	—	—	—	(1 122)	—	(1 122)
Investment income	—	(40)	47	(1)	—	6
Net trading loss	(57)	—	—	553	—	496
Other operating loss	—	—	—	(286)	—	(286)
Total operating income before impairment	**1 822**	**(40)**	**1 854**	**32 525**	**927**	**37 088**
Expected credit loss impairment reversal/(charge)	—	—	14	(1 685)	—	(1 671)
Operating income	**1 822**	**(40)**	**1 868**	**30 840**	**927**	**35 417**

* 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	Amortised cost	**Total**
2023					
Net interest income	11 725	556	8 370	45 794	66 445
Fee income	—	—	—	10 664	10 664
Fee expense	—	—	—	(1 743)	(1 743)
Investment income	—	—	—	15	15
Net trading income/(loss)	301	—	—	572	873
Other operating income	—	—	—	—	—
Total operating income before impairment	**12 026**	**556**	**8 370**	**55 302**	**76 254**
Expected credit loss impairment reversal	—	—	—	2 054	2 054
Operating income	**12 026**	**556**	**8 370**	**57 356**	**78 308**
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 (loss)/income	—	—	—	942	942
Net trading (loss)/income	1 668	—	—	(94)	1 574
Other operating income	—	—	—	25	25
Total operating income/(loss) before impairment	**2 853**	**—**	**1 840**	**41 817**	**46 510**
Expected credit loss impairment reversal/(charge)	—	—	—	444	444
Operating income/(loss)	**2 853**	**—**	**1 840**	**42 261**	**46 954**
2021					
Net interest income	1 879	—	1 807	27 124	30 810
Fee income	—	—	—	6 259	6 259
Fee expense	—	—	—	(1 122)	(1 122)
Investment income	—	(40)	47	(1)	6
Net trading loss	(57)	—	—	538	481
Other operating loss	—	—	—	(286)	(286)
Total operating income before impairment	**1 822**	**(40)**	**1 854**	**32 512**	**36 148**
Expected credit loss impairment reversal/(charge)	—	—	14	(1 685)	(1 671)
Operating income	**1 822**	**(40)**	**1 868**	**30 827**	**34 477**

* 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	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS 9	**Total**
2023							
Assets							
Cash and balances at Central Banks	—	—	—	—	33 862	—	33 862
Due from banks	—	—	—	—	386 907	—	386 907
Reverse repurchase agreements	—	—	—	—	375 490	—	375 490
Sovereign debt securities	—	—	416 856	416 856	—	—	416 856
Bank debt securities	—	—	51 751	51 751	—	—	51 751
Other debt securities	—	—	55 824	55 824	20 212	—	76 036
Derivative financial instruments	5 690	—	—	5 690	—	—	5 690
Investment portfolio	—	4 130	—	4 130	—	—	4 130
Loans and advances to customers	—	7 847	—	7 847	1 120 422	—	1 128 269
Investment in associate	—	—	—	—	—	1 882	1 882
Deferred taxation asset	—	—	—	—	—	328	328
Other assets	—	—	—	—	1 926	5 493	7 419
Property, plant and equipment	—	—	—	—	—	299	299
Amount due from group companies	—	—	—	—	522	—	522
	5 690	**11 977**	**524 431**	**542 098**	**1 939 341**	**8 002**	**2 489 441**
Liabilities							
Derivative financial instruments	6 992	—	—	6 992	—	—	6 992
Repurchase agreements	—	—	—	—	53 048	—	53 048
Borrowings from banks	—	—	—	—	246 190	—	246 190
Deposits from customers	—	—	—	—	1 408 462	—	1 408 462
Debt securities in issue	—	—	—	—	257 074	—	257 074
Amount due to group companies	—	—	—	—	5 404	—	5 404
Current taxation liabilities	—	—	—	—	—	5 910	5 910
Other liabilities	—	—	—	—	2 823	5 930	8 753
	6 992	**—**	**—**	**6 992**	**1 973 001**	**11 840**	**1 991 833**

* Trading consists of derivative financial instruments and non-trading consists of investment portfolio and loan at fair value.

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	**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
Deposits from customers	—	—	—	—	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 and loan at fair value.

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	**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
Sovereign debt securities	—	—	—	—	—	—	—
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	—	—	—	—	18 967	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
Deposits from customers	—	—	—	—	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 and loan at fair value.

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	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS 9	**Total**
2023							
Assets							
Cash and balances at Central Banks	—	—	—	—	33 862	—	33 862
Due from banks	—	—	—	—	386 907	—	386 907
Sovereign debt securities	—	—	416 856	416 856	—	—	416 856
Reverse repurchase agreements	—	—	—	—	375 490	—	375 490
Bank debt securities	—	—	51 751	51 751	—	—	51 751
Other debt securities	—	—	55 824	55 824	20 212	—	76 036
Derivative financial instruments	5 690	—	—	5 690	—	—	5 690
Investment portfolio	—	3 814	—	3 814	—	—	3 814
Loans and advances to customers	—	7 847	—	7 847	1 120 422	—	1 128 269
Investment in associate	—	—	—	—	—	1 882	1 882
Deferred taxation asset	—	—	—	—	—	328	328
Other assets	—	—	—	—	1 823	5 473	7 296
Property, plant and equipment	—	—	—	—	—	298	298
Amount due from group companies	—	—	—	—	540	—	540
Investment in subsidiary	—	—	—		—	467	467
	5 690	**11 661**	**524 431**	**541 782**	**1 939 256**	**8 448**	**2 489 486**
Liabilities							
Derivative financial instruments	6 992			6 992	—	—	6 992
Repurchase agreements					53 048	—	53 048
Borrowings from banks					246 190	—	246 190
Deposits from customers	—	—	—	—	1 411 573	—	1 411 573
Debt securities in issue	—	—	—	—	257 074	—	257 074
Amount due to group companies	—	—	—	—	5 404	—	5 404
Current taxation liabilities	—	—	—	—	—	5 898	5 898
Other liabilities	—	—	—	—	708	7 736	8 444
	6 992	**—**	**—**	**6 992**	**1 973 997**	**13 634**	**1 994 623**

* Trading consists of derivative financial instruments and non-trading consists of investment portfolio and loan at fair value.

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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	**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
Deposits from customers	—	—	—	—	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 and loan at fair value.

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	**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	4 665	—	—	4 665	—	—	4 665
Deposits from customers	—	—	—	—	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 and loan at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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
2023				
Assets				
Sovereign debt securities	416 856	416 856	—	
Bank debt securities	51 751	51 751	—	—
Other debt securities	55 824	55 824	—	—
Derivative financial instruments	5 690	—	5 690	—
Investment portfolio	4 130	320	—	3 810
Loans and advances to customers	7 847	—	7 847	—
	542 098	**524 751**	**13 537**	**3 810**
Liabilities				
Derivative financial instruments	6 992	—	6 992	—
	6 992	**—**	**6 992**	**—**
Net financial assets at fair value	**535 106**	**524 751**	**6 545**	**3 810**
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/(liabilities) 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**

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 2023, there were no financial instruments transferred between level 1 and level 2 (2022 and 2021: 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
Loans and advances to customers	Discounted cash flow model Black-Scholes	Yield curve Volatilities
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 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	2023	2022	2021
Opening balance	3 810	2 660	2 400
Additions	—	1 150	260
Closing balance	**3 810**	**3 810**	**2 660**

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 40 of the annual report for the sensitivity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

16. Fair value of financial instruments at amortised cost

			Fair value category		
At 31 March US$'000	Carrying amount	Fair value	Level 1	Level 2	Level 3
Group					
2023					
Assets					
Cash and balances at Central Banks	33 862	33 862	—	—	—
Due from banks	386 907	386 907	—	—	—
Reverse repurchase agreements	375 490	375 490	—	—	—
Other debt securities	20 212	20 212	—	20 212	—
Loans and advances to customers	1 120 422	1 119 658	—	—	1 119 658
Other assets	1 926	1 926	—	—	—
Amount due from group companies	522	522	—	—	—
	1 939 341	**1 938 577**	**—**	**20 212**	**1 119 658**
Liabilities					
Repurchase agreements	53 048	53 048	—	53 048	—
Borrowings from banks	246 190	246 190	—	246 190	—
Deposits from customers	1 408 462	1 407 955	—	1 407 955	—
Debt securities in issue	257 074	257 074	—	257 074	—
Amount due to group companies	5 404	5 404	—	—	—
Other liabilities	2 823	2 823	—	—	—
	1 973 001	**1 972 494**	**—**	**1 964 267**	**—**
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					
Deposits from customers	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**	**—**	**1 361 782**	**—**
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					
Deposits from customers	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**	**—**	**1 249 977**	**—**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March US$'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Bank					
2023					
Assets					
Cash and balances at central banks	33 862	33 862	—	—	—
Due from banks	386 907	386 907	—	—	—
Reverse repurchase agreements	375 490	375 490	—	—	—
Other debt securities	20 212	20 212	—	20 212	—
Loans and advances to customers	1 120 422	1 119 658	—	—	1 119 658
Other assets	1 823	1 823	—	—	—
Amount due from group companies	540	540	—	—	—
	1 939 256	**1 938 492**	**—**	**20 212**	**1 119 658**
Liabilities					
Repurchase agreements	53 048	53 048	—	53 048	—
Borrowings from banks	246 190	246 190	—	246 190	—
Deposits from customers	1 411 573	1 411 066	—	1 411 066	—
Debt securities in issue	257 074	257 074	—	257 074	—
Amount due to group companies	5 404	5 404	—	—	—
Other liabilities	708	708	—	—	—
	1 973 997	**1 973 490**	**—**	**1 967 378**	**—**
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					
Deposits from customers	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	**1 651 958**	**—**	**19 960**	**879 907**
Liabilities					
Deposits from customers	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**	**—**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

Financial instruments for which fair value does not approximate carrying value. Differences in amortised cost and fair value occur in fixed-rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debt instruments with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

17. Cash and balances at central bank

At 31 March US$'000	Group and Bank 2023	2022	2021
Cash in hand	—	1	5
Cash balance with the central bank			
– Cash reserve balance*	13 935	13 871	12 731
– Unrestricted	19 927	22 681	7 631
	33 862	**36 553**	**20 367**

* The cash reserve balance represents the minimum cash balance held with the Central Bank of Mauritius required in accordance with Section 49 of the Banking Act 2004.

18. Due from banks

At 31 March US$'000	Group and Bank 2023	2022	2021
Holding bank^*	27 786	26 990	157 214
Other banks*	264 422	345 557	418 630
Loans and advances to banks	94 699	143 880	35 135
	386 907	**516 427**	**610 979**
Gross amount	387 090	516 665	611 045
Expected credit loss	(183)	(238)	(66)
	386 907	**516 427**	**610 979**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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19. Reverse repurchase agreements and repurchase agreements

At 31 March US$'000	Group and Bank 2023	2022	2021
Assets			
Reverse repurchase agreements with:			
Group companies	25 039	25 043	25 016
Others	350 451	99 968	74 988
	375 490	**125 011**	**100 004**
Gross amount	375 505	125 054	100 025
Expected credit loss	(15)	(43)	(21)
Reverse repurchase agreements	**375 490**	**125 011**	**100 004**
Liabilities			
Repurchase agreements	**(53 048)**	**—**	**—**

The assets transferred and not derecognised in the above repurchase agreements were nil as at the financial year ended 31 March 2023 (2022 and 2021: 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.

20. Sovereign debt securities

At 31 March US$'000	Group and Bank 2023	2022	2021
Treasury bills and bonds	416 856	—	—
	416 856	**—**	**—**
The country risk of sovereign debt securities lies in the following geographies:			
United Kingdom	121 517	—	—
United States of America	295 339	—	—
	416 856	**—**	**—**
Cost	416 333	—	—
Fair value adjustment	523	—	—
Fair value	**416 856**	**—**	**—**

The sovereign debt securities, purchased during the current financial year, were measured at FVOCI with fair value and ECL movement of US$0.5 million, accounted in the fair value reserve, in other comprehensive income.

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21. Bank debt securities

At 31 March US$'000	Group and Bank 2023	2022	2021
Bonds	51 751	31 962	33 637
	51 751	**31 962**	**33 637**
The country risk of bank debt securities lies in the following geographies:			
Africa	21 008	18 111	18 955
Europe (excluding UK)	30 743	13 851	14 682
	51 751	**31 962**	**33 637**
Cost	53 793	31 915	32 554
Fair value adjustment	(2 042)	47	1 083
Fair value	**51 751**	**31 962**	**33 637**

Bank debt securities are measured at FVOCI with fair value and ECL movement of US$-1.8 million (2022: US$0.4 million and 2021: US$4.6 million) accounted in the fair value reserve, in other comprehensive income.

22. Other debt securities

At 31 March US$'000	Group and Bank 2023	2022	2021
Bonds	76 036	59 078	19 960
	76 036	**59 078**	**19 960**
The country risk of other debt securities lies in the following geographies:			
UK	9 686	9 978	—
Europe (excluding UK)	30 459	30 282	19 960
South Africa	9 042	8 316	—
United States	19 513	10 502	—
Asia	7 336	—	—
	76 036	**59 078**	**19 960**
At amortised cost	20 231	20 053	20 056
Expected credit loss	(19)	(135)	(96)
	20 212	**19 918**	**19 960**
At fair value	58 036	39 936	—
Fair value adjustment	(2 212)	(776)	—
	55 824	**39 160**	**—**
	76 036	**59 078**	**19 960**

The other debt securities are measured at amortised cost and FVOCI with fair value and ECL movement of US$-1.4 million (2022: US$0.4million and 2021: US$nil) accounted in the fair value reserve, in other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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23. Derivative financial instruments

The Group enters into various contracts for derivatives 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 representing the present value of 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								
	2023			2022			2021		
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	750 195	465	(5 160)	656 381	1 691	(2 292)	394 465	873	(1 197)
Currency swaps	6 763	—	(1 629)	8 214	—	(52)	25 571	195	(2 491)
Credit default swaps	8 330	43	—	8 570	133	—	9 093	—	—
Interest rate swaps	193 139	5 182	(203)	167 797	3 351	(168)	119 420	536	(977)
	958 427	**5 690**	**(6 992)**	**840 962**	**5 175**	**(2 512)**	**548 549**	**1 604**	**(4 665)**

Most of the Bank's derivative relate to deals with customers which are normally offset by transactions with other counterparties. 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.

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24. Investment portfolio

At 31 March US$'000	Group			Bank		
	2023	2022	2021	**2023**	2022	2021
Listed equities	320	3	3	4	3	3
Unlisted equities	3 810	3 810	2 660	3 810	3 810	2 660
	4 130	**3 813**	**2 663**	**3 814**	**3 813**	**2 663**

25. Loans and advances to customers

At 31 March US$'000	Group and Bank		
	2023	2022	2021
At amortised cost	1 123 220	1 065 483	891 587
At fair value	7 928	—	—
Gross amount	**1 131 148**	**1 065 483**	**891 587**
Expected credit loss	(2 879)	(4 261)	(7 755)
Net loans and advances to customers	**1 128 269**	**1 061 222**	**883 832**

At 31 March US$'000	Group and Bank		
	2023	2022	2021
Cost	7 894	—	—
Fair value adjustment	34	—	—
Fair value	**7 928**	**—**	**—**

For further analysis on loans and advances refer to pages 26 to 37 in the risk management section.

Reconciliation of movements in expected credit loss

At 31 March US$'000	Group and Bank		
	2023	2022	2021
Expected credit loss			
Balance at beginning of year	4 261	7 755	6 395
Expected credit loss (reversal)/charge	(1 382)	(1 507)	1 435
Written off out of allowance	—	(2 520)	(398)
Intergroup transfers	—	533	323
Balance at end of year	**2 879**	**4 261**	**7 755**
Interest income recognised on loans that have been impaired	**634**	**179**	**138**
Income statement reversal/(charge)	**1 382**	**1 507**	**(1 435)**
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	47 965	1 860	18 877

Expected credit loss

When determining the expected credit loss, 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 2023, 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	0.1% to 3.3%	An increase/ decrease of 0.25% would result in an increase/decrease in ECL of US$485,000
Loss given default	4.7% to 55.6%	An increase/ decrease of 10% would result in an increase/decrease in ECL of US$505,000

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26. Investment in associate

At 31 March US$'000	Group and Bank 2023	2022	2021
Investment in associate consists of:			
Net asset value	1 882	2 120	2 130
	1 882	**2 120**	**2 130**
Analysis of the movement in our share of net assets:			
At beginning of year	2 120	2 130	2 856
Share of (loss)/profit in associate	(166)	155	(482)
Foreign currency translation through OCI	(72)	(165)	(244)
At end of year	**1 882**	**2 120**	**2 130**

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) in Mauritius. 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 2023	2022	2021
Associate's balance sheet:			
Assets	5 792	7 996	9 588
Liabilities	(344)	(1 860)	(3 421)
Net assets	**5 448**	**6 136**	**6 167**
Share of associate's net assets	**1 882**	**2 120**	**2 130**
Share of associate's revenue and profit:			
Revenue	**998**	**1 861**	**108**
Share of (loss)/profit	**(166)**	**155**	**(482)**

27. Deferred taxation

At 31 March US$'000	Group and Bank 2023	2022	2021
Deferred taxation assets	365	501	586
Deferred taxation liabilities	(37)	(50)	(88)
Net deferred taxation assets	**328**	**451**	**498**
The net deferred taxation assets/(liabilities) arise from:			
Impairment of loans and advances to customers	134	319	430
Capital allowances	(1)	3	4
Income and expenditure accruals	195	129	64
Net deferred taxation assets	**328**	**451**	**498**
Reconciliation of net deferred taxation assets			
At beginning of year	451	498	421
Charge to income statement – current year taxation	(123)	(47)	77
At year end	**328**	**451**	**498**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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28. Other assets

At 31 March US$'000	Group 2023	2022	2021	Bank 2023	2022	2021
Settlement debtors	4 281	550	22	4 281	550	22
Prepayments and accruals	1 212	1 265	717	1 192	1 202	615
Other^	1 926	2 290	18 945	1 823	2 139	18 888
	7 419	**4 105**	**19 684**	**7 296**	**3 891**	**19 525**

^ 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.

29. Property, plant and equipment

At 31 March US$'000	Computer equipment	Furniture and fittings	Office equipment	Motor vehicles	Right-of-use assets	Total
Group						
2023						
Cost						
At beginning of year	349	562	468	83	968	2 430
Additions	12	—	—	33	—	45
Disposals	—	—	—	(32)	—	(32)
Adjustments	(100)	(1)	(7)	—	(673)	(781)
At end of year	**261**	**561**	**461**	**84**	**295**	**1 662**
Accumulated depreciation						
At beginning of year	251	467	443	46	819	2 026
Disposals	—	—	—	(32)	—	(32)
Depreciation charge for year	57	22	20	13	273	385
Adjustments	(100)	(1)	(7)	—	(908)	(1 016)
At end of year	**208**	**488**	**456**	**27**	**184**	**1 363**
Net carrying value	**53**	**73**	**5**	**57**	**111**	**299**
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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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29. 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						
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**
Bank						
2023						
Cost						
At beginning of year	345	562	467	83	968	2 425
Additions	12	—	—	33	—	45
Disposals	—	—	—	(32)	—	(32)
Adjustments	(100)	(1)	(7)	—	(673)	(781)
At end of year	**257**	**561**	**460**	**84**	**295**	**1 657**
Accumulated depreciation						
At beginning of year	249	467	442	46	819	2 023
Disposals	—	—	—	(32)	—	(32)
Depreciation charge for year	56	22	20	13	273	384
Adjustments	(100)	(1)	(7)	—	(908)	(1 016)
At end of year	**205**	**488**	**455**	**27**	**184**	**1 359**
Net carrying value	**52**	**73**	**5**	**57**	**111**	**298**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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29. 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						
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**
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**

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30. Amounts due from/to group companies

At 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Assets						
Amount due from group companies						
Holding company	—	1 293	1 587	—	1 293	1 587
Fellow subsidiaries	522	—	248	540	15	266
	522	**1 293**	**1 835**	**540**	**1 308**	**1 853**
Liabilities						
Amount due to group companies						
Holding company	183	20 937	20 684	183	20 937	20 684
Fellow subsidiaries	5 221	9 114	5 796	5 221	9 114	5 796
	5 404	**30 051**	**26 480**	**5 404**	**30 051**	**26 480**

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 2023, the Bank has not made any impairment loss relating to amounts owed by related parties (2022 and 2021: US$nil).

31. Investment in subsidiary

At 31 March	Nature of business	Holding (%)	Number of issued ordinary shares 2023	2022	2021	Shares at book value 2023 US$ '000	2022 US$ '000	2021 US$ '000	Net indebtedness 2023 US$ '000	2022 US$ '000	2021 US$ '000
Investec Wealth & Investment (Mauritius) Limited	Investment manager	100	1 050	1 050	1 050	467	467	467	18	15	18
Analysis of the movement in investment in subsidiary											
At the beginning of the year			1 050	1 050	1 050	467	467	467			
Acquisition of shares			—	—	—	—	—	—			
At the end of the year			**1 050**	**1 050**	**1 050**	**467**	**467**	**467**	**18**	**15**	**18**

Consolidated structured entities

IBM consolidates its financial statements as at 31 March 2023.

32. Borrowings from banks

At 31 March US$'000	Group and Bank 2023	2022	2021
Syndicated funding	150 378	—	—
Deposits from banks	95 812	—	—
	246 190	**—**	**—**

Term of the borrowings:
- Syndicated funding is for term greater than one year
- Deposits from banks is short-term, maturity less than year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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33. Deposits from customers

At 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Private clients						
– Current accounts	86 530	105 084	98 935	86 530	105 084	98 935
– Term deposits	92 921	77 188	74 174	92 921	77 188	74 174
Corporates						
– Current accounts	745 118	627 403	500 156	748 229	629 982	502 031
– Term deposits	483 893	292 957	313 653	483 893	292 957	313 653
	1 408 462	**1 102 632**	**986 918**	**1 411 573**	**1 105 211**	**988 793**

34. Debt securities in issue

At 31 March US$'000	Group and Bank 2023	2022	2021
Redeemable cumulative non-participating preference shares of nominal value US$191 525 000, EUR52 700 000 and ZAR120 000 000 at no par value (2022 and 2021: US$191 525 000, EUR52 700 000 and ZAR120 000 000)			
	257 074	**258 814**	**262 027**

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% up to 31 August 2026
CLASS IMRP2	3-month Euribor+1.20% up to 31 May 2024, thereafter 1.20% up to 31 August 2026
CLASS IMRP3	3-month Euribor+1.20% up to 31 May 2024, thereafter 1.20% up to 31 August 2026
CLASS IMRP4	3-month USD Libor+1.20% up to 31 May 2024, thereafter 1.20% 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 Aug 2022, 3-month SOFR+1.2% up to 29 Aug 2025 thereafter 1.20% up to 31 August 2026
CLASS IMRP7	3-month USD Libor+1.70% up to 31 Aug 2023, thereafter 1.70% 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

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35. Other liabilities

At 31 March US$'000	Group 2023	2022	2021	Bank 2023	2022	2021
Settlement liabilities	147	676	514	147	676	514
Other creditors and accruals	5 809	5 421	5 783	5 511	5 234	5 637
Other non-interest-bearing liabilities	2 236	1 548	822	2 225	1 548	822
Lease liability	121	158	637	121	158	637
Expected credit loss on undrawn commitments and guarantees	440	764	544	440	764	544
	8 753	**8 567**	**8 300**	**8 444**	**8 380**	**8 154**

Reconciliation of lease liability

At 31 March US$'000	Group and Bank 2023	2022	2021
Balance at the beginning of the year	158	637	918
IFRS16 Recognition	—	—	60
IFRS16 adjustment	235	(197)	(128)
Interest	11	12	28
Payment of lease liabilities	(283)	(294)	(241)
Balance at the end of the year	**121**	**158**	**637**

36. Ordinary share capital

At 31 March US$'000	Group and Bank 2023	2022	2021
Authorised			
Issued and fully paid at nil par value			
56 478 463 (2022 and 2021: 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 the investment in associate.

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.

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37. Notes to the cash flow statements

At 31 March US$'000	Group 2023	Restated 2022	Restated 2021	Bank 2023	Restated 2022	Restated 2021
Profit before taxation adjusted for non-cash and non-operating items is derived as follows:						
Profit before taxation	63 272	35 362	22 705	62 629	34 630	22 104
Adjustment for non-cash and non-operating items included in net income before taxation:						
Foreign exchange (gain)/loss on cash and cash equivalents	(5 702)	(2 304)	7 192	(5 702)	(2 304)	7 192
Depreciation of equipment	385	395	416	384	393	415
Expected credit loss (reversal)/charge excluding ECL on cash and cash equivalents	(2 054)	(616)	1 605	(2 054)	(616)	1 605
Interest and foreign exchange movement on debt securities in issue	(1 740)	(3 213)	5 096	(1 740)	(3 213)	5 096
Interest and foreign exchange movement on debt securities	2 321	1 400	714	2 321	1 400	714
Interest and foreign exchange movement on securities sold under repurchase agreement	(2 539)	(9)	1 030	(2 539)	(9)	1 030
Profit on disposal of investments	—	—	(47)	—	—	(47)
Share of loss/(gain) in associate	166	(155)	482	166	(155)	482
Changes in fair value of derivative financial instruments	(301)	(1 668)	58	(301)	(1 668)	58
Profit before taxation adjusted for non-cash and non-operating items	**53 808**	**29 192**	**39 251**	**53 164**	**28 458**	**38 649**
Increase in operating assets *						
Due from banks – loans to banks	49 126	(108 745)	(7 372)	49 126	(108 745)	(7 372)
Loans and advances to customers	(64 993)	(176 946)	7 073	(64 993)	(176 946)	7 073
Derivative financial instruments	(214)	(1 903)	(925)	(214)	(1 903)	(925)
Other assets	(3 313)	15 837	(15 581)	(3 405)	15 891	(15 547)
Amount due from group companies	772	542	(64)	768	545	(81)
	(18 622)	**(271 215)**	**(16 869)**	**(18 718)**	**(271 158)**	**(16 852)**
Increase in operating liabilities						
Derivative financial instruments	4 480	(2 153)	(8 381)	4 480	(2 153)	(8 381)
Deposits from customers	305 830	115 714	42 268	306 362	116 418	42 849
Amount due to group companies	(24 647)	3 571	3 691	(24 647)	3 571	3 701
Other liabilities	531	1 075	(5 591)	388	1 029	(5 628)
	286 194	**118 207**	**31 987**	**286 583**	**118 865**	**32 541**

* These numbers have been restated, refer to Change in accounting policy for Cash and cash equivalents below.

Change in accounting policy for Cash and cash equivalents

The Group and the Bank effected the following financial reporting change during the current reporting period:

The IFRS Interpretation Committee published an agenda decision on 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of cash flows) – Agenda Paper 3' in April 2022. Based on the afore-mentioned agenda decision, the Statement of cash flows of the Group and the Bank has been reviewed and it was concluded that the cash reserve balance held with the Bank of Mauritius should be included as 'Cash and cash equivalents' in the Statement of cash flows.

As required by IAS 8, the afore-mentioned change has been applied retrospectively to all prior periods affected. These changes in accounting policy do not have an impact on the consolidated and separate Income Statements, consolidated and separate Statements of Other Comprehensive income, consolidated and separate Balance Sheets and consolidated and separate Statement of Changes in Equity of the Group and the Bank.

The impact of the afore-mentioned restatement is as follows:

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37. Notes to the cash flow statements (continued)

	31-Mar-22					
	Group			Bank		
Cash flow statements US$'000	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated
Cash and cash equivalents	395 467	13 871	409 338	395 467	13 871	409 338
Increase in operating assets	(272 355)	1 140	(271 215)	(272 298)	1 140	(271 158)
Net cash inflow/(outflow) from operating activities	**(125 904)**	**1 140**	**(124 764)**	**(125 904)**	**1 140**	**(124 764)**

	31-Mar-21					
	Group			Bank		
Cash flow statements US$'000	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated
Cash and cash equivalents	583 546	12 731	596 277	583 546	12 731	596 277
Increase in operating assets	(23 687)	6 818	(16 869)	(23 670)	6 818	(16 852)
Net cash inflow/(outflow) from operating activities	**44 809**	**6 818**	**51 627**	**44 805**	**6 818**	**51 623**

	1-Apr-20					
	Group			Bank		
Cash flow statements US$'000	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated	As previously reported	Accounting policy change Cash reserve balance with BOM	Restated
Cash and cash equivalents	**539 030**	**5 913**	**544 943**	**539 030**	**5 913**	**544 943**

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38. 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**
2023						
Assets						
Cash and balances at central banks	33 862	—	33 862	33 862	—	33 862
Due from banks	386 907	—	386 907	386 907	—	386 907
Reverse repurchase agreements	375 490	—	375 490	375 490	—	375 490
Sovereign debt securities	371 768	45 088	416 856	371 768	45 088	416 856
Bank debt securities	21 912	29 839	51 751	21 912	29 839	51 751
Other debt securities	—	76 036	76 036	—	76 036	76 036
Derivative financial instruments	1 166	4 524	5 690	1 166	4 524	5 690
Investment portfolio	—	4 130	4 130	—	3 814	3 814
Loans and advances to customers	652 817	475 452	1 128 269	652 817	475 452	1 128 269
Investment in associate	—	1 882	1 882	—	1 882	1 882
Deferred taxation assets	—	328	328	—	328	328
Other assets	7 419	—	7 419	7 296	—	7 296
Property, plant and equipment	—	299	299	—	298	298
Amount due from group companies	522	—	522	540	—	540
Investment in subsidiary	—	—	—	—	467	467
Total	**1 851 863**	**637 578**	**2 489 441**	**1 851 758**	**637 728**	**2 489 486**
Liabilities						
Derivative financial instruments	5 228	1 764	6 992	5 228	1 764	6 992
Repurchase agreements	53 048	—	53 048	53 048	—	53 048
Deposits (banks)	95 812	150 378	246 190	95 812	150 378	246 190
Deposits (customers)	1 408 325	137	1 408 462	1 411 436	137	1 411 573
Debt securities in issue	—	257 074	257 074	—	257 074	257 074
Amount due to group companies	5 404	—	5 404	5 404	—	5 404
Current taxation liabilities	5 910	—	5 910	5 898	—	5 898
Other liabilities	8 753	—	8 753	8 444	—	8 444
Total	**1 582 480**	**409 353**	**1 991 833**	**1 585 270**	**409 353**	**1 994 623**
Net	**269 383**	**228 225**	**497 608**	**266 488**	**228 375**	**494 863**
2022						
Assets						
Cash and balances at central banks	36 553	—	36 553	36 553	—	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	**1 226 382**	**621 232**	**1 847 614**	**1 226 183**	**621 697**	**1 847 880**
Liabilities						
Derivative financial instruments	2 292	220	2 512	2 292	220	2 512
Deposits (customers)	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**	**1 403 570**	**1 114 971**	**290 971**	**1 405 942**
Net	**99 911**	**344 132**	**444 044**	**97 341**	**344 597**	**441 938**

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38. 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**
2021						
Assets						
Cash and balances at central bank	20 367	—	20 367	20 367	—	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	**1 148 076**	**550 335**	**1 698 411**	**1 147 935**	**550 798**	**1 698 733**
Liabilities						
Derivative financial instruments	1 206	3 459	4 665	1 206	3 459	4 665
Deposits (customers)	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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39. Commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments. Even though the obligations may not be recognised on the reporting date they do contain credit risk and are therefore part of the overall risk of the bank. The table below sets out such commitments.

	Group and Bank		
At 31 March US$'000	**2023**	2022	2021
Undrawn facilities	230 255	236 652	201 344
	230 255	**236 652**	**201 344**

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. Refer to note 34.

40. Contingent liabilities

	Group and Bank		
At 31 March US$'000	**2023**	2022	2021
Guarantees			
– Guarantees	19 538	21 740	28 081
	19 538	**21 740**	**28 081**

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 and regulatory matters

The Group and the Bank operate in a legal and regulatory environment that exposes it to legal, regulatory and litigation risks. As a result, the Group and the Bank are involved in disputes, legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators and competition authorities which arise in the ordinary course of business. The Group and the Bank evaluate all facts, the probability of the outcome of the proceedings and advice from internal and external legal counsel when considering the accounting implications. At the present time the Group does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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41. Related party transactions

For the year to 31 March US$'000	Group 2023	Group 2022	Group 2021	Bank 2023	Bank 2022	Bank 2021
Compensation of key management personnel						
Short-term employee benefits	2 609	2 207	3 209	2 364	1 984	3 029
Other benefits	300	327	493	272	274	440
Transactions with key management personnel						
Loans and advances to key management personnel	555	181	11	—	106	11
Deposits from key management personnel	1 143	1 107	1 205	1 143	1 107	1 205

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 2023 US$'000	Holding company	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	Total
Group						
Income statement						
Interest income	33 304	30	—	4	—	33 338
Interest expense	(29 862)	(25)	(584)	(76)	(19)	(30 566)
Fee expense	(1 408)	—	(37)	—	—	(1 445)
Contribution	—	—	—	—	(154)	(154)
Statement of financial position						
Assets						
Due from banks	27 786	—	—	—	—	27 786
Reverse repurchase agreements	—	—	25 039	—	—	25 039
Derivative assets	5 647	—	—	—	—	5 647
Interest in associated undertakings	—	1 882	—	—	—	1 882
Amount due from group companies	—	—	522	—	—	522
Loans and advances	—	—	—	555	—	555
Other assets	853	—	—	—	—	853
Liabilities						
Derivative liabilities	(5 358)	—	(4)	—	—	(5 362)
Amount due from group companies	(183)	—	(5 221)	—	—	(5 404)
Deposits (customers)	—	(3 121)	—	(1 143)	(839)	(5 103)
Debt securities in issue	(253 662)	—	—	—	—	(253 662)

* 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

41. Related party transactions (continued)

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 (customers)	—	(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.
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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

41. 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 (customers)	—	(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

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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

41. Related party transactions (continued)

For the year to 31 March 2023 **US$'000**	Holding company	Subsidiary	Associate*	Fellow subsidiaries	Significant influence**	Pension Fund	**Total**
Bank							
Income statement							
Interest income	33 304	—	30	—	3	—	33 337
Interest expense	(29 862)	(66)	(25)	(584)	(76)	(19)	(30 632)
Fee expense	(1 408)	—	—	(37)	—	—	(1 445)
Contribution	—	—	—	—	—	(149)	(149)
Statement of financial position							
Assets							
Due from banks	27 786	—	—	—	—	—	27 786
Reverse repurchase agreements	—	—	—	25 039	—	—	25 039
Derivative assets	5 647	—	—	—	—	—	5 647
Investment in associate	—	—	1 882	—	—	—	1 882
Investment in subsidiary	—	467	—	—	—	—	467
Amount due from group companies	—	18	—	522	—	—	540
Loans and advances	—	—	—	—	—	—	—
Other assets	833	—	—	—	—	—	833
Liabilities							
Derivative liabilities	(5 358)	—	—	(4)	—	—	(5 362)
Amount due from group companies	(183)	—	—	(5 221)	—	—	(5 404)
Deposits (customers)	—	(3 111)	(3 121)	—	(1 143)	(839)	(8 214)
Debt securities in issue	(253 662)	—	—	—	—	—	(253 662)

* 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.
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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

41. 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 (customers)	—	(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;
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

41. 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 (customers)	—	(1 875)	(573)	—	(1 205)	(678)	(4 331)
Debt securities in issue	(262 027)	—	—	—	—	—	(262 027)
Other liabilities							
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.

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 2023, the bank has not provided any impairment loss relating to amounts owed by related parties (2022 and 2021: 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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42. 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								
2023								
Liabilities								
Derivative financial instruments	—	5 228	—	—	—	1 764	—	6 992
Repurchase agreements	—	—	53 320	—	—	—	—	53 320
Borrowings from banks	—	72 658	2 321	27 693	4 643	150 464	—	257 779
Deposits from customers	831 648	173 158	266 615	61 891	81 183	146	—	1 414 641
Debt securities in issue	—	2 349	2 612	3 640	14 042	284 756	—	307 399
Amount due to group companies	5 404	—	—	—	—	—	—	5 404
Other liabilities	1 127	1 439	3 282	511	8	2 386	—	8 753
Total on balance sheet liabilities	**838 179**	**254 832**	**328 150**	**93 735**	**99 876**	**439 516**	**—**	**2 054 288**
2022								
Liabilities								
Derivative financial instruments	—	2 292	—	—	—	220	—	2 512
Deposits from customers	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
Deposits from customers	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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

42. 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								
2023								
Liabilities								
Derivative financial instruments	—	5 228	—	—	—	1 764	—	6 992
Repurchase agreements	—	—	53 320	—	—	—	—	53 320
Borrowings from banks	—	72 658	2 321	27 693	4 643	150 464	—	257 779
Deposits from customers	834 759	173 158	266 615	61 891	81 183	146	—	1 417 752
Debt securities in issue	—	2 349	2 612	3 640	14 042	284 756	—	307 399
Amount due to group companies	5 404	—	—	—	—	—	—	5 404
Other liabilities	818	1 439	3 282	511	8	2 386	—	8 444
Total on balance sheet liabilities	**840 981**	**254 832**	**328 150**	**93 735**	**99 876**	**439 516**	**—**	**2 057 090**
2022								
Liabilities								
Derivative financial instruments	—	2 292	—	—	—	220	—	2 512
Deposits from customers	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
Deposits from customers	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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. 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
- Group Investment – 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	Group Investment	Interdivisional adjustment	Total
Group					
2023					
Interest income	16 611	108 145	4 064	—	128 820
Interest expense	(5 607)	(56 583)	(123)	—	(62 313)
Net interest income/(expense)	**11 004**	**51 562**	**3 941**	**—**	**66 507**
Fee income	742	9 922	1 173	—	11 837
Fee expense	(32)	(1 711)	—	—	(1 743)
Net fee income	**710**	**8 211**	**1 173**	**—**	**10 094**
Investment income/(loss)	—	15	(24)	—	(9)
Net trading (loss)/income	(166)	1 015	5	—	854
Total operating income	**11 548**	**60 803**	**5 095**	**—**	**77 446**
Expected credit loss (charge)/reversal	742	1 312	—	—	2 054
Net operating income	**12 290**	**62 115**	**5 095**	**—**	**79 500**
Operating costs	(2 483)	(12 549)	(1 030)	—	(16 062)
Operating profit	**9 807**	**49 566**	**4 065**	**—**	**63 438**
Cost to income ratio	**21.5%**	**20.6%**	**20.2%**	**— %**	**20.7%**
Total assets	**234 900**	**3 729 131**	**438 498**	**(1 913 088)**	**2 489 441**
Total liabilities	**(216 949)**	**(3 676 531)**	**(11 441)**	**1 913 088**	**(1 991 833)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Segmental business units (continued)

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Group Investment	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	**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 reversal/(charge)	(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	**26.3%**	**27.0%**	**37.7%**	**—**	**27.1%**
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)**
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	—	47	(41)	—	6
Net trading income/(loss)	(151)	709	(62)	—	496
Other operating loss	(286)	—	—	—	(286)
Total operating income	**8 282**	**27 978**	**828**	**—**	**37 088**
Expected credit loss (charge)/reversal	269	(2 148)	208	—	(1 671)
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	**35.6%**	**31.8%**	**44.9%**	**—**	**33.0%**
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)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Segmental business units (continued)

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Group Investment	Interdivisional adjustment	Total
Bank					
2023					
Interest income	16 611	108 148	4 064	—	128 823
Interest expense	(5 607)	(56 586)	(185)	—	(62 378)
Net interest income/(expense)	**11 004**	**51 562**	**3 879**	**—**	**66 445**
Fee income	742	9 922	—	—	10 664
Fee expense	(32)	(1 711)	—	—	(1 743)
Net fee income	**710**	**8 211**	**—**	**—**	**8 921**
Investment income/(loss)	—	15	—	—	15
Net trading (loss)/income	(166)	1 016	23	—	873
Total operating income	**11 548**	**60 804**	**3 902**	**—**	**76 254**
Expected credit loss (charge)/reversal	742	1 312	—	—	2 054
Net operating income	**12 290**	**62 116**	**3 902**	**—**	**78 308**
Operating costs	(2 435)	(12 305)	(773)	—	(15 513)
Operating profit	**9 855**	**49 811**	**3 129**	**—**	**62 795**
Cost to income ratio	**21.1%**	**20.2%**	**19.8%**	**—**	**20.3%**
Total assets	**234 900**	**3 729 131**	**438 543**	**(1 913 088)**	**2 489 486**
Total liabilities	**(216 949)**	**(3 679 643)**	**(11 119)**	**1 913 088**	**(1 994 623)**
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	**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/(loss)	**10 384**	**36 119**	**7**	**—**	**46 510**
Expected credit loss reversal/(charge)	(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	**26.3%**	**27.0%**	**—%**	**—**	**26.8%**
Total assets	**426 970**	**2 859 016**	**553 332**	**(1 991 437)**	**1 847 881**
Total liabilities	**(410 646)**	**(2 851 713)**	**(135 021)**	**1 991 437**	**(1 405 943)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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43. Segmental business units (continued)

For the year ended 31 March US$'000	Private Clients	Corporate Clients	Group Investment	Interdivisional adjustment	Total
Bank					
2021					
Interest income	12 564	49 501	52	(14 872)	47 245
Interest expense	(5 393)	(25 866)	(48)	14 872	(16 435)
Net interest income	**7 171**	**23 635**	**4**	**—**	**30 810**
Fee income	1 552	4 707	—	—	6 259
Fee expense	(4)	(1 118)	—	—	(1 122)
Net fee income	**1 548**	**3 589**	**—**	**—**	**5 137**
Investment income	—	47	(41)	—	6
Net trading income/(loss)	(151)	709	(77)	—	481
Other operating loss	(286)	—	—	—	(286)
Total operating income	**8 282**	**27 980**	**(114)**	**—**	**36 148**
Expected credit loss (charge)/reversal	269	(2 148)	208	—	(1 671)
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	**35.6%**	**31.8%**	**(29.9%)**	**—**	**32.9%**
Total assets	**364 284**	**2 494 103**	**521 255**	**(1 680 909)**	**1 698 733**
Total liabilities	**(350 602)**	**(2 475 547)**	**(144 879)**	**1 680 909**	**(1 290 119)**

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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44. Statutory segmental reporting

For the year to 31 March US$'000	Segment A			Segment B			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Group									
Statement of profit or loss									
Interest income	450	1 146	1 362	128 370	47 819	45 881	128 820	47 243	74 991
Interest expense	(971)	(1 047)	(346)	(61 342)	(13 355)	(16 089)	(62 313)	(16 435)	(32 567)
Net interest income	**(521)**	**99**	**1 016**	**67 028**	**34 464**	**29 792**	**66 507**	**30 808**	**42 424**
Fee income	1 362	1 534	1 281	10 475	10 397	5 905	11 837	7 186	9 118
Fee expense	—	—	—	(1 743)	(1 350)	(1 122)	(1 743)	(1 122)	(1 433)
Net fee income	**1 362**	**1 534**	**1 281**	**8 732**	**9 047**	**4 783**	**10 094**	**6 064**	**7 685**
Investment income	(24)	(7)	—	15	942	6	(9)	6	1 215
Net trading (loss)/income	(19)	25	15	873	1 574	481	854	496	(303)
Other operating income/(loss)	—	—	—	—	—	(286)	—	(286)	—
Total operating income before impairment	**798**	**1 651**	**2 312**	**76 648**	**46 027**	**34 776**	**77 446**	**37 088**	**51 021**
Expected credit loss reversal/(loss)	5	3	249	2 049	441	(1 920)	2 054	(1 671)	(457)
Operating income	**803**	**1 654**	**2 561**	**78 697**	**46 468**	**32 856**	**79 500**	**35 417**	**50 564**
Operating costs	(549)	(568)	(800)	(15 513)	(12 347)	(11 430)	(16 062)	(12 230)	(12 924)
Operating profit	**254**	**1 086**	**1 761**	**63 184**	**34 121**	**21 426**	**63 438**	**23 187**	**37 640**
Share of profit/(loss) in associate	(166)	155	(482)	—	—	—	(166)	(482)	(1 544)
Profit before taxation	**88**	**1 241**	**1 279**	**63 184**	**34 121**	**21 426**	**63 272**	**22 705**	**36 096**
Taxation	(24)	(61)	(39)	(7 209)	(2 113)	(1 310)	(7 233)	(1 349)	(2 219)
Profit after taxation	**64**	**1 180**	**1 240**	**55 975**	**32 008**	**20 116**	**56 039**	**21 356**	**33 877**

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44. Statutory segmental reporting (continued)

As at 31 March US$'000	Segment A 2023	2022	2021	Segment B 2023	2022	2021	Total 2023	2022	2021
Group									
Balance sheet									
Cash and balances at central bank	33 862	36 553	20 367	—	—	—	33 862	36 553	20 367
Due from banks	42 526	30 560	45 608	344 381	485 867	565 371	386 907	516 427	610 979
Reverse repurchase agreement	—	—	—	375 490	125 011	100 004	375 490	125 011	100 004
Sovereign debt securities	—	—	—	416 856	—	—	416 856	—	—
Bank debt securities	—	—	—	51 751	31 962	33 637	51 751	31 962	33 637
Other debt securities	—	—	—	76 036	59 078	19 960	76 036	59 078	19 960
Derivative financial instruments	—	—	—	5 690	5 175	1 604	5 690	5 175	1 604
Investment portfolio	—	—	—	4 130	3 813	2 663	4 130	3 813	2 663
Loans and advances to customer	4 563	8 503	35 501	1 123 706	1 052 719	848 331	1 128 269	1 061 222	883 832
Investment in associate	1 882	2 120	2 130	—	—	—	1 882	2 120	2 130
Deferred taxation asset	328	451	498	—	—	—	328	451	498
Current tax assets	—	—	256	—	—	—	—	—	256
Other assets	1 150	901	531	6 270	3 204	19 153	7 419	4 105	19 684
Property, plant and equipment	299	404	962	—	—	—	299	404	962
Amount due from group companies	—	—	—	522	1 293	1 835	522	1 293	1 835
	84 610	**79 492**	**105 853**	**2 404 832**	**1 768 122**	**1 592 558**	**2 489 441**	**1 847 614**	**1 698 411**
Liabilities and equity									
Borrowings from banks	—	—	—	246 190	—	—	246 190	—	—
Derivative financial instruments	—	—	—	6 992	2 512	4 665	6 992	2 512	4 665
Repurchase agreements	—	—	—	53 048	—	—	53 048	—	—
Deposits from customers	54 455	81 686	76 609	1 354 007	1 020 946	910 309	1 408 462	1 102 632	986 918
Debt securities in issue	—	—	—	257 074	258 814	262 027	257 074	258 814	262 027
Amount due to group companies	—	—	—	5 404	30 051	26 480	5 404	30 051	26 480
Current taxation liabilities	5 910	994	4	—	—	—	5 910	994	4
Other liabilities	5 931	4 758	4 826	2 822	3 809	3 474	8 753	8 567	8 300
	66 296	**87 438**	**81 439**	**1 679 347**	**1 316 132**	**1 206 955**	**1 745 643**	**1 403 570**	**1 288 394**
Equity									
Ordinary share capital							56 478	56 478	56 478
Other reserves							73 534	68 538	70 835
Retained income							367 596	319 028	282 704
Total equity							**497 608**	**444 044**	**410 017**
Total liabilities and equity							**2 243 251**	**1 847 614**	**1 698 411**

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

For the year to 31 March US$'000	Segment A			Segment B			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Bank									
Income statement									
Interest income	453	1 146	1 362	128 370	47 806	45 883	128 823	48 952	47 245
Interest expense	(1 036)	(1 047)	(346)	(61 342)	(13 353)	(16 089)	(62 378)	(14 400)	(16 435)
Net interest income	**(583)**	**99**	**1 016**	**67 028**	**34 453**	**29 794**	**66 445**	**34 552**	**30 810**
Fee income	189	370	351	10 475	10 397	5 908	10 664	10 767	6 259
Fee expense	—	—	—	(1 743)	(1 350)	(1 112)	(1 743)	(1 350)	(1 122)
Net fee income	**189**	**370**	**351**	**8 732**	**9 047**	**4 796**	**8 921**	**9 417**	**5 137**
Investment income	—	—	—	15	942	6	15	942	6
Net trading income/(loss)	—	—	—	873	1 574	481	873	1 574	481
Other operating income/(loss)	—	25	—	—	—	(286)	—	25	(286)
Total operating income before impairment	**(394)**	**494**	**1 367**	**76 648**	**46 016**	**34 791**	**76 254**	**46 510**	**36 148**
Expected credit loss impairment reversals/(loss)	5	3	249	2 049	441	(1 920)	2 054	444	(1 671)
Operating income	**(389)**	**497**	**1 616**	**78 697**	**46 457**	**32 871**	**78 308**	**46 954**	**34 477**
Operating costs	—	(132)	(461)	(15 513)	(12 347)	(11 430)	(15 513)	(12 479)	(11 891)
Operating profit	**(389)**	**365**	**1 155**	**63 184**	**34 110**	**21 441**	**62 795**	**34 475**	**22 586**
Share of profit/(loss) in associate	(166)	155	(482)	—	—	—	(166)	155	(482)
Profit before taxation	**(555)**	**520**	**673**	**63 184**	**34 110**	**21 441**	**62 629**	**34 630**	**22 104**
Taxation	—	(26)	(20)	(7 209)	(2 113)	(1 310)	(7 209)	(2 139)	(1 330)
Profit after taxation	**(555)**	**494**	**653**	**55 975**	**31 997**	**20 131**	**55 420**	**32 491**	**20 774**

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44. Statutory segmental reporting (continued)

As at 31 March US$'000	Segment A			Segment B			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Bank									
Balance sheet									
Cash and balances at central bank	33 862	36 553	20 367	–	–	–	33 862	36 553	20 367
Due from banks	42 526	30 560	45 608	344 381	485 867	565 371	386 907	516 427	610 979
Reverse repurchase agreements	–	–	–	375 490	125 011	100 004	375 490	125 011	100 004
Sovereign debt securities	–	–	–	416 856	—	—	416 856	—	—
Bank debt securities	–	–	–	51 751	31 962	33 637	51 751	31 962	33 637
Other debt securities	–	–	–	76 036	59 078	19 960	76 036	59 078	19 960
Derivative financial instruments	–	–	–	5 690	5 175	1 604	5 690	5 175	1 604
Investment portfolio	–	–	–	3 814	3 813	2 663	3 814	3 813	2 663
Loans and advances to customer	4 563	8 503	35 501	1 123 706	1 052 719	848 331	1 128 269	1 061 222	883 832
Investment in associate	1 882	2 120	2 130	–	–	–	1 882	2 120	2 130
Deferred taxation assets	328	451	498	–	–	–	328	451	498
Current tax assets	—	—	256	–	–	–	—	—	256
Other assets	1 027	687	372	6 269	3 204	19 153	7 296	3 891	19 525
Property, plant and equipment	298	402	958	—	—	—	298	402	958
Amount due from group companies	18	15	18	522	1 293	1 835	540	1 308	1 853
Investment in subsidiary	467	467	467	–	–	–	467	467	467
	84 971	**79 758**	**106 175**	**2 404 515**	**1 768 122**	**1 592 558**	**2 489 486**	**1 847 880**	**1 698 733**
Liabilities and equity									
Borrowings from banks	—	—	—	246 190	—	—	246 190	—	—
Derivative financial instruments	—	—	—	6 992	2 512	4 665	6 992	2 512	4 665
Repurchase agreements	—	—	—	53 048	—	—	53 048	—	—
Deposits from customers	57 566	84 265	78 484	1 354 007	1 020 946	910 309	1 411 573	1 105 211	988 793
Debt securities in issue	–	–	–	257 074	258 814	262 027	257 074	258 814	262 027
Amount due to group companies	–	–	–	5 404	30 051	26 480	5 404	30 051	26 480
Current taxation liabilities	5 898	974	—	—	—	—	5 898	974	—
Other liabilities	5 622	4 571	4 680	2 822	3 809	3 474	8 444	8 380	8 154
	69 086	**89 810**	**83 164**	**1 925 537**	**1 316 132**	**1 206 955**	**1 994 623**	**1 405 942**	**1 290 119**
Equity									
Ordinary share capital							56 478	56 478	56 478
Other reserves							73 534	68 538	70 835
Retained income							364 851	316 922	281 301
Total equity							**494 863**	**441 938**	**408 614**
Total liabilities and equity							**2 489 486**	**1 847 880**	**1 698 733**

CORPORATE INFORMATION

Secretary and registered office

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Website: www.investec.com

Directorate

Lourens F Janse van Rensburg (51)
BCom, BCom (Hons), CA(SA), CFA and HDip Tax Law
Chair

Zarina BM Bassa (59)
BAcc, DipAcc, CA(SA)

Ramdeo (Dev) Erriah (64)
LLB, LLM, TEP, Barrister-at-law (Gray's Inn)

Grant M Parsons (53)
Diploma in Accounting, BCom, CA(SA)
Chief Executive Officer (CEO)

Kailash S Ramnauth (60)
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

(Dissolved 23 June 2022)
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

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

(Dissolved effective 06 March 2023)

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)