Financial Statements

31 December 2019

WARWYCK

PRIVATE BANK

Warwyck Private Bank Ltd

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Warwyck Private Bank Ltd

Corporate Information

Directors

	Appointed on	Resigned on
Saleem Rashid Beebeejaun *(Chairman)*	24 January 2014	08 April 2019
Philippe Bernard Pontet *(Chairman)*	08 April 2019	-
Karl Yves Aeschbacher (*Chief Executive Officer)*	01 December 2018	-
Pascal Dulau	17 June 2016	20 February 2019
Roger Louis Joseph Zannier	26 June 2014	09 April 2019
Frank Brusco	26 June 2014	08 April 2019
Avinash Renga Sunassee	26 June 2014	-
Philippe René Gabriel Alliot	26 June 2014	-
Claude Alain Berda	26 June 2014	13 February 2020
Virrsing Ramdeny	21 May 2015	-
Laurent René Dassault	21 December 2015	-
Deenaraj Sooben	24 April 2019	-
Emilie Elda Lucie Zannier ép. Wirz	10 February 2020	-

Key Management Team	Position
Karl Yves Aeschbacher	Chief Executive Officer
Deenaraj Sooben	Chief Operating Officer

Secretary :

Anex Corporate Services Ltd
8th Floor, Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Registered office :

Warwyck House
Nalletamby Road
Phoenix 73538
Republic of Mauritius

Auditors :

BDO & Co
10, Frere Felix de Valois Street
Port Louis
Republic of Mauritius

Warwyck Private Bank Ltd

Annual Report

Corporate governance

Warwyck Private Bank Ltd, the "Bank", adopts sound corporate governance principles and procedures in its business strategy, operations and organisational culture.

The Board of Directors, the "Board", has delegated its powers to a number of Board Committees and Management, which operate in accordance with the best international good corporate governance practices.

The Audit and Compliance Committee, the Remuneration and Nomination Committee, the Conduct Review Committee and the Risk Management Committee have been set up to foster safe and sound banking practices. The Bank also ensures adherence to guidelines issued by the Bank of Mauritius, the Financial Services Commission and other regulatory bodies.

Principal activity

The principal activity of the Bank is to provide exclusively private banking services to high net worth and ultrahigh net worth clientele.

The Bank holds a Banking Licence issued by the Bank of Mauritius on 25 April 2014.

The Bank also holds an Investment Adviser (Unrestricted) Licence, a Custodian Licence and a Custodian (Non-CIS) Licence issued by the Financial Services Commission under the Financial Services Act 2007.

Substantial shareholder

As at 31 December 2019, the stated capital of the Bank stood at USD 11,700,000 represented by 11,700,000 ordinary shares of no par value (2018: USD 10,000,000 represented by 10,000,000 ordinary shares).

The shareholding of the Bank is detailed in the Corporate Governance Report.

Dividends

The directors did not recommend the payment of dividend for the year under review (2018: USD 4,000,000 and 2017: USD 2,900,000). However, during the year under review, there has been a distribution of USD 1.050M by way of Bonus Issue of Ordinary Shares.

Directors' remuneration

The directors' remuneration is detailed in the Corporate Governance Report.

Directors' interest

The directors' interest is disclosed in the Corporate Governance Report.

Directors' service contracts

The Bank does not have any service contract with its directors, except for an employment contract with the executive directors.

Warwyck Private Bank Ltd

Annual Report (Contd)

Share option plan

The Bank has no share option plan.

Auditors

Fees (exclusive of Value Added Tax) payable/paid to BDO & Co and Grant Thornton Ltd *(former auditor)* are disclosed as follows:

	2019 USD	2018 USD
Fees relating to statutory audit services - BDO & Co	**65,000**	-
Fees relating to prior year statutory audit services - Grant Thornton Ltd	**-**	62,000
Fees relating to tax compliance (Note (i))	**6,500**	6,000
Fees relating to other taxation advisory services (Note (i))	**8,875**	11,800
Fees relating to corporate advisory services (Note (ii))	**50,000**	40,000
Total	**130,375**	119,800

(i) These services are provided by Grant Thornton (Advisory Services) Ltd.
(ii) During the year, the Bank has appointed Grant Thornton (Advisory Services) Ltd to provide professional advice in relation to the Bank's Structured Products which is deemed to be an ad hoc service.

The Bank has procedures that are designed to ensure auditors' independence, including prohibiting certain non-audit services.

Directors' responsibilities in respect of the financial statements

The directors confirm that:

- the financial statements present fairly the financial position of the Bank as at the reporting date and the results of operations and cash flows for the reporting period;
- the external auditors are responsible for reporting on whether the financial statements are presented fairly;
- adequate accounting records and an effective system of internal control have been maintained;
- the financial statements have been prepared in accordance with International Financial Reporting Standards, the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and guidelines issued by the Bank of Mauritius;
- appropriate accounting policies are supported by reasonable and prudent judgments and estimates have been used consistently;
- the financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Bank;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- the Bank has adhered to the Code of Corporate Governance.

<u>Internal Control</u>

The directors are responsible for the Bank's systems of internal control. The systems have been designed to provide the directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that there are no material errors and irregularities. An internal audit function is in place to assist Management in the effective discharge of its responsibilities and it is independent of Management and reports to the Bank's Audit and Compliance Committee.

Warwyck Private Bank Ltd

Annual Report (Contd)

Directors' responsibilities in respect of the financial statements (Contd)

Risk Management

The Board of Directors carries the ultimate responsibility of the Bank's risk management process. Its task is to formulate the Bank's risk policy and monitor the implementation by Management. The Board also defines the risk strategy, the basic risk management parameters, the maximum risk tolerance as well as the responsibilities for risk monitoring.

Risk mitigation and caution are the basis of Warwyck Private Bank Ltd which has defined risk management principles adapted to its activity focused on wealth management. The Bank has no exposure to interest rate risk from a structural point of view, and credit risk is highly limited given the Bank only provides credit against cash collateral or by applying prudential Loan to Value (LTV) for lombard loans

Reporting on the risks exposed by the Bank is performed on a regular basis; corrective measures are regularly proposed to the department in charge of the supervision in order to protect the interest of the Bank and its customers.

Credit risk

Credits granted to customers are secured by duly pledged cash deposits with the Bank or by applying prudential LTV. The collateral values are revalued on a daily basis in case of cross currencies.

Credits granted are supervised on a daily basis and the Bank is supported by a risk management function which supervises the default risks of debtors and counterparties.

Market risk

The market risk refers to the risk of a loss due to changes in risk parameters (interest rates and currency exchange rates) in on-balance or off-balance sheet positions. The Treasurer ensures the defined limits in the policy are respected within the framework of risk management. The risk management function checks the compliance of this policy on a regular basis.

Interest rate risk

Due to its balance sheet structure, the Bank is not exposed to any material interest rate risk. The risk management function regularly checks that such exposure remains marginal.

Operational risk

Operational risk encompasses all categories of risk except for credit, market, and interest rate risks. It includes among others the involuntary disruption of the Bank operational activities, the failure of the computer systems, the risks resulting from improper execution of transactions, the risks resulting from a mistake in the execution of clients instructions as well as the risks related to human resources, compliance, fraud and litigation. The Board of Warwyck Private Bank Ltd appointed an external expert to undertake the Risk Management Framework implementation which was completed during the financial year 2017. Moreover, with respect to the management and control of information security, the Bank obtained the ISO 27001 certification in May 2017 following the implementation of an Information Security Management System. The certificate is valid for a period of three years, as from 27 June 2017 up to 27 June 2020, subject to continuous satisfaction.

Warwyck Private Bank Ltd

Annual Report (Contd)

Acknowledgements

The Bank has made good progress in putting together the building blocks of an institution with focus on the long term. This has been made possible due to the cooperation, efforts and dedication of staff members, leadership of its senior management and the guidance of its Board of Directors.

The Board of Directors wishes to express its appreciation to the efforts of the team members for their dedication and hard work in the execution of the business strategy of the Bank.

Karl Yves Aeschbacher
Chief Executive Officer
On behalf of the Board of Directors

Virrsing Ramdeny
Director
On behalf of the Board of Directors

Date: 30 JUIN 2020

Phoenix 73538, Republic of Mauritius

Warwyck Private Bank Ltd
Chairman's Statement

We are pleased to present the sixth annual report of Warwyck Private Bank Ltd, "WPBL" or the "Bank". The Bank operates on a unique business model based on the International Private Banking model with utmost Swiss quality standards. WPBL continues to operate in a fully restored 19^{th} Century Colonial House alongside a modern state of the art building, set in a unique environment which corresponds to the exigencies of our highly-sophisticated clientele.

Mauritius continues to position itself as one of the main Financial Hubs in Africa and offers an ideal platform for private banking and wealth management services. As at date, WPBL is the only exclusive Private Bank operating in Mauritius and is committed to supporting the jurisdiction in its growth and development in this sector.

Warwyck Group

The Bank offers high end services to its clientele, inclusive of Wealth Management Services and works closely with its sister companies:

- **Warwyck Phoenix PCC**, a Collective Investment Scheme, categorised as an expert fund;
- **Warwyck Phoenix Securities Ltd**, holding an Investment Dealer (Full-Service Dealer, excluding Underwriting) Licence;
- **Warwyck Investments**, a global business company which trades in securities on investment platforms outside of Mauritius.

All the entities, including WPBL, are fully owned by Warwyck Investment Holdings Ltd ("Holding"). The three sister entities of the Bank ensure that our unique clientele receive bespoke Private Banking and Wealth Management services.

Solidity and modernity of Warwyck

Our employees are our core assets and we continue to invest in their training and development. In addition, we are also bringing in the latest and best new technologies to allow us to offer and maintain high end services to our clients.

The Bank maintains its spirit of "niche Private Bank" to meet the specific needs of each of our Ultra High Net Worth (UHNW) clients. We have strengthened our advisory teams to provide the best services.

Our clients have the option of directly managing their portfolio and trading on their own. This is done through Warwyck trader, a platform offered by Warwyck Phoenix Securities Ltd. They can also benefit from our advisory platform or invest in the different cells (both listed and non-listed) of Warwyck Phoenix PCC.

Business and Financial Performance

For the year under review, the Bank continued to benefit from its business model and had assets under management of USD 575M as at 31 December 2019. In addition, Warwyck Private Bank Ltd recorded a net profit of USD 669K.

As at 31 December 2019, the Bank's capital base was to USD 14.9M and its Capital Adequacy Ratio was 18.27%, well above the 11.875% minimum required level.

Warwyck Private Bank Ltd

Chairman's Statement (Contd)

An ISO 27001 Bank

Located in Phoenix, WPBL is ideally situated and possesses some unique features. In addition, it is well equipped, with state-of-the-art amenities, enabling it to further consolidate and develop its presence in the Wealth Management and Private Banking business.

The infrastructure has been designed to cater for the Bank's high-end clientele and at the same time offer a unique environment to its employees to fully develop their potential.

The Bank retained its ISO 27001 certification in 2019, which reinforces the Bank's information security protocol and best practices. It reiterates the Bank's systematic approach and commitment to maintaining highest levels of protection of client and other confidential information. The ISO 27001 certification has undoubtedly raised the standard of the Bank from within and will ultimately have a positive incidence on the overall quality of service and image.

We remain confident that the coming years will substantiate the Bank's consolidation and expansion.

I wish to thank our Team for their commitment to this unique adventure, our Clients for their trust and support, the Members of our Board for their insight and our Shareholders for their unflinching faith in our success.

Philippe B. Pontet
Chairman

Date 30 JUIN 2020

Warwyck Private Bank Ltd

Corporate Governance Report

Compliance statements

During the year under review, the Board of Directors, the "Board", of Warwyck Private Bank Ltd, the "Bank" or "WPBL" or the "Company", assessed the requirements and provisions as specified in the National Code of Corporate Governance of Mauritius (2016) (the "Code") and took the necessary steps to ensure adherence thereto. Throughout the year ended 31 December 2019, to the best of the Board's knowledge, the Bank has applied the eight principles set out in the Code and has explained how these principles have been applied.

The Bank is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Bank are managed ethically and responsibly. As an essential part of this commitment, the Board subscribes to and is fully committed to complying with the requirements and provisions set out in the Bank of Mauritius Guideline on Corporate Governance, Fit and Proper Person Criteria and also the Code.

The Board ensures that the eight principles of good corporate governance are followed and applied.

Principle 1: Governance Structure

Warwyck Private Bank Ltd, a Bank incorporated in the Republic of Mauritius, is a Public Interest Entity as defined by the Financial Reporting Act 2004. The Board and management are committed to ensuring and maintaining a high standard of corporate governance within the Bank. Furthermore, the Board endorses the highest standards of business integrity and professionalism to ensure that the activities within the Bank are managed ethically and responsibly to enhance business value for all stakeholders.

The Board assumes full responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements. Besides, the Board is collectively responsible for the long-term success, reputation and governance of the Bank. The Board also determines the Bank's mission, vision, values and strategy.

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Bank which are laid down in the following:

- WPBL's Constitution;
- Board Charter;
- The Terms of Reference of the Board Committees;
- The Mauritius Companies Act 2001;
- The Banking Act 2004;
- The Bank of Mauritius' Guideline on Corporate Governance; and
- The Financial Reporting Act 2004.

The Bank has adopted a Board Charter and same is reviewed and updated by the Board, annually, as may be required with the introduction of or amendment to laws, regulations and practices. The Board Charter provides a clear statement of accountabilities of all the Board Members, its Committees and of the Company Secretary. The role of the Chairperson is distinct and separate from that of the Chief Executive Officer (CEO) and there is clear division of responsibilities with the Chairperson leading the Board and the Chief Executive Officer managing the Bank's day to day business activities. A copy of the Board Charter is available on the website.

The Bank does not have a separate Code of Ethics; the code of ethics and core standard of behaviour is set out in the Employee Handbook. The Human Resource Department regularly monitors and evaluates compliance with its established ethical principles and standards.

The Constitution of the Bank conforms to the provisions of the Companies Act 2001 of Mauritius. There are no clauses of the Constitution deemed material enough for specific disclosure.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

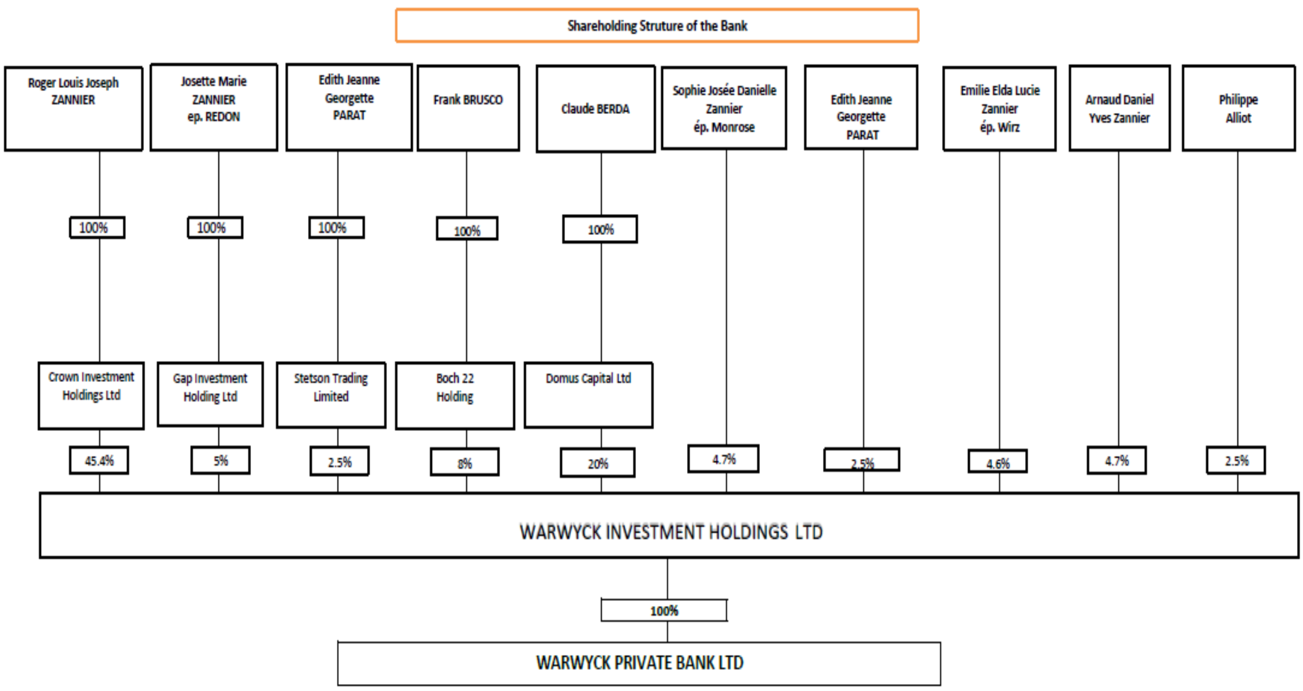
Principle 1: Governance Structure (Contd)

Additionally, the Bank has in place a written job description/position statement for each senior position and as well as the organisational chart.

This above information is disclosed thereon in the Annual Report of the Bank and available on its website.

The Holding Structure of the Bank.

The holding structure of the Bank is as illustrated:



Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 1: Governance Structure (Contd)

(i) Directors

The names of common directors within the Warwyck Group are as follows:

	Warwyck Phoenix PCC
Avinash Renga Sunassee	✓

(ii) Shareholding of the Bank is as follows:

	Interest - %	Number of Shares
Warwyck Investment Holdings Ltd	100%	11,700,000

Principle 2: The Structure of the Board and its Committees

Board Structure

The Board of WPBL has a unitary structure.

The Board is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise, independence and experience to carry out their duties properly.

Besides, members of the Committees of the Board have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties as evidenced by their profiles.

Board Size

The WPBL's Board Charter and the Constitution provide that the Board of Directors shall consist of not less than five (5) Directors.

As at 31 December 2019, the Board comprised of eight (8) members as follows:

- Two (2) Executive Directors;
- One (1) Non-Executive Directors; and
- Five (5) Independent Non-Executive Directors.

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Principle 2: The Structure of the Board and its Committees (Contd)

Board Composition

As at 31 December 2019, the Board composition was as follows:

Directors	Category
Philippe Bernard Pontet - *Chairman (appointed on 8 April 2019)*	Independent Non-Executive Director
Karl Yves Aeschbacher - *CEO*	Executive Director
Deenaraj Sooben - *COO*	Executive Director
Claude Alain Berda *	Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Virrsing Ramdeny	Independent Non-Executive Director
Laurent René Dassault	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director

Board Diversity

Since the inception of the Bank, the Board of the Bank were of the same gender and following the recommendation of the Nomination and Remuneration Committee and the Board of the Bank, Mrs. Émilie Elda Lucie Zannier ép. Wirz, a French citizen has been appointed as a Non-Executive Director of the Bank on 10 February 2020.

* Mr. Claude Alain Berda resigned from the Board, as a Non-Executive Director, on 13 February 2020.

As at that date, the Board Composition of the Bank consists of eight (8) Board Members, seven (7) male and one (1) female.

Board of Directors

The Board of Directors is the main decision-making level in the organisation, and it exercises leadership, entrepreneurship, integrity and sound judgement in directing the Bank so as to achieve continuing prosperity for the organisation while ensuring both performance and compliance.

The Board also ensures that the activities of the Bank comply with all legal and regulatory requirements as well as with its Constitution from which the Board derives its authority to act.

The Board is ultimately accountable and responsible for the performance and affairs of the Bank namely, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

All Directors are aware of the key discussions and decisions of the Board Committees as the Chairman of each committee provides a summary of the affairs discussed to the Board, while all the committees' minutes are tabled at the next Board for ratification.

The Board of Directors assesses the Terms of Reference (which is included in the Board Charter) of the Board Committees on a yearly basis to ensure that same are being applied correctly and that the said Terms of Reference are still compliant with the various regulations.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and each of them has clearly defined responsibilities. These ensure a proper balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The role of the Chairman is assumed by an Independent Non-Executive Director, the Chief Executive Officer reports to the Board, therefore demonstrating a segregation of power between the Chairman and the CEO.

In his role as Independent Non-Executive Chairman of the Bank, Mr. Philippe Bernard Pontet is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategy and the related execution are aligned together with operational efficiencies. He is also responsible for ensuring that the Directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions. With his valuable & vast experience and sound knowledge of the Bank, the Chairman is in an excellent position to oversee its affairs at board level, while ensuring that value is being created for all stakeholders.

On the other hand, Mr. Karl Yves Aeschbacher in his capacity as Chief Executive Officer is responsible for the executive management of WPBL's operations and for developing the long-term strategy and vision of the Bank. Mr. Karl Yves Aeschbacher also ensures effective communication with the shareholder.

The role and responsibilities of the Chairman and the CEO is well defined in the Board Charter, published on its website.

The Shareholders and the Board are satisfied with the time commitment of the Chairperson and to date, there has been no change to such commitment, that need to be disclosed to the Board.

Management is responsible for developing and implementing an organisation's overall strategy, taking into account business-related opportunities and risks. Management is also responsible for developing an appropriate crisis plan and forming and preparing a crisis team. For instance, during the national confinement, linked to outbreak of Covid-19, the Management has set up a crisis team and the Chairman at the head of the Board has full involvement and oversight on the management's work in these areas and monitors its progress.

Company Secretary

The Bank's Company Secretary is appointed by the Board in accordance with its Constitution.

All Directors of WPBL have access to the advice and services of the Company Secretary who is responsible for providing detailed guidance to the Chairman and the Directors as to their fiduciary duties, responsibilities and powers. The Company Secretary also ensures that the Bank is at all times complying with its Constitution, Board Charter, applicable laws, rules and regulations.

Moreover, the Company Secretary assists the Chairman and the Board in implementing and strengthening good governance practices and processes, with a view to enhance long-term stakeholders' value. The Company Secretary also administers, attends and prepares minutes of all Board meetings, Board Committee meetings and Shareholder's meetings. The Company Secretary also assists the Chairman in ensuring that Board procedures are followed, and that the Bank's Constitution and relevant rules and regulations are complied with.

The Company Secretary is also the primary channel of communication between the Bank and its shareholder as well as the regulatory bodies.

Anex Corporate Services Ltd ("Anex") is a corporate secretarial practice service provider and has been appointed as the Company Secretary of the Bank since the inception of the Bank and is responsible for the provision of corporate services to the Bank.

Principle 2: The Structure of the Board and its Committees (Contd)

Company Secretary (Contd)

At Anex, we have highly qualified and experience professionals in Finance, Legal and Good governance.

The role and the responsibilities of the Company Secretary is available in the Board Charter of the Bank and published on its Bank's website as well as in the Service Agreement and its Addendum between the Bank and Anex Corporate Services Ltd.

Board Meetings

Board meetings are held at least once every quarter, while other urgent decisions are taken by way of written resolutions.

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate.

Directors are expected to attend each board meeting, unless there are exceptional circumstances that prevent them from so doing.

The Board meetings are conducted in accordance with the Bank's Constitution and the Mauritius Companies Act 2001 and are convened by giving appropriate notice to the Directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circularised in advance to the Directors to enable them to participate meaningfully in the decision-making process, make informed decisions and undertake constructive deliberations at Board meetings. Furthermore, the Directors have the right to request independent professional advice at WPBL's expense.

A director who cannot attend a Board Meeting in person, usually participate in the Meeting through a telephone conference. The Directors are all aware of their responsibilities and conscious of the importance of the Meetings.

A quorum of four (4) Directors is currently required for a Board Meeting of the Bank.

During the year under review, the Board met four (4) times. Decisions were also taken by way of resolutions in writing, agreed and signed by all Directors then entitled to receive notice of the meeting.

The minutes of the proceedings of each Board Meeting are recorded by the Company Secretary and are entered in the minute books of the Bank. The minutes of each Board Meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Company Secretary.

Board Committees

Pursuant to the Section 18(6) of the Banking Act 2004, the Board shall establish board committees as the directors' may deem necessary for Board's effective discharge of its responsibilities.

The Code provides that Board Committees are a mechanism to assist the Board of Directors in discharging its duties and responsibilities through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

As such, five Board Committees have been constituted namely the Audit and Compliance Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Conduct Review Committee and the Non-Executive Directors Committee to assist the Board in the effective performance of its responsibilities. These Committees operate within defined Terms of Reference (included in the Board Charter). The Terms of Reference of those Committees are amended as required, subject to the approval of the Board.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

The Chairman of each Committee of the Board, reports on the proceedings of the Committees at each Board meeting of the Bank, while the minutes of those Committees are also noted and ratified at Board level. The Committees regularly recommend necessary actions to the Board.

The Board recognises that Board Committees are an effective part of the corporate governance framework of the Bank which enable the Directors to discharge their duties more effectively by sharing the work of the Board, enhancing Board efficiency and effectiveness and enabling issues to be studied in greater depth. However, the Board also understands that it is ultimately responsible and accountable for the performance of the Bank and that delegating authority to Board Committees does not in any way absolve the Board of its duties and responsibilities.

Anex, the Company Secretary, represented by Mrs. Danishta Nobin, acts as secretary to the Board Committees.

The Board Committees are authorised to obtain, at the Bank's expense, professional advice both within and outside the Bank in order for them to perform their duties.

Audit and Compliance Committee

At the date of this report, the membership of the Audit and Compliance Committee is as follows:

Members	Category
Virrsing Ramdeny (Chairman)	Independent Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director
In attendance (when deemed appropriate)	
Karl Yves Aeschbacher	CEO
Deenaraj Sooben	COO
Pravish Kant Nuckchady	Internal Auditor
BDO Co Ltd*	External Auditors
Sanjivni Beegoo-Poonie	Compliance Manager/ MLRO

The Board is of the view that the members of the Audit and Compliance Committee have sufficient financial management expertise and experience to discharge their responsibilities properly and a quorum of two (2) members is currently required for a meeting of the said Committee. The Audit and Compliance Committee confirms that it has fulfilled its responsibilities for the year under review, in accordance with its Terms of Reference.

The Audit and Compliance Committee has also adopted an Internal Audit Charter.

The Committee is responsible to assist the Board in fulfilling its financial reporting responsibilities and also reviews the financial reporting process, the internal control system and it also assesses the effectiveness of the independent audit process by having regular interactions with the independent auditors. The approach, scope and timing of the audit is discussed with the audit team prior to the start of any audit. The Committee also recommends to the Shareholders the appointment of external auditors.

The Audit and Compliance Committee met six (6) times during the financial year ended 31 December 2019 to review the Management Accounts, the Financial Statements of the Bank and reports of the work conducted by the Internal Audit team as well as the Compliance report from the Compliance Manager.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

Audit and Compliance Committee (Cond)

In accordance with section 39(4) of the Banking Act, Grant Thornton (Chartered Accountants) who has been responsible for the external audit of the Bank for a continuous period of 5 years, cannot be re-appointed for the next financial period.

* Through an audit tender process, BDO & Co of 10, Frere Felix De Valois, DCDM Building, Port-Louis has been selected and following the appropriate approvals from the Shareholders, the Bank of Mauritius and the Financial Services Commission, BDO & Co has been appointed as Auditors of the Bank for the financial year ending 31 December 2019.

The Term of Reference of the Audit and Compliance Committee is well defined in the Board Charter of the Bank, published on its website.

Risk Management Committee

At the date of this report, the membership of the Risk Management Committee is as follows:

Members	Category
Virrsing Ramdeny (Chairman)	Independent Non-Executive Director
Philippe Bernard Pontet (appointed on 08 April 2019)	Independent Non-Executive Director
Karl Yves Aeschbacher	Executive Director/CEO
In attendance (when deemed appropriate)	
Kunal Rughoo	Chief Risk Officer/DMLRO

Mr. Saleem Rashid Beebeejaun was a member of the Risk and Management Committee until he resigned as Chairman of the Board on 08 April 2019 and Mr. Philippe Bernard Pontet was then appointed as a member of the Committee in replacement of Mr. Beebeejaun on 08 April 2019.

The Risk Management Committee operates under the Terms of Reference (included in the Board Charter) approved by the Board of Directors.

The Risk Management Committee has delegated authority from the Board for the quality, integrity and reliability of the Bank's risk management.

The Risk Management Committee's Terms of Reference include:

- Review policy for management of risks particularly in the areas of credit, market, interest, liquidity, operational and technological risks;
- Ensuring adequate and critical credit policies and procedures with clear credit concentration limits, approval limits, exposure limits, credit risk mitigation techniques and credit diversification;
- Ensuring adequate interest rate risk management policies including management of asset and liability position within specified limits;
- Ensuring appropriate methodologies and systems are in place to identify and adequately assess and manage operational risks;
- Formulate and make recommendations to the Board on risk management issues;
- Appointment of a Chief Risk Officer;

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

Risk Management Committee (Contd)

- Ensuring independence of the Chief Risk Officer from operational management, without any requirement to generate revenues;
- Requirement of the Chief Risk Officer to provide regular reports to the committee, senior management and the Board on his activities and findings relating to the institution's risk appetite framework;
- Review any legal matters pending that could have a significant impact on the Bank;
- Oversee any decisions requiring a significant amount of judgement;
- Review any policies which detect fraud including the whistle-blowing framework;
- Review enterprise-wide risk, portfolio risk profile and the portfolio management plan;
- Review large exposures and large impaired assets;
- Review major cases of fraud, irregularities and any legal matters that could have a significant impact on the Bank's business, together with a legal advisor, if necessary;
- Review and approve provisioning for credit, market, operational and legal issues in line with regulatory guidelines/requirements and review unusual and significant contingencies and commitments;
- Approve write off for the amounts above USD 10,000;
- Review and approve new products and services;
- Review adequacy of insurance coverage;
- Ensure adequate controls and information systems are in place to implement the Bank's policies; and
- Meet at least four times annually and present the minutes of proceedings of meeting to the Board.

The Risk Management Committee met four (4) times during the financial year ended 31 December 2019.

Nomination and Remuneration Committee

At the date of this report, the membership of the Nomination and Remuneration Committee is as follows:

Members	Category
Philippe Bernard Pontet (Chairman)	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director
Deenaraj Sooben	Executive Director
In attendance (when deemed appropriate)	
Karl Yves Aeschbacher *(as from 01 December 2018)*	CEO

Mr. Saleem Rashid Beebeejaun was the Chairperson of the Nomination and Remuneration Committee until he resigned as Chairman of the Board, on 08 April 2019 and Mr. Philippe Bernard Pontet was then appointed as the Chairperson of the Committee in replacement of Mr. Beebeejaun on 08 April 2019.

Messrs. Roger Zannier and Frank Brusco were also members of the Committee, however they both resigned as members of the Board during the year and Mr. Deenaraj Sooben was then appointed as a member of the Committee on 24 April 2019 to be in compliance with the requirement of the Code, which recommends at least 3 members.

Explanation on sub-committee's composition

The Company does not fully comply with Principle 2 of the Code as the chairperson of the Board is also the chairperson of the Nomination and Remuneration Committee.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

Nomination and Remuneration Committee (Cond)

Whilst the Board is aware of the recommendation of the Code of Corporate Governance that, in normal circumstances, the chairman of the Board may not chair a sub-committee but due to the size of the Bank, M. Pontet was nominated to chair this committee. It should also be noted that this committee consists of other non-executive directors as well. Additionally, there is no such restriction in the Guideline on Corporate Governance issued by the BoM for the Nomination & Remuneration Committee.

The Nomination and Remuneration Committee was established to review and make recommendations to the Board on management proposals and its mandate is as follows:

- Meets at least three times annually and present the minutes of proceedings of meetings to the Board;

Directors and Chief Executive Officer

- The Committee will be responsible to establish a formal and transparent procedure for developing a policy on executive remuneration and fixing the remuneration packages of individual directors;
- Plan the composition of the Board within the objectives and strategic considerations of the Bank;
- Ensure adequate succession planning for the Board (including its Committees), its Chairperson and the CEO;
- Develop the specification for appointment to the Board (qualifications, expertise, integrity and independence, experience, sound knowledge of the financial sector, understanding of changes taking place nationally, regionally and internationally etc.) and ensure that these specifications are met;
- Search for, screen and select the potential directors, for recommendation to the Board & Shareholder(s), based on meritocracy and the current size, structure & composition of the Board;
- Propose the overall level of the Board's fees to the shareholder(s);
- Review and approve the terms and conditions of the service contracts of the directors, if any, including compensation and benefits;
- Ensure that transparent procedures exist for the shareholder(s) to recommend potential candidates to the Board; and
- Consider and approve a program for directors' orientation that will include responsibilities and legal obligations of a director and the Board as a whole and the nature of the business of the Bank, current issues within the Bank, conditions in the industry, and corporate strategy and values.

Employees

- Set and review Key Performance Indicators (KPIs) of senior management;
- Consider and approve CEO's proposals for appointments, terms and conditions and remuneration of the Bank's senior management;
- Approve senior management appointment and terms and conditions of service;
- Review the reward policy to ensure that the Bank's executives are fairly rewarded and demonstrate to the concerned stakeholders that the remuneration policy for the Bank's executives is determined in an objective and transparent manner;
- Set, revise and recommend for approval the performance-based rewards for the Bank's senior executives, to the main board;
- Set, revise and recommend for approval the performance-based reward policy for all Bank's employees, to the main board; and
- Set, revise and recommend for approval all salary and terms of service policies and procedures, to the main board.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

Nomination and Remuneration Committee (Cond)

The Nomination and Remuneration Committee operates under the Terms of Reference (included in the Board Charter) approved by the Board of Directors and it met four (4) times during the financial year ended 31 December 2019.

Conduct Review Committee

At the date of this report, the membership of the Conduct Review Committee is as follows:

Members	Category
Avinash Renga Sunassee (Chairman)	Independent Non-Executive Director
Philippe Bernard Pontet	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director
Virrsing Ramdeny	Independent Non-Executive Director
In attendance (when deemed appropriate)	
Karl Yves Aeschbacher *(as from 01 December 2018)*	CEO

Mr. Saleem Rashid Beebeejaun was a member of the Conduct Review Committee until he resigned as Chairman of the Board, on 08 April 2019 and on the same day, Mr. Philippe Bernard Pontet was then appointed as a member of the Committee in replacement of Mr. Beebeejaun.

The Conduct Review Committee was established to ensure that appropriate procedures are in place to comply with regulatory requirements on related party transactions and shall undertake the following:

- Meets at least four times per year and present the minutes of proceedings of meetings to the Board;
- Review the policies and procedures to ensure their continuing adequacy and enforcement;
- Review and approve each credit exposure to related parties;
- Review all proposed material transactions and practices of the Bank to ensure that any transaction with the related parties that may have a material effect on the stability and solvency of the Bank are identified and dealt with in a timely manner;
- Ensure that transaction terms and conditions with a related party comply with the spirit of the guideline and are consistent with market practice;
- Report on a quarterly basis to the Board on matters reviewed by it, including exceptions to policies, processes and limits; and
- The Board shall have an oversight of the Conduct Review Committee and any write-off of related party credit exposures shall be subject to the prior approval of the Board.

The Conduct Review Committee operates under the Terms of Reference approved by the Board of Directors and it met four (4) times during the financial year ended 31 December 2019.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board Committees (Contd)

Non-Executive Directors Committee

As at 31 December 2019, the membership of the Non-Executive Directors Committee was as follows:

Members	Category
Claude Alain Berda	Non-Executive Director
Philippe Bernard Pontet	Independent Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Virrsing Ramdeny	Independent Non-Executive Director
Laurent René Dassault	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director

Messrs. Roger Louis Joseph Zannier and Saleem Rashid Beebeejaun were both members of the Committee but they resigned as Board Members during the year and Mr. Philippe B. Pontet has been appointed in replacement of Mr. Beebeejaun.

The Non-Executive Directors Committee shall be made up solely of all the non-executive directors of the Board.

The terms of reference of the Non-Executive Directors Committee are as follows:

- Meet at least once a year or as often as deemed necessary and present the minutes of proceedings of meetings to the Board;
- Review the effectiveness of the Board, both individually and collectively and recommend appropriate adjustments to the Board;
- Review the processes of the Board and ensure its independence from management;
- To discuss the general functioning of the Board; and
- To periodically assess the CEO's and other Executive Director's effectiveness in achieving approved corporate objectives within the risk appetite framework.

The Non-Executive Directors Committee operates under the Terms of Reference (included in the Board Charter) approved by the Board of Directors and it met one (1) time during the financial year ended 31 December 2019.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board and Board Committees Attendance

The following table sets out the attendance of Directors at scheduled Board and Committee Meetings during the year under review:

	Status	Board Meeting	Audit and Compliance Committee	Risk Management Committee	Conduct Review Committee	Nomination and Remuneration Committee	Non-Executive Directors Committee
Total Number of Meetings		**5**	**6**	**4**	**4**	**4**	**1**
Saleem Rashid Beebeejaun* (resigned on 08 April 2019)	INED	2 out of 2	N/A	1 out of 1	1out of 1	2 out of 2	N/A
Philippe Bernard Pontet* (appointed on 08 April 2019)	INED	3 out of 3	N/A	3 out of 3	3 out of 3	2 out of 2	1 out of 1
Karl Yves Aeschbacher	ED	5 out of 5	N/A	4 out of 4	N/A	N/A	N/A
Frank Brusco*	ED	0 out of 2	N/A	N/A	N/A	1 out of 2	N/A
Roger Louis Joseph Zannier*	NED	2 out of 2	N/A	N/A	N/A	2 out of 2	N/A
Claude Alain Berda	NED	3 out of 5	N/A	N/A	N/A	N/A	0 out of 1
Avinash Renga Sunassee	INED	5 out of 5	6 out of 6	N/A	4 out of 4	N/A	1 out of 1
Virrsing Ramdeny	INED	4 out of 5	6 out of 6	3 out of 4	3 out of 4	N/A	1 out of 1
Laurent René Dassault	INED	1 out of 5	N/A	N/A	N/A	N/A	1 out of 1
Philippe René Gabriel Alliot	INED	4 out of 5	5 out of 6	N/A	3 out of 4	4 out of 4	0 out of 1
Deenaraj Sooben*	ED	2 out of 3	N/A	N/A	N/A	1 out of 2	N/A

ED: Executive Director
NED: Non-Executive Director
INED: Independent Non-Executive Director

* Mr. Saleem R. Beebeejaun, the former Chairman of the Bank and also member of the Risk Management Committee, The Non-Executive Director Committee, The Nomination and Remuneration Committee and The Conduct Review Committee resigned as the Chairman of the Bank and as well as member of the said Committees on 08 April 2019. He attended only the Board and Committees' Meetings held up to the second quarter of the year. Following the resignation of Mr. Beebeejaun, Mr. Philippe Bernard Pontet has been appointed as the Chairman of the Bank and member of the Risk Management Committee, The Non-Executive Director Committee, The Nomination and Remuneration Committee and The Conduct Review Committee on 08 April 2019, in replacement of Mr. Beebeejaun on the Board and as well as on the above mentioned Committees.

* Mr. Sooben was appointed as an Executive Director of the Bank on 24 April 2019 and is also a member of the Nomination and Remuneration Committee. He attended most of the Board and Committee Meeting as from the date of his appointment, 24 April 2019.

* Messrs. Frank Brusco and Roger Zannier resigned as Board and Committee Members on 8 April 2019 and 9 April 2019, respectively.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Board and Board Committees Attendance (Contd)

Disclosure of other external directorships of the directors of the Bank

The details about the name of organisation(s) and type of directorship(s) held by the directors in other companies are not disclosed due to commercial sensitivity of the information, however we do hold on records the Register of Director's Interest of the Bank. Each year the Register of Director's Interest is tabled at the first Board Meeting of the calendar year, for consideration. The Directors of the Bank are well aware of their duty to declare an interest, either direct or indirect, in a proposed transaction or arrangement with the Bank, and to obtain prior Board authorisation on same.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures

Directors are appointed through a formal and transparent process.

The following factors are carefully considered when appointing Directors:

- Previous experience as Director, where applicable;
- Skills, knowledge and experience of the proposed Director;
- Skills, knowledge and experience required on the Board;
- Gender Diversity;
- Any conflicts of interests; and
- Independence, where applicable.

Re-election of Directors

Pursuant to section 270 of the Companies Act 2001, the Bank is dispensed with the holding of shareholders meetings, thus directors are re- elected on a regular basis at the annual meeting of shareholders via circular resolution. When proposing the re-election of each director, the formal performance evaluation conducted during the year is taken into consideration, to see if each individual's performance continues to be effective and demonstrate commitment to their respective role.

The Board is committed to upholding open and trusted relationships with the shareholder. All material business developments that influence the Bank are communicated to the Shareholder in a transparent and timely manner through various communication channels. As and when the shareholders have any reserve, same is communicated and considered at the Board Meeting without having to be answered at the AGM.

Directors' Profiles

The names of all Directors, their profiles and qualifications are provided hereinafter.

Saleem Rashid BEEBEEJAUN – *Independent Chairman (up to 8 April 2019)*

Mr. Saleem Beebeejaun is one of the top business consultants in the region with over twenty years of experience in the financial and non-financial services; most of it at the helm of some of the largest financial services organisations in Mauritius. He has served on the boards of companies based in Kenya, Malta, Zimbabwe and Mauritius. As the first independent non- executive Chairman of the Bank, Mr. Beebeejaun steered the organisation's strategy into becoming the leading Private Bank and provider of the highest quality wealth management services and after serving the Bank for nearly five years, he resigned on 8 April 2019. Saleem Beebeejaun is a Fellow of the Chartered Insurance Institute and is also the Chairman of the Task Force on Private Wealth Management in Mauritius

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Pascal DULAU – *Chief Executive Officer / Executive Director (up to 20 February 2019)*

Mr. Pascal Dulau holds qualifications in International Finance & Tax and a Major in Economics & Finance.

He is a recognised leader with strong experience in change management and is familiar with managing multicultural and highly skilled team in challenging environments.

During 19 years, he held various top management positions in the international Private Banking division of BNP PARIBAS, such as CEO-Managing Director of BNP Paribas (Bahamas) Limited or Head of Credit Offering for Switzerland and International Markets for BNP Paribas (Suisse) SA and member of the Swiss Wealth Management ExecutiveCommittee.
Then, he was a Freelance consultant and assisted banks and companies during strategic momentum of their growth.

Mr. Dulau acquired the resident status in Mauritius through his occupation permit.

Mr. Dulau was appointed as the CEO of the Bank on 26 June 2016 and he stepped down from his post as CEO on 01 December 2018. On the same day, Mr. Karl Aeschbacher was appointed as Executive Director and the CEO of the Bank.

Mr. Pascal Dulau has acted as an Executive Director of the Bank, for the transition period and for the purpose of a smooth handing over of his responsibilities to the new CEO of the Bank. Mr. Pascal Dulau has in turn resigned as Director and employee of the Bank on 20 February 2019.

Philippe Bernard Pontet – Independent Chairman (as from 08 April 2019)

Mr. Philippe B. Pontet has graduated from France famous grande école 'École Nationale d'Administration' and is also a Commander of the 'Legion d' Honneur' and the 'Ordre National du Mérite'.

He was an honorary master advisor to the Court of Auditors, former President of the HSBC group in Europe, former administrator of HSBC-France, former chairman and chief executive officer of the Société de gestion et participations aéronautiques (SOGEPA) and SOGEADE (holding shareholder of the aeronautical group Airbus and having the French Government as main shareholder), former chairman of the supervisory board of the Areva group, former chairman and managing director of the nuclear and connectors manufacturer - Framatome Group, former chairman and managing director of Compagnie Financière de Crédit Industriel et Commercial and of the European Union (CIC banking group).

He was appointed as the new Chairman of the Bank on 8th April 2019.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Karl Yves Aeschbacher – *Chief Executive Officer / Executive Director*

Mr. Karl Aeschbacher holds a Private Law degree and Master in Law and Wealth Management.

He is passionate about new technologies and has followed various courses like the Fintech Executive Programme and Blockchain Strategy Programme (Oxford University / Saïd Business School).

He has considerable experience in Private Banking, having held different position of responsibilities at BNP Paribas (Switzerland) SA and Banque Cantonale de Genève.

Mr. Aeschbacher was appointed as the Chief Executive Officer of the Bank on 01 December 2018.

Mr. Aeschbacher acquired the resident status in Mauritius through his occupation permit.

The Job description, duties, accountabilities and responsibilities of the CEO are well defined in his service contract and a general responsibility of the CEO is also available in the Board Charter.

Frank BRUSCO – *Executive Director (up to 08 April 2019)*

Mr. Frank Brusco is an accomplished businessman and has set up multiple businesses around the world. He holds a degree in Banking and Finance.

Mr. Brusco is an indirect shareholder of the Bank. He holds 8% in the capital of Warwyck Investment Holdings Ltd, the holding of the Bank through one of his Global Business entity Boch 22 Holding.

Mr. Frank Brusco resigned from the Board and from the Nomination and Remuneration Committee of the Bank on 08 April 2019.

Roger Louis Joseph ZANNIER – *Non-Executive Director (up to 09 April 2019)*

Mr. Roger Zannier is an industrialist and a French entrepreneur. He is the founder of Zannier Group, the leader in child wear. He began his business in 1962 with his sister to commercialise knitted clothing apparels to retailers and then specialised in the manufacture of children's clothing with the launch of the brand Z.

Mr. R. Zannier is an indirect shareholder of the Bank. He currently holds 45.41% in the capital of Warwyck Investment Holdings Ltd, the holding of the Bank through one of his company, Crown Investment Holdings Ltd.

Mr. R. Zannier resigned from the Board and from the Nomination and Remuneration Committee of the Bank on 09 April 2019.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Claude Alain BERDA – *Non-Executive Director (Resigned on 13 February 2020)*

Mr. Claude A. Berda graduated from the Paris-Dauphine University. He founded Groupe AB S.A.S in 1977, which quickly became the leading independent publisher, producer and distributor of content in France. Mr. Berda served as its Chief Executive Officer until March 2017 when he sold the company to Mediawan.

Mr. Berda is also a major player in the real estate investment and development market in Switzerland with more than 200 buildings and a major development project near Geneva airport, and in Portugal (with currently 15 development projects).

Mr. Berda is also an ultimate beneficial owner of the Bank. He holds 20% in the capital of Warwyck Investment Holdings Ltd, the sole holding company of the Bank through Domus Capital Ltd

Deenaraj Sooben –Executive Director and *Chief Operating Officer*

Mr. Deenaraj Sooben is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) with over twenty years of professional experience. He also holds a Bachelor of Laws (LLB) from the University of London.

Mr. Sooben has a wide and diverse experience in the financial services sector. He started his career with a major accounting firm in the audit department before joining a large conglomerate, where he held senior positions in the Finance and Treasury departments. During his career, he was involved in a number of financial projects. He has also served as Vice President on the ACCA Council of Mauritius in the years 2006 and 2007.

Mr. Sooben occupies the post of Chief Operating Officer of the Bank with effect from 01 November 2018 and is also an executive member of the Board since 24 April 2019.

Avinash Renga SUNASSEE – *Independent Director*

Mr. Avinash Sunassee is a practising Barrister in Mauritius and acts as an Independent legal counsel who regularly tenders advice to local banks and offshore management companies operating from Mauritius. He also advises a number of business entities both locally and abroad, especially in relation to the Global Business Sector.

His legal advice covers matters relating to legal due diligences, schemes of arrangement, corporate acquisitions and take-overs, corporate reorganisations and rescues, corporate insolvency, receiverships, directors' duties, securities law and

Company Law generally, banking law, private international law, trusts, charities, sociétés, funds, taxation, anti-money laundering and civil law generally, amongst others.

He also advised the Financial Services Commission in Mauritius on the present legislation in force in the non-banking financial services sector in Mauritius and acted as lead legal consultant in relation to the creation of an international financial services centre in Ghana and advised the Industrial Development Task Force set up by the Mauritian Government in relation to specific changes required to legislation to remove negative protectionist aspects and other constraints to industry, in the wake of the tariff liberalisation programme undertaken by Government.

Mr. Sunassee graduated from the London School of Economics with an LLB in laws and was called to the Bar in December 2001. He specialises in commercial matters and financial services, a sizeable proportion of which is in the banking sector. He has also contributed to the Global Financial Services Regulators, published by Richmond Law and Tax Ltd (now an Oxford University Press publication). Mr. Sunassee is a resident of Mauritius.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Philippe René Gabriel ALLIOT – *Independent Director*

Born in Voves, France, Mr. Philippe Alliot began his auto racing career at the end of the 70s and clinched the 1978 Formula Renault championship, stepping stone to Formula One. Philippe competed in 109 F1 Grand Prix for iconic teams such as McLaren, Ligier, Larousse and RAM. In parallel, he competed in ten 24 Hours of Le Mans and scored three overall podium finishes with Peugeot and Porsche. Before switching to TV Consultant, he raced in a selection of Paris-Dakar Rallies, Andros Ice racing series and even managed his own GT racing team, winning the French championship in 2000.

Mr. Alliot has also a stake of 2.5% in the equity of Warwyck Investment Holdings Ltd, the holding of the Bank.

Virrsing RAMDENY – *Independent Director*

Mr. Virrsing Ramdeny is a Fellow Member of the Chartered Association of Certified Accountants (FCCA), Member of the Institute of Chartered Accountants of England and Wales and holder of a master's degree in Management. He has more than 35 years post qualification experience and is presently the Managing Partner of De Chazal & Associates, a firm of Chartered Accountants and Business Advisers. Mr. Ramdeny has also worked for the Mauritius Tax Authorities occupying various senior positions and the Mauritius Ports Authority as Finance Manager. Mr. Ramdeny is a resident of Mauritius.

Laurent René DASSAULT – *Independent Director*

Born in Neuilly-sur-Seine, Mr. Laurent Dassault is an Officier de la Légion d'Honneur, Officier des Arts et des Lettres, and Officier de l'Ordre de la couronne de Belgique, Officier dans l'Ordre du Mérite Agricole, Chevalier des Palmes Académiques. Deputy General Director of the Industrial Marcel Dassault Group, he is in charge of diversification of the group in France and abroad. He has also developed and increased the value of the firm's investments and is deeply involved in many charitable and humanitarian organisations. Mr. Dassault sits on some 30 boards involved principally in the financial, industrial and artistic sectors.

Emilie ZANNIER WIRZ – *Non-Executive Director (as from 10 February 2020)*

Since her tender age, Mrs. Emilie Zannier-Wirz worked with her father Mr. Roger Zannier, a French entrepreneur and founder of Zannier Group, leader in child wear. In 2004, the Zannier family acquire the children's clothing store, Tartine et Chocolat, since then Emilie Zannier-Wirz has positioned herself as the President of the brand, giving it a new impetus.

Principle 3: Director Appointment Procedures

Directors' Profiles (Contd)

Profiles of Senior Management Team

The profiles of Messrs. Karl Yves Aeschbacher and Deenaraj Sooben already appear in the Directors' Profiles section.

Pravish Kant Nuckchady – *Internal Auditor*

Mr. Pravish K. Nuckchady is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and holds a BSc in Applied Accounting. He worked as external auditor at Grant Thornton and Deloitte where he acquired significant knowledge in auditing. Pravish thereafter joined PricewaterhouseCoopers (PwC) in the Risk and Assurance Services department where he was mainly involved in internal auditing and grant reviews. He has led numerous internal audit assignments and has gained substantial experience while auditing large clients across various sectors in Mauritius. He eventually joined the Internal Audit function at the Bank in October 2017 and has been leading the Internal Audit department since 01 November 2018.

Hema Paupiah-Caleechurn – *Head of Finance (as from 15 April 2019 to 29 February 2020)*

Mrs. Hema Paupiah-Caleechurn is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and holds a BSc (Hons) in Accounting with specialisation in Finance from the University of Mauritius. She has over 15 years of banking experience having worked for Deutsche Bank (Mauritius) Limited (DBML) from 2004 to 2019. She has worked in the finance department of DBML as assistant to the Head of finance from 2004-2007 and was then promoted to Head of Finance in April 2007. Prior to joining DBML, she has worked as auditor with PricewaterhouseCoopers and was mainly involved in the audit of banks. She eventually joined Warwyck Private Bank Ltd (WPBL) in April 2019 as Head of Finance, reporting to the Chief Operating Officer. She was responsible for the operational running of the Finance department and reporting of all finance matters of WPBL. Mrs Hema Paupiah-Caleechurn resigned on 29 February 2020 and was replaced by Mr Prithviraj (Prakash) Seesurn.

Kunal Rughoo – *Chief Risk Officer/ Alternate MLRO/ Complaint Handling Officer/ Data Protection Officer*

Mr. Kunal Rughoo joined Warwyck Private Bank Ltd as Chief Risk Officer (CRO) on 01 December 2017. Kunal is a Certified Information System Auditor and an ISMS Lead Auditor. He also holds an Msc in Computer in Forensic and Information Security. He has worked as a Senior Manager within the Consulting practice at PwC Mauritius and also led the Cyber Security services. He has a vast experience in banking and financial sector.

Mr. Rughoo holds various position in the Bank. He was appointed as (i) alternate MLRO of the Bank on 03 April 2018; (ii) Complaint Handling Officer on 1 December 2017; and (iii) Data Protection Officer on 16 October 2018.

Gowree Shankar Seebaruth – *IT & Security Manager*

Mr. Gowree Shankar Seebaruth has started his career over twenty years ago in the IT sector. He has held Senior IT positions and holds a Diploma in Computer Science. Also, he has over 17 years of professional experience in Sydney Australia's Financial services company in IT Project Management with Virtualisation, Systems Management and Solution Design and System and Data Performance Testing. Mr. Seebaruth currently oversees the Bank's IT Department.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Profiles of Senior Management Team (Contd)

Sanjivni Poonie – Compliance Manager / MLRO (as from 29 April 2019)

Sanjivni Poonie is currently heading the Compliance Department of Warwyck Group. She also serves as the Money Laundering Reporting Officer (MLRO) of the Bank.

Sanjivni holds a BA (Hons) Law and Management degree and a Masters in Law; LLM – Financial and Commercial Law from the University of Mauritius. She is also an ***Associate*** Member of the Chartered Institute of Arbitrators, UK. Sanjivni is well versed with banking and company laws. She has been in the financial services sector, banking and non-banking, for nearly 14 years now and has been involved principally in company set up and administration, review and drafting of legal documents, client on-boarding and due diligence, including client monitoring. She has thus acquired a vast experience in the administration and compliance of a number of structures such as global business, authorized and domestic companies, funds, partnerships, foundations, trusts amongst others. She has also formerly served as Executive Director, MLRO and Legal Manager for her previous employers.

Prithviraj (Prakash) Seesurn – Head of Finance (as from 10 April 2020)

Mr. Seesurn holds a BSc (Hons) in Accounting from the University of Mauritius, a Bachelor of Laws (LLB) from the University of London and a Master in Strategy & Organisation Consulting from the ESCP Europe Business School. He is a Fellow Member of the Association of Chartered Certified Accountants (FCCA), a member of the Mauritius Institute of Professional Accountants (MIPA) and a member of the Mauritius Institute of Directors (MIoD)

Mr Prithviraj (Prakash) Seesurn is a resourceful finance professional with over fifteen years' experience working at senior management level of esteemed institutions of the Mauritian banking and financial services industry, with vast experience in the banking and finance sector.

His experience in banking and finance is diverse and he is fully conversant with financial management framework, incorporating finance, taxation and back office operations and treasury. Mr. Seesurn was appointed as Head of Finance with Warwyck Private Bank Ltd in April 2020. He is responsible for the operational running of the Finance department and reporting of all finance matters of WPBL.

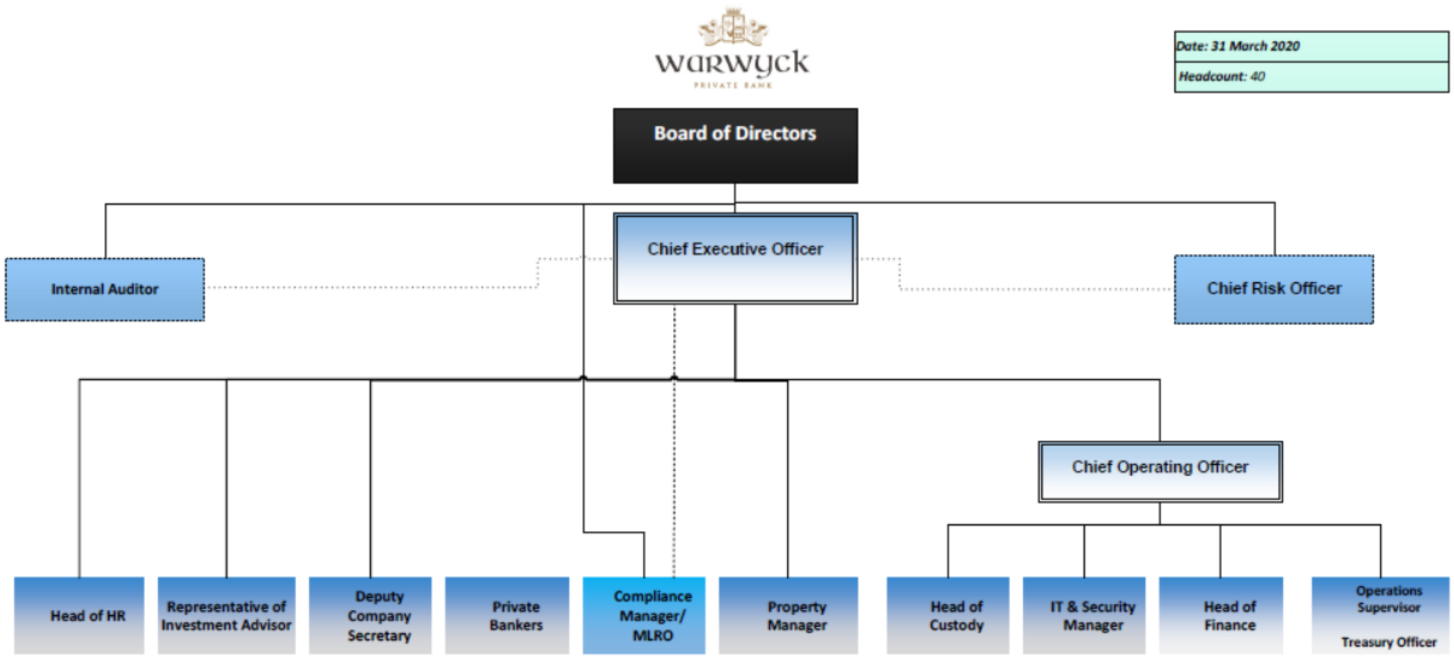
Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Profiles of Senior Management Team (Contd)

Organisational Chart



Principle 4: Director Duties, Remuneration and Performance

Directors' Induction

Newly appointed directors receive 'Induction Programme' which includes the followings:

(i) Induction pack - Provide handbook to directors which includes information on a broad range of matters relating to the role of directors, constitutive documents, recent Board papers, disclosure requirements with respect to directors' interests and details of applicable procedures.

(ii) One-to-one briefings - Provide directors with the opportunity to interact with the Chairperson, Company Secretary and senior executives across the Bank with the nature and extent of these consultations depending on the specific needs of the directors.

(iii) Presentation sessions - Provide directors with an overview of the Bank's organisational structure, financial performance and strategic orientations, activities of the different business segments as well as specific areas of interest.

An orientation program for the new Board Members is also arranged by the Bank.

Professional Development

As part of the Board's commitment to continue improvement, an ongoing professional development and training programme is in place for directors. The Bank ensures that the necessary resources for developing and updating its directors' knowledge and capabilities are provided as and when required. In 2019, the Bank had organised a training on 'An Overview of the Alternative Digital Assets: Security, Privacy and Risks'.

Succession Planning

The responsibility for succession planning rests with the Board.

The Nomination and Remuneration Committee is responsible for the orderly succession of appointments to the Board and to senior management positions in order to maintain an appropriate balance of knowledge, skills and experience within the organisation and on the Board.

During the year under review, the Board has approved the new Organisation Structure of the Bank where the different departments (new and existing) will be headed by the CEO & the COO. The incumbents have been approved by the Board and the interview exercise for the different posts has been completed by the HR department.

It is also worth noting that the succession of the positions of Chairman and the CEO, following their respective resignation during the year under review, was effected in a harmonious manner, without any disruption to the business activity of the Bank.

Principle 4: Director Duties, Remuneration and Performance (Contd)

Succession Planning (Contd)

All the Directors of the Bank are aware of their legal duties and responsibilities.

The Board has a clear policy and set guidelines for determining the remuneration of executive directors and key employees. The remuneration is aligned to the Bank's financial performance, market conditions and relevant regulatory guidelines. The remuneration of directors is debated and recommended to the Board by the Nomination and Remuneration Committee. Executive Directors are remunerated on a monthly basis as per their respective employment contract with the Bank, while the Non-Executive and Independent Non-Executive Directors are being paid quarterly for their services to the Bank.

Code of Ethics

The Board of Directors is also mindful of the interest of other stakeholders such as clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Bank and its employees must, at all times, comply with all applicable laws and regulations. The Bank will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The Bank does not permit any activity that fails to stand the closest possible public scrutiny.

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Bank's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Bank's hierarchy.

The Bank is committed to fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

The Bank does not have a separate Code of Ethics; however, the Code of Ethics and core standard of behaviour are set out in the Employee Handbook.

Board Evaluation

The Board undertakes a regular review of the performance as well as the effectiveness of the Board, its Committees and individual directors by the appointment of an external service provider, namely the Company Secretary, Anex Corporate Services Ltd.

Board Evaluation is conducted by way of Questionnaire. The Chairperson thereafter acts on the results of the evaluation by recognising the strengths and addressing the weaknesses of the Board.

It is also noted that the Directors forming part of the Board of the Bank, especially those who are members of Board Committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background. The Board of the Bank is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 4: Director Duties, Remuneration and Performance (Contd)

Board Evaluation (Contd)

Furthermore, Non-Executive Directors are also chosen for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience, independence and commitment to the Board.

These Directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observers.

An evaluation exercise was conducted for the financial year 2018 by Anex Corporate Services Ltd ("Anex"), whereby the views of Directors are sought on a range of topics including strategy and planning, performance, risk and control, board structure and composition as well as the board process. The reviews concluded that the Board and its Committees are operating effectively and that directors continue to fulfil their roles as required. The report identified a few areas for improvement and an action plan was subsequently agreed. The implementation of the action plan has been monitored by the Chairperson of the Board to ensure that issues identified are given due consideration, within a reasonable timeframe.

It is good to note that the service of Anex has been retained for the evaluation exercise for the financial year 2019 which is being carried out in the year 2020.

Board and Board Committees' Fees

With competent directors considered as essential to contributing to the development of the Bank's strategy, the Board lays significant emphasis on approving the right people with the right set of skills and behaviour whilst rewarding them adequately, in line with market practices.

Apart from a basic salary and other fringe benefits which reflect their responsibilities and experience, the remuneration of executive directors consists of a variable element in the form of an annual bonus, determined by the performance of both the Bank and the individual.

The Non-Executive Directors are being remunerated with a retainer fee reflecting the workload, the size and the complexity of the business as well as the responsibility involved. The Non-Executive Directors have not received any remuneration in the form of share options or bonuses associated with the Bank's performance.

The remunerations and benefits paid to the Directors for the year ended 31 December 2019 amounted to USD 276,646.

The Board of Directors has resolved not to disclose the detailed remuneration paid to Directors on an individual basis due to the commercial sensitivity of the information.

Remuneration Philosophy

The Board is ultimately responsible for the remuneration policy of the Bank.

Remuneration practices are structured to provide clear differentiation between staff grades. Non-Executive Directors are only paid on a quarterly basis.

Conflict of Interest

The Board of Directors strictly believes that a director should make his best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict.

It is the responsibility of each director to ensure that any conflict of interest is disclosed to the Board and recorded by the Company Secretary, in the Directors' Interest Register.

Principle 4: Director Duties, Remuneration and Performance (Contd)

Conflict of Interest (Contd)

Interest of Directors in the shares of the Bank

At the date of this report, the indirect interests of the current Directors in the Bank are disclosed in the table below:

Directors	Indirect interest %
Philippe René Gabriel Alliot	2.50%
Emilie Elda Lucie Zannier ép. Wirz	4.60%

Related Party Transactions

The Bank adheres to the Guideline on Related Party Transactions (the "Guideline") issued by the Bank of Mauritius. As per the Guideline, the Board of Directors established a Conduct Review Committee to review, approve and ratify all related party transactions. The Board has opted for the adoption of a policy whereby the rules pertaining to the identification of related parties, the terms and conditions in relation to transactions entered with related parties and reporting procedures to the Conduct Review Committee are written.

The Conduct Review Committee is chaired by Me. Avinash R. Sunassee.

The Conduct Review Committee ('CRC') is comprised of four independent non-executive directors who are neither officers nor employees of the Bank.

The Bank enters into a number of transactions with related parties in the normal course of business, i.e, with its shareholder, ultimate beneficial owners, directors and sister companies. Note 30 to these financial statements show the details of related party transactions.

Board Information

All Directors receive regular information about the Bank so that they are equipped to play their role fully in Board Meetings. Papers for Board and Committee Meetings are circulated prior to the relevant meeting. All Board Members have access to the Company Secretary for any further information they require. The appointment and removal of the Company Secretary is a matter for the Board as a whole. Independent professional advice is available to Directors in appropriate circumstances, at the Bank's expense.

The Board members of the Bank ensure that matters relating to the Bank, learned in their capacity as Directors, are strictly confidential and private and shall not be divulged to anyone without the express authority of the Board.

Register of Interest of Directors is circulated to all the Directors annually, so that each of them could review and advise if existing Register needs to be amended or not and make a full disclosure of their existing business, financial, appointments and other interest acquired. The Company Secretary monitors and maintains the Interest Register and is made available to the Shareholder upon written request to the Company Secretary.

Principle 4: Director Duties, Remuneration and Performance (Contd)

Information Governance

With the protection of the confidentiality, integrity and availability of information being critical to the smooth running of our activities, the Bank continuously seeks to foster a robust framework that upholds the security and performance of information and IT systems in adherence to regulatory and industry norms. In this respect, the Board, through relevant committee, ensures that set policies, which are regularly reviewed, are duly implemented by Management to manage associated risks which are backed by fitting structures, processes and resources. For instance, as per the Information Security Policy, access to information is only available to authorised parties while physical and logical access controls are in place at all times with staff being regularly made aware of relevant requirements. Besides, the Internal Audit function provides for an independent assurance to assess the suitability of the Bank's information and IT policies while the Audit and Compliance Committee evaluates the effectiveness of related internal control systems.

Strict control of IT expenditures is also exercised through stringent supplier selection and monitoring of project milestones-based payment. In this respect, for any IT projects, quotes are evaluated and the best among three suppliers is chosen. The selection of suppliers is based on predefined criteria such as experience, methodology used, years in business, amongst others.

Supplier on boarding is completed only after due diligence checks have been carried out by the Bank's compliance team. The supplier contracts are vetted and appropriate payment terms in line with project deliverables and milestones are enforced. Payments are effected only upon completion of the identified milestones and in certain cases penalties may be imposed in the event of project delays.

Mr. Kunal Rughoo has been appointed as the Data Protection Officer ("DPO") on 16 October 2018 and is responsible for educating the Bank and its employees about compliance, training staff involved in data processing, and conducting regular security audits. The DPO is working within an independent environment and manner, report to the highest management level and have adequate resources to enable the controller or the processor to meet its obligations under the DPA 2017.

Principle 5: Risk Governance and Internal Control

Internal Control and Risk Management

(a) Responsibility and application

Management is responsible for risk assessment and mitigation, while the Board is responsible for the definition of the overall strategy for risk appetite, within the Bank's risk tolerance. Management and the assurance process on risk management are delegated to the established Risk Management Committee. This Committee is responsible for the design and implementation of the risk management processes while day-to-day management of risk is performed by Management and the Chief Risk Officer.

(b) Structures and processes for identification of risks and risk management

A risk management framework has been adopted to identify, manage and mitigate risks within the banking operations. A risk assessment methodology has been devised to rate the following risks:

- Credit risk
- Market risk
- Operational risk
- Liquidity risk
- Reputational risk
- Business risk
- Systemic risk
- Money laundering risk

The Chief Risk Officer (CRO) maintains overall responsibility for the compliance and adherence to this framework whilst head of business units are responsible for managing risk within their business operations. The risk management framework identifies risks within each business process. Once the risks have been identified, the likelihood of occurrence of each risk is measured and the potential business impact is evaluated. The risk exposures are then calculated and identified risks which are above the acceptable threshold are controlled and mitigating actions are taken.

(c) Integration of internal control and risk management

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Bank's business objectives will be achieved within the risk appetite levels defined by the Board.

(d) Assurance on the effectiveness of the risk management process

The Board also receives assurance from the Audit and Compliance Committee, which derives its information in part, from regular internal and external audit reports on risk and internal control throughout the Bank.

Principle 5: Risk Governance and Internal Control (Contd)

Internal Control and Risk Management (Contd)

(e) Management of key risks identified

Within the Bank, the risk elements are viewed under the following headings:

Risk category	Definition
Credit Risk	Credit risk is defined as the potential risk that a loan taker or counterparty will fail to meet its obligations in accordance with agreed terms.
Market Risk	Market risk is defined as the risk of losses in the bank's trading book due to changes in equity prices, interest rates, credit spreads, foreign-exchange rates, commodity prices, and other indicators whose values are set in a public market.
Operational Risk	Operational risk defines the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
Liquidity Risk	Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss.
Reputational Risk	Reputational risk is the possible loss of the organisation's reputational capital.
Business Risk	Business risk is defined as the risk associated with the failure of a bank's long-term strategy, estimated forecasts of revenue and number of other things related to profitability.
Systemic Risk	Systemic risk does not affect a single bank or financial institution, but it affects the whole industry. Systemic risks are associated with cascading failures where the failure of a big entity can cause the failure of all the others in the industry.

The identified risks are managed as part of the enterprise risk management framework established by the Bank.

Whistle-blowing policy

The Bank adopted a whistle-blowing policy in 2015 and same is being reviewed and updated annually.

Principle 6: Reporting with Integrity

Statement of Directors' Responsibilities in respect of the Preparation of the Financial Statements

The Directors affirm their responsibilities for preparing the Annual Report and Financial Statements of the Bank that fairly present the state of affairs of the Bank and the results of its operations.

The Statement of Directors' Responsibilities is found on pages 4 to 5 of the Annual Report.

Dividend Policy

The objective of the Bank is to distribute to its shareholder a proportion of the period's profit as dividend. It is the Bank's policy to declare dividend on a regular basis subject to internal cash flow requirements, approval or 'no objection' of the Bank of Mauritius and the solvency test under the Section 61(2) of the Mauritius Companies Act 2001 being satisfied. No dividend has been declared and paid during the financial year ended 31 December 2019, however, there has been during the year under review, a distribution of USD 1.050M by way of Bonus Issue of Ordinary Shares.

Health, Safety and Environmental Issues

The Bank attaches great importance to the health, safety and welfare of its employees at work. Every effort is made to provide a safe working environment. However, no safety policy is likely to be successful unless it has the co-operation of all employees.

The specific objectives of the Bank's Health, Safety and Fire Policy are to:

- promote a healthy and safe working environment;
- ensure each employee accepts health and safety as a major part of his/her individual responsibilities;
- identify health, safety and fire hazards in advance, and control the risks; and
- ensure all legal requirements are satisfied.

Any matter relating to the health, safety and welfare of the staff is being taken by the Management of the Bank.

The Bank is also committed to good environmental practices.

Clients have been encouraged to switch to the paperless banking options which is available via the Bank's internet banking services.

Social Issues

The Bank aims at giving equal opportunities to its employees. There is also an annual performance appraisal which is carried out and where rewards and merits are provided for.

The Bank recognises the importance of the role it has to play in society and it actively participates in endeavours to alleviate social and environmental problems. The Bank is also committed to creating sustainable value for the social and economic well-being of the society.

Corporate Social Responsibility

Charitable and Political Contributions

The Bank did not make any political donation or charitable contributions during the financial year ended 31 December 2019.

Principle 7: Audit

Internal Audit

(i) Role and responsibilities

The internal audit department assists the Board and management to maintain and improve the process by which risks are identified and managed and helps the Board to discharge its responsibilities by maintaining and strengthening the internal control framework. The internal audit function is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.

The Board has delegated the responsibility for managing the internal audit function and for receiving internal audit reports to the Audit and Compliance Committee.

The Audit and Compliance Committee has the following duties in respect of the internal audit function:

- Oversee the objectives of the internal audit function and the annual plan of action;
- Review the scope of internal audit and audit plan;
- Approve the remuneration of the Head of Internal Audit;
- Assess the adequacy and performance of the internal audit function and the adequacy of available resources;
- Review and report on significant matters reported by the internal auditor;
- Review and report on significant differences between management and the internal auditors; and
- Review and oversee the cooperation and coordination between the internal and external auditors.

Significant issues in relation to the Financial Statements are resolved as and when identified. The Audit and Compliance Committee always invited the Internal Auditors and the Management to assist the members of the Committee on any issues identified and where required the External Auditors are called upon to attend the meetings.

(ii) Reporting and disclosure

Structure and Organisation

An internal audit charter governs the internal audit activity within the Bank. The internal audit charter, which is reviewed and approved annually by the Audit and Compliance Committee, establishes the roles and responsibilities, scope of work, authority, independence and reporting procedures of the internal audit function.

Reporting lines

The Internal Auditor has a direct reporting line to the Audit and Compliance Committee and maintains an open and constructive communication with senior and executive management. He also has direct access to the Chairman of the Board. This reporting structure allows the Internal Audit Department to remain independent and report all items of significance to the Board and the Audit & Compliance Committee.

Principle 7: Audit (Contd)

Internal Audit (Contd)

(ii) Reporting and disclosure

Coverage and Risk management

The Internal Audit department performs a wide range of audit services including financial audits, compliance audits, operational audits and investigative audits. Audits are performed in accordance with standards set out in the Standards for the Professional Practice of Internal Auditing.

a. Financial Audits address questions regarding accounting and the propriety of financial transactions.

b. Compliance Audits assess the Bank's compliance with the applicable laws, regulations, guidelines and licensing conditions.

c. Operational Audits review information and procedures to determine if any modifications of the operations could result in greater efficiency and effectiveness.

d. Investigative Audits and Fraud to assess emergency situations.

The Internal Audit plan is based on the main risk areas of the Bank and designed to ensure adequate audit coverage of the Bank's organisational units and processes. The Internal Audit plan is derived from the risk management assessment, then pre-discussed with the executive management and finally approved by the Audit and Compliance Committee.

A typical audit is made up of four stages: planning, fieldwork, reporting and follow-up. The audit team collects data and documents the procedures, controls and/or activities being reviewed. Based on the risk assessment, the audit team performs various types of tests, concludes and makes recommendations to management to improve these controls based on system testing and control analysis.

Restrictions

The Internal Audit has full and unrestricted access to any and all of the Bank's records, physical properties and personnel pertinent to carrying out the audit function.

External Audit

With a view to ensuring the overall adequacy of the Bank's internal control framework, the Audit and Compliance Committee evaluates the independence and effectiveness of the external auditors on an ongoing basis before making a recommendation to the Board on their appointment and retention.

In accordance with section 39(4) of the Banking Act, Grant Thornton (Chartered Accountants) who has been responsible for the external audit of the Bank for a continuous period of 5 years, has not been re-appointed for the financial year ending 31 December 2019.

Through an audit tender process and a Shareholder's Resolution, BDO & Co of 10, Frere Felix De Valois, DCDM Building, Port-Louis has been appointed as the External Auditors of the Bank for the financial year ending 31 December 2019.

With regards to the timeframe, the total duration of the audit assignment is for a period of one year with possibility of reappointment of the selected firm annually, subject to regulatory provisions and approval at the Annual Meeting of Shareholder of the Bank. The latter retains the right to renew and extend the contract following an assessment by the Audit and Compliance Committee of the external auditors' overall scope, terms of reference and independence.

The External Auditors meet the members of the Audit and Compliance Committee to discuss on the Financial Statements of the Bank and the accounting principles and guidelines adopted.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 7: Audit (Contd)

Fees to external auditors

The fees payable to BDO & Co for the year ended 31 December 2019 is USD 65,000, exclusive of VAT.

Non-audit services

The Bank via the Audit and Compliance Committee, has a process in place to ensure that there is no threat to the objectivity and independence of the external auditors in the conduct of the audit, resulting from the provision of non-audit services by them.

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholder's Agreement

There was no such agreement during the year under review, affecting the governance of the Bank by the Board.

Employee Share Option Plan

No Employee Share Option Plan is available.

Third Party Management Agreement

There was no General Management agreement between third parties and the Bank during the year under review.

Shareholder's and Stakeholders' Communication

The Board is committed to upholding open and trusted relationships with the shareholder. All material business developments that influence the Bank are communicated to the Shareholder in a transparent and timely manner through various communication channels. The Chairman of the Board ensures that the information needs of the Shareholder are promptly attended to and that relevant communications are effected in a timely manner.

Website

In order to be compliant with the requirements of the Code, the Annual Report of the Bank will be published on its website, namely www.warwyck.com.

Important Events

The Bank endeavours to comply with the statutory requirements regarding preparation of the financial statements, completion of the audit, review of the financial statements by the Audit and Compliance Committee, approval by the Board, filing of the financial statements within three months after the financial year end as per the regulatory requirements and holding of the Annual Meeting within the period of the six months, that is up to 30 June 2020 as the financial year end is 31 December.

Philippe B. Pontet
Chairman
On behalf of the Board of Directors

Karl Yves Aeschbacher
Chief Executive Officer
On behalf of the Board of Directors

Date: 30 JUIN 2020

Warwyck Private Bank Ltd

STATEMENT OF COMPLIANCE
(Section 75(3) of the Financial Reporting Act 2004)

We, the directors of Warwyck Private Bank Ltd ("the Bank") confirm that, to the best of our knowledge, the Bank has not complied with certain principles of the Code of Corporate Governance and the reasons for non-application are as described on page 43.

Philippe B. Pontet
Chairman
On behalf of the Board of Directors

Karl-Yves Aeschbacher
Chief Executive Officer
On behalf of the Board of Directors

Date: 30 JUIN 2020

Non-compliance with the National Code of Corporate Governance for Mauritius 2016

Principle 1: Governance Structure

The Bank's Constitution is not available on WPBL's website

Principle 2: The Structure of the Board and its Committees

Disclosure of other external directorship of the Bank's directors

Details on the name of organisation and type of directorship held by the directors in other companies were not disclosed due to commercial sensitivity of the information.

Principle 4: Director Duties, Remuneration and Performance

The Bank has not disclosed the remuneration paid to each director on an individual basis due to the commercially sensitive nature of this information.

Principle 6: Reporting with Integrity

(i) Website

Management will ensure that all other information as required by the Code will be published on the Bank's website.

Warwyck Private Bank Ltd
Statement of Management's responsibility for Financial Reporting

For the year ended 31 December 2019

The financial statements for the Bank's operations presented in this Annual Report have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and Bank of Mauritius Guideline on Public Disclosure of Information have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These 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 and Compliance Committee, the Conduct Review Committee and the Risk Management Committee, which are comprised of independent directors who are not officers or employees of the Bank, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit and Compliance Committee, 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, BDO & Co, 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.

Karl Yves Aeschbacher Chief Executive Officer On behalf of the Board of Directors	Virrsing Ramdeny Director On behalf of the Board of Directors

Date: 30 JUIN 2020

Phoenix 73538, Republic of Mauritius

Report from the Secretary

We certify, to the best of our knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 December 2019.

Anex Corporate Services Ltd
Secretary

8th Floor, EbeneTower
52 Cybercity
Ebene 72201
Republic of Mauritius

Date: 30 JUIN 2020

BDO

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10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Warwyck Private Bank Ltd (the "bank"), on pages 52 to 118 which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 52 to 118 give a true and fair view of the financial position of the bank as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Banking Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the bank in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Core Banking System

Key Audit Matter

The bank implemented its Core Banking system "Olympic" in January 2018. The bank has had issues in the implementation of its Core Banking System which have mostly been solved during the financial year 2019. Some further developments are planned in the financial year 2020.

The bank has partially implemented its loan module in November 2019.

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements

1. Core Banking System (cont'd)

The Company's key financial accounting and reporting processes are highly dependent on the automated controls (application controls) over the Company's information systems. As such, there exist a risk that gaps in the IT control environment, including automated accounting procedures, IT dependent manual controls and controls preventing unauthorised access to systems and data could result in the financial accounting and reporting records being materially misstated. The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter and our audit approach could significantly differ depending on the effective operation of the bank's IT controls.

Our Audit Response

We used our internal IT specialists to perform audit procedures to assess IT systems and controls over financial reporting, which included the following General IT controls design, observations and operations:

- Testing the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including user access controls, system change management, computer operations, incident management, asset management and business continuity.
- Assessing the management's evaluation of access rights granted to applicants relevant to financial accounting and reporting systems and tested resolution of a sample of exceptions.
- Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights.

We also performed the following tests to ensure the completeness and accuracy of the figures for financial reporting purposes:

- We assessed the design and operating effectiveness of the controls around the data used and input in the Core Banking System.
- We checked the accuracy and completeness of opening balances in the Core Banking System.
- We verified the accuracy of the transactions and ascertained their classification to ensure the movement of the balances were correct.
- We performed substantive testing procedures to justify the balances were in accordance with the bank's records.
- We checked the existence and accuracy of the balances by circularising:
  - customers for balances on loans and deposits and,
  - the correspondent banks to confirm the bank balances.
- We reperformed the interest income and interest expenses calculation, and the loss on foreign exchange transactions in accordance with the bank information and data.
- We performed sample testing on the fee and commission income to ensure consistency with the corresponding records.

Related Disclosures
Refer to note 11, note 3.14 summary of accounting policies, note 4 Significant management judgements and estimates of the accompanying financial statements.

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. Transactions and balances with related parties

Key Audit Matter
The related party transactions and balances (RPT) are material items in the bank operations and on the bank's financial statements respectively during the financial year. We considered the related party transactions to be significant to the audit as the risk is that if these transactions are not conducted in the normal course of business, and/or the accounting treatment of the rights and obligations of these transactions are not correct, it could influence the results of the bank. Furthermore, for financial reporting purposes, IAS 24 related party disclosure, requires complete and appropriate disclosure of transactions with related parties.

Our audit procedures included, among others, the following:

- We obtained an understanding of the process for identifying related party transactions, performed a walkthrough and evaluated the design of controls related to the fraud risk identified.
- We verified that the transactions are approved in accordance with internal procedures including involvement of key personnel at the appropriate level.
- We evaluated the business rationale of the transactions.
- We evaluated the rights and obligations per the terms and conditions of the agreements and assessed whether the transactions were recorded.
- We verified that the Conduct Review Committee (CRC) has policies in place to identify, review and approve the transaction with related parties, and the transactions are approved at the CRC meetings.
- We performed testing procedures to ensure transaction and balances were reported in accordance with IFRS and the requirements of the Bank of Mauritius guideline.
- We checked the existence and accuracy of the balances with RPT by circularising loans provided and deposits held to the counter parties

Related Disclosures
Refer to note 30 and note 3.18 summary of accounting policies of the accompanying financial statements.

Other Information
The Directors are responsible for the Other Information. The Other Information comprises mainly of information included under the Annual Report, the Chairman's Statement, the Management Discussion and Analysis, and Corporate Governance Report sections, but does not include the financial statements and our auditors' report thereon.

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)
Other Information (Continued)

Our opinion on the financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

(i) At reporting date one director held common directorship with an affiliate of the bank in non-compliance with the requirements of the Bank of Mauritius. On May 21, 2020, the director resigned from the affiliate of the bank.

(ii) The bank did not disclose directors emoluments on an individual basis as required by Section 221 (1) (e) of the Companies Act 2001.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") 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 2004, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and the Banking Act 2004 and for such internal control as the directors determine is necessary to enable the preparation of the 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 unless the directors either intend to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing 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 financial statements.

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(i) Identify and assess the risks of material misstatement of the 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.

(ii) 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 bank's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

(iv) Conclude on the appropriateness of 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 bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the bank, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required. Directors emoluments on an individual basis as required by Section 221 (1) (e) has not been disclosed in the annual report due to its sensitive nature.

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

Independent auditors' report
To the Shareholders of Warwyck Private Bank Ltd

Report on Other Legal and Regulatory Requirements (Continued)

Banking Act 2004
In our opinion, the financial statements have been prepared on a basis consistent with the preceding years and are complete and fair and does comply with the Banking Act 2004 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.

Other Matter

Our report is made solely to the member of the Warwyck Private Bank Ltd, the "bank" as a body in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the bank's shareholders those matters we are required to state to it 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

BDO & Co
Chartered Accountants

Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

June 30, 2020.

Warwyck Private Bank Ltd

Statement of financial position as at 31 December

	Notes	2019 USD	Restated 2018 USD	Restated 2017 USD
ASSETS				
Cash and cash equivalents	8	**103,954,489**	122,118,345	106,192,746
Placements with an overseas bank	13	**2,945,191**	2,936,928	2,304,598
Derivative financial assets	17	**1,951**	902,280	-
Loans and advances	12	**28,894,403**	137,981,497	137,795,197
Financial assets at fair value through profit or loss	9	**-**	707,415	-
Property, plant and equipment	10a	**5,842,316**	5,658,655	6,055,661
Right of use assets	10b	**4,755**	-	-
Intangible assets	11	**405,769**	587,823	843,094
Deferred tax assets	23	**-**	18,310	55,807
Current tax assets	23	**6,138**	-	-
Other assets	14	**31,188,036**	26,626,825	25,528,390
Total assets		**173,243,048**	297,538,078	278,775,493
LIABILITIES				
Deposits from customers	15	**157,210,674**	275,466,988	253,175,080
Borrowings	18	**6,561**	6,559,524	3,336,304
Derivative financial liabilities	17	**2,913**	562,641	-
Current tax liabilities	23	**-**	32,966	51,984
Deferred tax liabilities	23	**35,306**	-	-
Lease liabilities	10b	**4,853**	-	-
Other liabilities	16	**685,887**	937,843	6,534,896
Total liabilities		**157,946,194**	283,559,962	263,098,264
SHAREHOLDER'S EQUITY				
Stated capital	19	**11,700,000**	10,000,000	10,000,010
Statutory reserve	20	**2,092,389**	1,992,078	1,646,943
Retained earnings		**1,504,465**	1,986,038	4,030,276
Total equity		**15,296,854**	13,978,116	15,677,229
Total liabilities and equity		**173,243,048**	297,538,078	278,775,493
CONTINGENT LIABILITIES				
Guarantees	34	**-**	**-**	147,000

Approved by the Board of Directors on 30 JUIN 2020 and signed on its behalf by:

Virrsing Ramdeny
Director

Karl Yves Aeschbacher
Chief Executive Officer
and Director

Deenaraj Sooben
Director

The notes on pages 56 to 118 form an integral part of these financial statements.
Auditor's report on pages 46 to 51.

Warwyck Private Bank Ltd

Statement of comprehensive income for the year ended 31 December

	Notes	2019 USD	2018 USD	2017 USD
Interest income		**4,897,880**	3,965,680	2,989,111
Interest expense		**(1,754,134)**	(2,136,104)	(1,873,992)
Net interest income	24	**3,143,746**	1,829,576	1,115,119
Fee and commission income	25	**4,083,259**	5,815,133	5,895,287
Other income	26	**891,051**	4,623,168	4,352,945
Operating income		**8,118,056**	12,267,877	11,363,351
Personnel expenses	21	**(1,759,843)**	(1,907,867)	(1,550,878)
Operating lease expenses	33	**-**	(73,349)	(60,335)
Other expenses	22	**(3,478,900)**	(5,832,876)	(4,254,118)
Depreciation and amortisation	10a & 10b & 11	**(579,387)**	(782,987)	(631,846)
Net impairment gain/(losses) on financial assets	12 & 14	**1,278**	(13,461)	(3,283)
Net foreign exchange (losses)/gain		**(1,584,988)**	(1,285,977)	387,375
Profit before tax		**716,216**	2,371,360	5,250,266
Tax expense	23	**(47,478)**	(70,463)	(566,301)
Profit for the year	27	**668,738**	2,300,897	4,683,965
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss		**-**	-	-
Items that will be reclassified subsequently to profit or loss		**-**	-	-
Other comprehensive income for the year, net of tax		**-**	-	-
Total comprehensive income for the year		**668,738**	2,300,897	4,683,965
Earnings per share	29	**0.06**	0.23	0.47
Transfer to statutory reserve during the year	20	**100,311**	345,135	702,595

Approved by the Board of Directors on ....30 JUIN 2020.......... and signed on its behalf by:

Virrsing Ramdeny
Director

Karl Yves Aeschbacher
Chief Executive Officer and Director

Deenaraj Sooben
Director

The notes on pages 56 to 118 form an integral part of these financial statements.
Auditor's report on pages 46 to 51.

Warwyck Private Bank Ltd

Statement of changes in equity for the year ended 31 December

	Stated capital USD	Statutory reserve USD	Retained earnings USD	Total USD
At 01 January 2019	**10,000,000**	**1,992,078**	**1,986,038**	**13,978,116**
Capital injection (Note 19(iii))	**650,000**	**-**	**-**	**650,000**
Bonus issue (Note 19(iii))	**1,050,000**		**(1,050,000)**	**-**
Transactions with the shareholder	**1,700,000**	**-**	**(1,050,000)**	**650,000**
Profit for the year	**-**	**-**	**668,738**	**668,738**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**668,738**	**668,738**
Transfer to statutory reserve during the year	**-**	**100,311**	**(100,311)**	**-**
At 31 December 2019	**11,700,000**	**2,092,389**	**1,504,465**	**15,296,854**
At 01 January 2018	10,000,010	1,646,943	4,030,276	15,677,229
Shares bought back (Note 19(i))	(10)	-	-	(10)
Dividends paid (Note 28)	-	-	(4,000,000)	(4,000,000)
Transactions with the shareholder	(10)	-	(4,000,000)	(4,000,010)
Profit for the year	-	-	2,300,897	2,300,897
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,300,897	2,300,897
Transfer to statutory reserve during the year	-	345,135	(345,135)	-
At 31 December 2018	10,000,000	1,992,078	1,986,038	13,978,116
At 01 January 2017	10,000,010	944,348	2,948,906	13,893,264
Dividends paid (Note 28)	-	-	(2,900,000)	(2,900,000)
Transaction with the shareholder	-	-	(2,900,000)	(2,900,000)
Profit for the year	-	-	4,683,965	4,683,965
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4,683,965	4,683,965
Transfer to statutory reserve during the year	-	702,595	(702,595)	-
At 31 December 2017	10,000,010	1,646,943	4,030,276	15,677,229

The notes on pages 56 to 118 form an integral part of these financial statements.
Auditor's report on pages 46 to 51.

Warwyck Private Bank Ltd

Statement of cash flows for the year ended 31 December

	Notes	2019 USD	Restated 2018 USD	Restated 2017 USD
Operating activities				
Profit before tax		**716,216**	2,371,360	5,250,266
Adjustments for:				
Depreciation	10a	**373,159**	429,850	387,434
Amortisation	10b & 11	**206,228**	353,137	244,412
Net loss on sale of property, plant and equipment	10a	**3,804**	-	-
Loss on sale of bonds		**-**	-	186,634
Gain on disposal of subsidiaries		**-**	(3,847,548)	(3,185,649)
Fair value (gain)/losses on disposal of investment	9	**(71,458)**	59,478	(322,788)
Interest expense	24	**1,754,134**	2,136,104	1,873,992
Unwinding of discount of lease liability	10b	**1,308**	-	-
Interest paid		**(2,678,777)**	(1,857,002)	(1,681,480)
Interest income	24	**(4,897,880)**	(3,965,680)	(2,989,111)
Interest received		**5,186,531**	3,157,414	2,696,617
Dividend income	9	**(5,081)**	-	-
Intangible assets written off	11	**-**	33,197	-
Total adjustments		**(128,032)**	(4,801,462)	(3,805,076)
Changes in Operating assets and liabilities				
Decrease/(Increase) in placement with Overseas Bank		**(8,263)**	(632,330)	(2,304,598)
Decrease/(Increase) in loans and advances		**107,603,508**	621,966	(23,029,821)
Decrease/(Increase) in other assets		**(4,501,211)**	(404,720)	(10,147,883)
(Decrease)/ Increase in deposits from customers		**(117,331,670)**	22,012,796	72,231,311
(Decrease)/ Increase in other liabilities		**(251,956)**	(5,597,053)	(4,735,879)
Tax paid	23	**(32,966)**	(51,984)	(20,193)
Other dividend received		**1,134,934**	-	-
Net cash (used in)/from operating activities		**(12,799,440)**	13,518,573	33,438,127
Investing activities				
Investment in shares	9	**(238,182)**	(766,893)	-
Acquisition of intangible assets	11	**(5,156)**	(659,255)	(3,747)
Acquisition of property, plant and equipment	10a	**(623,773)**	(32,844)	(734,540)
Derivative financial instruments		**340,601**	(339,639)	(35,672)
Proceeds from sale of bonds		**-**	-	927,243
Disposal of investment	9	**1,017,055**	-	-
Disposal Of property, plant and equipment	10a	**63,149**	-	-
Dividend received	9	**5,081**	-	-
Proceeds from sale of subsidiaries		**-**	3,682,025	3,500,000
Net cash from investing activities		**558,775**	5,040,808	6,349,901
Financing activities				
Repayment of lease liability	10b	**(20,228)**	-	-
Increase in share capital	19	**650,000**	-	-
Dividends paid	28	**-**	(4,000,000)	(2,900,000)
Net cash from/(used in) financing activities		**629,772**	(5,857,002)	(4,581,480)
Net change in cash and cash equivalents		**(11,610,893)**	12,702,379	35,206,548
Cash and cash equivalents at the beginning of year		**115,558,821**	102,856,442	67,649,894
Cash and cash equivalents at the end of year		**103,947,928**	115,558,821	102,856,442
Cash and cash equivalents is made up of:				
Cash in hand and at bank	8	**103,954,489**	122,118,345	106,192,746
Overdrawn bank balances	18	**(6,561)**	(6,559,524)	(3,336,304)
Cash and cash equivalents, end of year		**103,947,928**	115,558,821	102,856,442

The notes on pages 56 to 118 form an integral part of these financial statements.
Auditor's report on pages 46 to 51.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Warwyck Private Bank Ltd, the "Bank", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 10 December 2013 as a private company limited by shares. The Bank's registered office is Warwyck House, Nalletamby Road, Phoenix 73538, Republic of Mauritius.

The Bank holds a Banking Licence issued by the Bank of Mauritius on 25 April 2014 and it started its operations on 23 June 2014. The Bank also holds an Investment Adviser (Unrestricted) Licence, a Custodian Licence and a Custodian (Non-CIS) Licence issued by the Financial Services Commission.

The principal activity of the Bank is to provide private banking services.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and legislations as applicable to banks.

2. Adoption of new and amended International Financial Reporting Standards

2.1 New and amended standards that are effective for the current year

The Bank has applied the following standards, amendments and interpretations to the existing standards for the first time for the annual reporting period commencing on 01 January 2019:

IFRS 16, Leases

IFRS 16, *Leases* results in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The impact of IFRS 16 has been elaborated in note 40.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23, *Uncertainty over Income Tax Treatments* explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Bank's financial statements.

IFRS 9, Prepayment Features with negative compensation (Amendments to IFRS 9)

IFRS 9, *Prepayment Features with negative compensation (Amendments to IFRS 9)* enable entities to measure certain pre payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Bank's financial statements.

Notes to the financial statements

For the year ended 31 December 2019

2. Adoption of new and amended International Financial Reporting Standards (Contd)

2.1 New and amended standards that are effective for the current year (Contd)

IAS 28, Long-term interest in Associates and Joint Ventures

These amendments provide clarification in the case where an entity applies IFRS 9 '*Financial Instruments'* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. This amendment has no impact on the Bank's financial statements.

Annual improvements to IFRSs 2015-2017

These improvements include amendments to IAS 12: *Income Taxes*, IAS 23: *Borrowing costs*, IFRS 3: *Business Combinations* and IFRS 11: *Joint Arrangements* which are effective from 01 January 2019. The amendments are to be applied retrospectively, except for the amendments to IAS 23*: Borrowing costs*. This amendments has no impact on the Bank's financial statements.

IAS 19, Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The following amendments were made to IAS 19:

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re measurement are determined using the assumptions used for the re measurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

These amendments have no impact on the Bank's financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

IFRS 17, Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, Insurance Contracts as of 01 January 2023.

Definition of a Business (Amendments to IFRS 3)

The amendment clarify the minimum attributes that the acquired assets and activities must have to be considered a business, remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs, narrow the definition of a business and the definition of outputs and add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

Notes to the financial statements

For the year ended 31 December 2019

2. Adoption of new and amended International Financial Reporting Standards (Contd)

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank (Contd)

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

The amendments are a response to findings that some companies experienced difficulties using the previous definition when judging whether information was material for inclusion in the financial statements. In fact, up to now, the wording of the definition of material in the Conceptual Framework for Financial Reporting differed from the wording used in IAS 1 and IAS 8. The existence of more than one definition of material was potentially confusing, leading to questions over whether the definitions had different meanings or should be applied differently.

Conceptual Framework for Financial Reporting

In March 2018, the IASB published a revised 'Conceptual Framework for Financial Reporting' (Conceptual Framework) concluding its long-running project in this area. Although it is not a Standard and will not immediately change or override any existing Standards, it may affect entities that develop or select accounting policies in accordance with the previous version of the Conceptual Framework that was issued in 2010.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances with banks in Mauritius and abroad, unrestricted balances with the Central Bank and short term loans, placements with banks maturing within 90 days from date of origination and money market placement which are highly liquid in nature.

Overdraft balances are shown separately under "Borrowings" in the statement of financial position.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Bank becomes party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are measured as described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the current year, the Bank does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the Bank's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for net impairment loss on financial assets which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Bank's cash and cash equivalents, placements with an overseas bank, loans and advances and most of its assets fall into this category of financial instruments.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.3 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The Bank had investment in a quoted company which were disposed during the financial year. The fair value of which was determined using its quoted price published on the Euronext Paris Stock Exchange. The derivative financial assets are also measured at fair value through profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Bank, instruments within the scope of the new requirements included loans and advances and most of its receivables.

Recognition of credit losses is no longer dependent on the Bank's first identifying a credit loss event. Instead the Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.3 Financial instruments (Contd)

Classification and subsequent measurement of financial liabilities

The Bank's financial liabilities include deposits from customers, other liabilities, derivative financial liabilities, lease liabilities and overdrawn bank balances.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transactions costs unless the Bank designed a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designed at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included with interest income and interest expense.

Derivative financial instruments

Derivative financial instruments include foreign exchange forward, spot and swap contracts. These are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately to the statement of comprehensive income.

The Bank's derivative transactions, while providing effective economic hedges under the Bank's risk management policies, do not qualify for hedge accounting under the specific rules of IFRS 9 and are therefore treated as derivatives held for trading with fair value gains and losses reported in the statement of comprehensive income.

3.4 Provision for impairment losses

(i) Specific allowances are made on impaired advances and are calculated as the shortfall between the carrying amounts of the advances and their recoverable amounts. The recoverable amount is the present value of expected future cash flows discounted at the prevailing effective interest rate of the advance. The Bank follows the guidance of the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition (the "Guideline") issued in April 2016 to classify a credit facility as an impaired asset and determine the adequacy of specific allowances. A revised guideline was issued by the Bank of Mauritius with effect from 1 January 2020. The Guideline prescribes that where credit provisions computed under IFRS 9 are different from those computed under Prudential Provisioning Norm, the Bank is 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 under IFRS 9, the difference shall be accounted as General Provision, through an appropriation of distributable reserves.
- If the specific provision computed under IFRS 9 is higher than the specific provision computed in terms of Prudential Provisioning Norm, then the entire specific provision computed under IFRS 9 shall be treated as an expense in profit or loss.

A revised guideline was issued by the Bank of Mauritius with effect from 01 January 2020.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.4 Provision for impairment losses (Contd)

(ii) A portfolio allowance for credit impairment is maintained on the aggregate amount of all loans and advances to allow for potential losses not specifically identified. The portfolio allowance is estimated based upon historical patterns of losses in each component of the portfolio of loans and advances as well as on current economic and other relevant conditions. The Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition prescribes that the portfolio allowance should be no less than 1 per cent of the aggregate amount of loans and advances excluding loans granted to or guaranteed by the Government of Mauritius and excluding loans to the extent that they are supported by collateral of liquid assets held by the Bank.

In addition to the minimum portfolio provision of 1% on standard credits, the Bank shall make additional portfolio provision, as a "Macroprudential Policy Measure", for Segment A exposures with relation to some key sectors stipulated in the Guideline on Credit Impairment Measurement and Income Recognition. We have compared the portfolio provision prescribed by the Bank of Mauritius and IFRS and management considers that the provision prescribed by the Bank of Mauritius is more adequate.

(iii) A write off is made when all or part of a loan is deemed uncollectible. Write-offs are charged against loans and advances and subsequent recoveries, in part or in full of amounts previously written-off, are credited to "Bad debts recovered" in the statement of comprehensive income.

(iv) In compliance with the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition, when a borrower misses a contractual instalment on interest or principal, his loan is designated for an assessment of the degree of impairment and this assessment must be completed within 60 days of the first indication of impairment.

3.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.6 Property, plant and equipment

Land and buildings

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is the fair value based on appraisals prepared by external professional valuers on a regular frequency, as appropriate, to reflect the current market value of the property. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

3. Summary of accounting policies (Contd)

3.6 Property, plant and equipment (Contd)

Other property plant and equipment

Other property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Bank's management. Property, plant and equipment are subsequently measured using the cost model that is cost less subsequent depreciation and impairment losses.

Depreciation is calculated on the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives as follows:

Office and equipment	-	20%
Computer equipment	-	25%
Furniture and fittings	-	20%
Motor vehicles	-	20%
Buildings	-	2%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of an asset, the difference between the carrying value of the asset and sale consideration is taken to the statement of comprehensive income.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Costs incurred in relation to projects under development were accounted under work in progress and disclosed under "Property, plant and equipment".

3.7 Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year.

3.8 Revenue recognition

- Set up fees, other fees and commissions are recognised on an accrual basis, when the service has been provided, unless collectability is in doubt.

- Dividend income is recognised when the right to receive payment is established.

- Deferred gain arises from the disposal of subsidiaries (the 'Subsidiaries') and will be received in a phased manner upon achievement of certain milestones by the Subsidiaries. Deferred gain is accounted in other liabilities and is credited to other income on an annual basis when these milestones are met (Note 31).

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.9 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in United States dollar (USD), which is also the Bank's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Bank, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Assets and liabilities have been translated into USD at the closing rate at the reporting date. Income and expenses have been translated into USD at the transaction rate over the reporting period.

The exchange rates used to convert the Bank's foreign transactions into USD at reporting date were as follows:

		USD
Euro	EUR/USD	1.1201
Swiss Franc	USD/CHF	0.9692
Mauritian Rupee	USD/MUR	36.4445
Great Britain Pound Sterling	GBP/USD	1.3113
Australian Dollar	USD/AUD	1.4299
Canadian Dollar	USD/CAD	1.3058
Mexican Peso	USD/MXN	18.8629
Japanese Yen	USD/JPY	108.9681
New Zealand Dollar	USD/NZD	1.4862
Norwegian Krone	USD/NOK	8.7844
Swedish Krona	USD/SEK	9.3253
South African Rand	USD/ZAR	14.0885

3.10 Income taxes

Tax expense recognised in the statement of comprehensive income comprises the sum of current tax and deferred tax, Special Levy and Corporate Social Responsibility Fund ("CSRF") which are not recognised in other comprehensive income or directly in equity.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.10 Income taxes (Contd)

(a) Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred taxation

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Bank's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(c) Special Levy

During the year under review, Section 50(H) of the Income Tax Act 1995 (Consolidated up to Finance Act 2018), Special Levy has been removed and was included in the Value Added Tax Act 1998 (Consolidated up to Finance Act 2019). As such, no special levy was recognised in financial year 2019.

However, during the prior years, as per Section 50(H) of the Income Tax Act 1995 (Consolidated up to Finance Act 2018), Special Levy was calculated as follows:

(i) 3.4 per cent on book profit and 1.0 per cent on operating income with regard to its income derived from banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Act 2007; and

(ii) 10 per cent on the chargeable income with regard to its income derived from sources other than from transactions referred in subparagraph (i). No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.11 Post employment benefits and short-term employee

Pension and retirement scheme

The Bank contributes to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Bank has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in personnel expenses.

The retirement benefits in respect of employment legislation are recognised when disbursed.

State plan

Contributions to the National Pension Scheme are expensed to the statement of comprehensive income in the period in which they fall due.

Short-term employee benefits

Short-term employee benefits are included in personnel expenses.

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the present value of the gratuity on retirement payable under the Worker's Rights Act 2019 (2018 - Employment Rights Act 2008) is calculated and assessed by a qualified actuary. The obligations arising under this item are not funded.

3.12 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, base on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.13 Leases

In 2018, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.13 Lease (Contd)

The Bank accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Bank obtains substantially all the economic benefits from use of the asset; and
- The Bank has the right to direct use of the asset.

The Bank considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Bank obtains substantially all the economic benefits from use of the asset, the Bank considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Bank has the right to direct use of the asset, the Bank considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Bank considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Bank applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Bank's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Bank if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

3. Summary of accounting policies (Contd)

3.13 Lease (Contd)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Bank is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Bank revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

3.14 Intangible assets

Intangible assets represent mainly software licences and are amortised on a straight line basis over their estimated useful lives of 4 years.

Residual values and useful lives are reviewed at each reporting date. In addition, all intangible assets are subject to impairment testing.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the statement of comprehensive income.

Costs incurred in relation to software under development are accounted as work in progress and disclosed under “Intangible assets”.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.15 Impairment of assets

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.16 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings include current and prior years' results as disclosed in the statement of comprehensive income.

Dividend payment to the shareholder is deducted from retained earnings when the dividend has been approved by the Board before the reporting date.

Statutory reserve represents non-distributable reserves which is 15% of the profit after tax transferred from retained earnings.

3.17 Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

3.18 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

The Bank considers key management personnel, directors and members as related parties.

3.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to the risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

Notes to the financial statements

For the year ended 31 December 2019

3. Summary of accounting policies (Contd)

3.19 Segment reporting (Contd)

The Bank prepares its financial statements in line with the requirements of the Bank of Mauritius guideline on 'Segmental Reporting under a Single Banking Licence Regime' which sets out the essential components of Segment A and Segment B.

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 asset will generally consist of placements with and advances to foreign resident companies, institutions as well as individuals including stocks and debt instruments and claims on non-residents and/ or entities holding Global Business Licence ('GBLs'). Segment B liabilities will normally arise from deposits, borrowings, funds deposited by non-residents and GBLs.

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, both on the liability side and asset side.

For the year ended 31 December 2019, there are no transactions relating to Segment A.

3.20 Guarantees

In the normal course of business, the Bank issues various forms of guarantees to support its customers. These guarantees are kept off-balance sheet unless a provision is needed to cover probable losses. These guarantees are disclosed as contingent liabilities.

3.21 Off-balance sheet arrangements

In the normal course of business, the Bank enters into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of comprehensive income. These types of arrangements are kept off-balance sheet as long as the Bank does not incur an obligation from them or become entitled to an asset itself. As soon as an obligation is incurred, it is recognised on the statement of financial position, with the resulting gain or loss recorded in the statement of comprehensive income.

3.22 Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year except for notes 15 on deposit from customer and notes 30 related party transactions, the comparatives figures have not been adjusted.

Notes to the financial statements

For the year ended 31 December 2019

4. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Bank that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Bank is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Bank is the USD.

Intangible assets

Management uses its judgement when determining whether the recognition requirements for the capitalisation of intangible assets are met. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are indicators that these assets may be impaired.

Recognition of deferred tax assets/liabilities

The extent to which deferred tax asset can be recognised is based on an assessment of the probability of the Bank's future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilised.

Segment reporting

The Bank has prepared financial statements in line with requirements of the Bank of Mauritius Guideline on 'Segment Reporting under a Single Banking Licence Regime' which requires that segment information should be provided for Segment A and Segment B banking business (Note 3.19). The directors have determined that the revenues and expenses are directly attributable to Segment B.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2019, management considered that the useful lives represent the expected utility of the assets. The carrying amounts are analysed in Notes 10 and 11. Actual results, however, may vary due to technical obsolescence, particularly relating to computer equipment.

Notes to the financial statements

For the year ended 31 December 2019

4. Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Bank's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's view of possible near-term market changes that cannot be predicted with any certainty.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of inputs, assumptions, and estimation techniques used in measuring Expected Credit Losses ('ECL') is further detailed in Note 5.2.2, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk; and
- Choosing appropriate models and assumptions for the measurement of ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 5.2.2.3.

Specific allowance for credit impairment

The calculation of specific allowance for credit impairment requires management to estimate the recoverable amount of each impaired asset, being the present value of expected cash flows, including amount recoverable from guarantees and collaterals, discounted at the prevailing effective interest rate of the loans.

Portfolio allowance for credit impairment

The portfolio allowance for credit impairment is estimated based upon historical patterns of losses in each component of the portfolio of loans and advances as well as management estimate of the impact of current economic and other relevant conditions on the recoverability of the loans and advances portfolio.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

5. Financial instrument risk

Risk management objectives and policies

The Bank's financial assets and liabilities by category are summarised in the table below:

	2019 USD	2018 USD
Financial assets		
Financial assets at fair value through profit or loss:		
Investment in a quoted company	**-**	707,415
Derivative financial assets	**1,951**	902,280
Amortised cost:		
Placements with an overseas bank	**2,945,191**	2,936,928
Cash and cash equivalents	**103,954,489**	122,118,345
Loans and advances	**28,894,403**	137,981,497
Other assets*	**30,639,002**	26,472,181
	166,435,036	291,118,646
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	**2,913**	562,641
Amortised cost:		
Deposits from customers	**157,210,674**	275,466,988
Other liabilities**	**685,887**	937,843
Lease liability	**4,853**	-
Borrowings	**6,561**	6,559,524
	157,910,888	283,526,996

**Other assets considered as financial assets exclude prepayments and prepaid card account.*
***Other liabilities considered as financial liabilities exclude deferred income.*

The financial instrument classifications in the prior years are in accordance with IAS 39 as follows:

	2017 USD
Financial assets	
Financial assets at fair value through profit or loss:	
Trading assets	-
Held-to-maturity:	
Placements with an overseas bank	2,304,598
Loans and receivables:	
Cash and cash equivalents	106,192,746
Loans and advances	137,795,197
Other assets*	25,375,527
	271,668,068

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Notes to the financial statements

For the year ended 31 December 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

The financial instrument classifications in the prior years are in accordance with IAS 39 as follows (Contd):

	2017 USD
Financial liabilities	
Financial liabilities at fair value through profit or loss:	
Derivative financial liabilities	-
Financial liabilities measured at amortised cost:	
Deposits from customers	253,175,080
Other liabilities**	1,101,562
Borrowings	3,336,304
	257,612,946

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Bank's risk management is coordinated by management in close cooperation with the Board of Directors and committees set by the Board, and focuses on actively securing the Bank's short to medium-term cash flows by minimising the exposure to financial markets.

Risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. In addition, internal audit is responsible for the independent review of risk management and the control environment. The main types of risks faced by the Bank are market risk, credit risk, liquidity risk and operational risks. Market risk includes currency risk and interest rate risk.

5.1 Market risk analysis

Market risk is the risk of loss resulting from adverse movements in the value of financial instruments. It encompasses exposure to interest rates, foreign exchange rates and equity prices. Sound market risk management practices include the measurement and monitoring of market risk as well as the communication and enforcement of risk limits throughout the Bank's trading businesses.

Market risk is monitored consistently by the chief risk officer and the treasury department and reported to the Bank's Risk Management Committee. Movements of major currencies, trends and forecasts are analysed in the Risk Management Committee. Matching of the Bank's Assets and Liabilities is closely monitored by using gap analysis. Limits and authorisation/approval levels are set in the Bank's Liquidity, Interest Rate and Foreign Exchange Risk Policy. Procedures are strictly followed and adhered to.

Notes to the financial statements

For the year ended 31 December 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.1 Price sensitivity

The price of the Bank's quoted investment constantly changes due to market forces or other specific trading factors. Hence, the Bank is exposed to the risk that the reported value of its investment may be adversely affected due to fluctuation in price of the investment held at the reporting date.

The Bank is exposed to price risk in respect of its holding of security listed on the Euronext Paris Stock Exchange. The analysis is based on the assumption that the market price of the equity security has increased/decreased by 1%, with all other variables held constant. A 1% increase or decrease in the market price would have a marginal impact on the profit and equity of the Bank during the year ended 31 December 2018. The Bank is not exposed to any price risk as at 31 December 2019.

5.1.2 Foreign currency sensitivity

Foreign exchange risk is the risk that the Bank's earnings and economic value will be adversely affected with movements in foreign exchange rates. The Bank is exposed to this risk in both the spot and forward foreign exchange markets. Spot foreign exchange risk arises when the total present value of assets in a particular currency does not equal the present value of liabilities in that currency. Forward foreign exchange risk arises when for a given currency, the maturity profile of forward purchases differs from the maturity profile of forward sales.

The Bank monitors its foreign exchange risk exposure based on limits set in the Bank's Foreign Currency Risk Policy. Authorisation limits are clearly indicated in this policy. Foreign exchange exposures are reported to the Bank of Mauritius as per the guidelines. The Risk Management Committee is the main forum in which foreign exchange and treasury matters are discussed and analysed.

The Bank also enters into back-to-back foreign exchange forward contracts with financial institutions to mitigate its foreign exchange exposure on the foreign exchange forward contracts entered with its customers.

The Bank's reporting currency is the United States Dollar (USD) but it has assets, liabilities, income and expenses in other currencies. The following table summarises the Bank's exposure to the foreign exchange rate risk at 31 December 2017, 31 December 2018 and 31 December 2019.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Foreign currency sensitivity (Contd)

At 31 December 2019	USD	EUR	CHF	MUR	GBP	AUD	CAD	MXN	JPY	NZD	NOK	SEK	ZAR	Total
							USD equivalent							
Assets														
Derivative financial assets	-	-	-	-	96	1,320	380	-	20	47	28	60	-	1,951
Cash and cash equivalents	98,634,441	3,119,372	-	184,915	1,166,097	10,742	745	136	43	6	19	-	837,973	103,954,489
Placements	784,820	-	-	-	2,160,371	-	-	-	-	-	-	-	-	2,945,191
Loans and advances	2,780,719	20,208,313	-	-	2,018,802	-	3,712,953	16	11,924	-	-	159,130	2,546	28,894,403
Other assets	4,588,401	26,030,087	(6,706)	27,220	-	-	-	-	-	-	-	-	-	30,639,002
Total assets	106,788,381	49,357,772	(6,706)	212,135	5,345,366	12,062	3,714,078	152	11,987	53	47	159,190	840,519	166,435,036
Liabilities														
Derivative financial liabilities	2,071	-	-	-	-	796	-	-	-	-	-	46	-	2,913
Deposits from customers	49,679,993	91,260,024	548,551	-	5,816,350	185,485	723,818	352,173	4,061,755	251,056	703,220	3,268,471	359,778	157,210,674
Borrowings	-	6,386	70	-	-	-	27	15	13	-	-	22	28	6,561
Other liabilities	598,242	47,043	-	40,602	-	-	-	-	-	-	-	-	-	685,887
Lease liability	-	-	-	4,853	-	-	-	-	-	-	-	-	-	4,853
Total liabilities	50,280,306	91,313,453	548,621	45,455	5,816,350	186,281	723,845	352,188	4,061,768	251,056	703,220	3,268,539	359,806	157,910,888
Net on-balance sheet position	56,508,075	(41,955,681)	(541,915)	166,680	(470,984)	(174,219)	2,990,233	(352,036)	(4,049,781)	(251,003)	(703,173)	(3,109,349)	480,713	8,524,148
Net off-balance sheet position	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Foreign currency sensitivity (Contd)

At 31 December 2018	USD	EUR	CHF	MUR	GBP	AUD	CAD	MXN	JPY	NZD	NOK	SEK	ZAR	Total
							USD equivalent							
Assets														
Financial assets at fair value														
through profit or loss	-	707,415	-	-	-	-	-	-	-	-	-	-	-	707,415
Derivative financial assets	902,280	-	-	-	-	-	-	-	-	-	-	-	-	902,280
Cash and cash equivalents	32,659,404	67,483,583	8,239,867	93,779	2,323,398	3,094	39,051	1,682,117	2,989,021	121,882	420,814	4,045,106	2,017,229	122,118,345
Placements	-	-	-	-	2,936,928	-	-	-	-	-	-	-	-	2,936,928
Loans and advances	15,618,740	117,047,422	-	-	4,346,638	-	-	-	11,414	373,823	463	326,594	256,403	137,981,497
Other assets	5,100,355	21,371,826	-	-	-	-	-	-	-	-	-	-	-	26,472,181
Total assets	54,280,779	206,610,246	8,239,867	93,779	9,606,964	3,094	39,051	1,682,117	3,000,435	495,705	421,277	4,371,700	2,273,632	291,118,646
Liabilities														
Derivative financial liabilities	562,641	-	-	-	-	-	-	-	-	-	-	-		562,641
Deposits from customers	37,776,054	210,452,785	8,342,689	-	9,820,157	27,668	594,170	15,038	2,024,020	101	868,073	5,522,459	23,774	275,466,988
Borrowings	4,599,128	-	-	-	33,394	8,874	32,541	-	-	-	-	-	1,885,587	6,559,524
Other liabilities	234,790	624,060		78,993	-	-	-	-	-	-	-	-	-	937,843
Total liabilities	43,172,613	211,076,845	8,342,689	78,993	9,853,551	36,542	626,711	15,038	2,024,020	101	868,073	5,522,459	1,909,361	283,526,996
Net on-balance sheet														
position	11,108,166	(4,466,599)	(102,822)	14,786	(246,587)	(33,448)	(587,660)	1,667,079	976,415	495,604	(446,796)	(1,150,759)	364,271	7,591,650
Net off-balance sheet position	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Foreign currency sensitivity (Contd)

At 31 December 2017	USD	EUR	CHF	MUR	GBP	AUD	CAD	MXN	JPY	NZD	NOK	SEK	ZAR	Total
							USD equivalent							
Assets														
Cash and cash equivalents	48,206,699	24,079,974	17,019,711	136,328	2,793,587	934,906	810,505	1,268,823	2,378,370	1,523,582	3,982,248	-	3,058,013	106,192,746
Placements	-	-	-	-	2,304,598	-	-	-	-	-	-	-	-	2,304,598
Loans and advances	1,716,219	100,270,861	30,723,564	-	3,522,501	228,095	179,525	-	-	69,514	888,985	195,933	-	137,795,197
Other assets	10,188,528	15,173,600	-	13,399	-	-	-	-	-	-	-	-	-	25,375,527
Total assets	60,111,446	139,524,435	47,743,275	149,727	8,620,686	1,163,001	990,030	1,268,823	2,378,370	1,593,096	4,871,233	195,933	3,058,013	271,668,068
Liabilities														
Deposits from customers	47,809,999	137,132,137	47,549,107	-	5,860,161	1,192,557	1,035,187	2,332,396	2,324,898	1,945,037	987,460	2,607,019	2,399,122	253,175,080
Borrowings	-	-	-	-	2,767,776	-	-	-	-	-	-	568,528	-	3,336,304
Other liabilities	336,119	606,911	-	158,532	-	-	-	-	-	-	-	-	-	1,101,562
Total liabilities	48,146,118	137,739,048	47,549,107	158,532	8,627,937	1,192,557	1,035,187	2,332,396	2,324,898	1,945,037	987,460	3,175,547	2,399,122	257,612,946
Net on-balance sheet position	11,965,328	1,785,387	194,168	(8,805)	(7,251)	(29,556)	(45,157)	(1,063,573)	53,472	(351,941)	3,883,773	(2,979,614)	658,891	14,055,122
Guarantees	147,000	-	-	-	-	-	-	-	-	-	-	-	-	147,000
Net off-balance sheet position	147,000	-	-	-	-	-	-	-	-	-	-	-	-	147,000

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Foreign currency sensitivity (Contd)

The Bank is exposed to foreign exchange risk arising from its currency exposure, primarily with respect to the Euro (EUR), Swiss Franc (CHF), Mauritian Rupee (MUR), Great Britain Pound Sterling (GBP), Australian Dollar (AUD), Canadian Dollar (CAD), Mexican Peso (MXN), Japanese Yen (JPY), New Zealand Dollar (NZD), Norwegian Krone (NOK), Swedish Krona (SEK) and South African Rand (ZAR). Consequently, the Bank is exposed to the risk that the exchange rate of the United States Dollar (USD) relative to the EUR, CHF, MUR, GBP, AUD, CAD, MXN, JPY, NZD, NOK, SEK and ZAR may change in a manner which has a material effect on the reported value of the Bank's assets and liabilities.

The sensitivity of profit and equity in regards to the Bank's financial instruments is subject to changes in the EUR/USD, CHF/USD, MUR/USD, GBP/USD, AUD/USD, CAD/USD, MXN/USD, JPY/USD, NZD/USD, NOK/USD, SEK/USD and ZAR/USD exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the years ended 31 December 2019, 31 December 2018 and 31 December 2017:

		% change	
	2019	**2018**	**2017**
EUR	**2%**	4%	14%
CHF	**1%**	0.4%	4%
MUR	**6%**	2%	8%
GBP	**3%**	6%	10%
AUD	**1%**	10%	8%
CAD	**4%**	8%	7%
MXN	**4%**	1%	5%
JPY	**1%**	2%	4%
NZD	**0%**	6%	2%
NOK	**1%**	5%	5%
SEK	**4%**	8%	11%
ZAR	**2%**	14%	10%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Bank's foreign currency financial instruments held at each reporting date.

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Foreign currency sensitivity (Contd)

If the USD had strengthened by the above percentages, then this would have had the following impact:

	2019		2018		2017	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	**859,982**	**859,982**	187,812	187,812	(249,954)	(249,954)
CHF	**8,079**	**8,079**	460	460	(7,767)	(7,767)
MUR	**(9,832)**	**(9,832)**	(246)	(246)	704	704
GBP	**15,996**	**15,996**	13,885	13,885	725	725
AUD	**1,036**	**1,036**	3,241	3,241	2,364	2,364
CAD	**(132,356)**	**(132,356)**	44,840	44,840	3,161	3,161
MXN	**14,153**	**14,153**	(10,993)	(10,993)	53,179	53,179
JPY	**54,564**	**54,564**	(21,695)	(21,695)	(2,139)	(2,139)
NZD	**1,199**	**1,199**	(27,314)	(27,314)	7,039	7,039
NOK	**4,310**	**4,310**	24,538	24,538	(194,189)	(194,189)
SEK	**115,660**	**115,660**	92,402	92,402	327,758	327,758
ZAR	**(9,665)**	**(9,665)**	(50,942)	(50,942)	(65,889)	(65,889)

If the USD had weakened by the above percentages, then this would have had the following impact:

	2019		2018		2017	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	**(859,982)**	**(859,982)**	(187,812)	(187,812)	249,954	249,954
CHF	**(8,079)**	**(8,079)**	(460)	(460)	7,767	7,767
MUR	**9,832**	**9,832**	246	246	(704)	(704)
GBP	**(15,996)**	**(15,996)**	(13,885)	(13,885)	(725)	(725)
AUD	**(1,036)**	**(1,036)**	(3,241)	(3,241)	(2,364)	(2,364)
CAD	**132,356**	**132,356**	(44,840)	(44,840)	(3,161)	(3,161)
MXN	**(14,153)**	**(14,153)**	10,993	10,993	(53,179)	(53,179)
JPY	**(54,564)**	**(54,564)**	21,695	21,695	2,139	2,139
NZD	**(1,199)**	**(1,199)**	27,314	27,314	(7,039)	(7,039)
NOK	**(4,310)**	**(4,310)**	(24,538)	(24,538)	194,189	194,189
SEK	**(115,660)**	**(115,660)**	(92,402)	(92,402)	(327,758)	(327,758)
ZAR	**9,665**	**9,665**	50,942	50,942	65,889	65,889

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

5.1.2 Interest rate sensitivity

The Bank has interest bearing financial assets in the form of loans and advances and placements which are at fixed rates and has interest bearing financial liabilities in the form of term deposits and borrowings which are also at fixed rates. Consequently, it is not exposed to interest rate risk on these financial assets and liabilities.

5.2 Credit risk analysis

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from loans and advances, and loan commitments arising from such lending activities.

The Bank is also exposed to other credit risks arising from other financial assets such as other assets, cash and cash equivalents and most of its receivables and credit risk off-balance sheet financial instruments, such as guarantees.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control is performed by a Chief Risk Officer who reports regularly to the Risk Management Committee.

5.2.1 Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring ECL under IFRS 9.

Credit risk grading

The Bank uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Bank use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

The Bank's internal rating is as follows:

Credit risk grading (Contd)

- Low risk – if the loan is in the same currency as the collateral;
- Medium risk – if the loan is in a different currency of the collateral and the loan is portfolio collaterised; and
- High risk – If the loan is not cash collaterised and the loan exceeds 40% of the portfolio collateral.

5.2.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to Note 5.2.2.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to Note 5.2.2.2 for a description of how the Bank defines credit-impaired and default.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the ECL that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 5.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgements and assumptions adopted by the Bank in addressing the requirements of IFRS 9 are discussed in the following sections.

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Credit risk analysis (Contd)

5.2.2 Expected credit loss measurement (Contd)

5.2.2.1 Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative criteria

If the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Direct debit cancellation;
- Extension to the terms granted;
- Previous arrears within the last 12 months.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all financial instruments held by the Bank. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Bank has not used the low credit risk exemption for any financial instruments, except intercompany loans that have low credit risk. This short cut assumes:

(i) that the PD for the intercompany loans is that of the lowest investment grade (e.g. BBB- or Baa3, depending on the credit ratings agency used); and

(ii) the maximum possible loss in the event of default (that is, the loan is fully drawn and no amount is recovered).

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

5.2.2 Expected credit loss measurement (Contd)

5.2.2.2 Definition of default and credit-impaired assets

The Bank defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The above criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

5.2.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

5.2.2 Expected credit loss measurement (Contd)

5.2.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Contd)

- PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data.

The Bank has started its operations in 2014 and there has not been any experience of default over the last 3 years of its operation. The default history does not provide a reliable forecast of future probability of default. Relying on Guidance provided by the Bank for International Settlements (BIS), a minimum 12-month PD of 0.05% is used as it would be inappropriate to assume that no default will occur.

The PD values used for the different stages is summarised below:

Staging	Probability of Default
Stage 1	12-month PD – 0.05%
Stage 2	Lifetime PD
Stage 3	100%

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

5.2.2 Expected credit loss measurement (Contd)

5.2.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Contd)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

At 01 January and 31 December 2019, all loans provided by the Bank were fully collateralised either by fixed deposits or current accounts in the same currency as the loan, of which the Bank has direct control. There are no losses attributed to variations in exchange rates or costs to obtain and sell the collateral in the event of a default. The loans are also serviced regularly for interest repayments. The appropriate haircut for cash collateral in the same currency as the loan is 0% as per Basel III. However, though remote, there is a risk that the borrower is not able to repay the interest portion of amounts outstanding. The Bank has considered that the LGD attributable to the interest element, should the borrower default, is not significant. Thus, the recovery rate is considered as 100% for the loans and the value for LGD is nil.

Other assets which pertain mainly to amounts due from various sister companies, are also impacted by the impairment provisions of IFRS 9. Based on their assessment, management confirmed that the related parties are financially strong to meet their contractual cash flows in the near term and have not defaulted in the past. Therefore, the Bank has applied the Basel set-threshold of 0.05% for 12-month PD and a maximum possible loss in the event of default (i.e. LGD = 100%) to the outstanding balances of the other assets, to arrive at the ECL.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

5.2.3 Credit risk exposure

5.2.3.1 Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets:

	2019				2018	2017
	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD	Total USD	Total USD
Loans and advances						
Credit Grade						
Low risk	**23,514,511**	**-**	**-**	**23,514,511**	137,985,666	137,799,141
Medium risk	**5,380,683**	**-**	**-**	**5,380,683**	-	-
High risk	**-**	**-**	**-**	**-**	-	-
Gross carrying amount	**28,895,194**	**-**	**-**	**28,895,194**	137,985,666	137,799,141
Loss allowance (Note 12)	**(791)**	**-**	**-**	**(791)**	(4,169)	(3,944)
Carrying amount	**28,894,403**	**-**	**-**	**28,894,403**	137,981,497	137,795,197
Other assets						
Credit Grade						
Low risk	**30,654,338**	**-**	**-**	**30,654,338**	26,485,417	25,375,527
Medium risk	**-**	**-**	**-**	**-**	-	-
High risk	**-**	**-**	**-**	**-**	-	-
Gross carrying amount	**30,654,338**	**-**	**-**	**30,654,338**	26,485,417	25,375,527
Loss allowance (Note 14)	**(15,336)**	**-**	**-**	**(15,336)**	(13,236)	-
Carrying amount	**30,639,002**	**-**	**-**	**30,639,002**	26,472,181	25,375,527

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

5.2.3 Credit risk exposure (Contd)

5.2.3.2 Concentration of loans and advances with credit risk exposure.

The following table breaks down the Bank's main credit exposure for loans and advances at their net amounts, as categorised by the industry sectors.

	2019 USD	2018 USD	2017 USD
Construction	**3,534,803**	3,618,695	11,276,372
Wholesale and retail trade	**508,644**	35,923	757,014
Financial and business services	**13,485,034**	125,174,378	116,248,782
Personal	**11,365,922**	9,152,501	9,513,029
	28,894,403	137,981,497	137,795,197

5.2.3.3 Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances is cash and portfolio collaterals, of which the Bank has direct control.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. The Bank is offering a new type of loan namely Lombard loan whereby the Bank has control through its general pledge on the total assets of the counterparty with the Bank and its related companies.

5.2.3.4 Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) when the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The Bank would still seek to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.3 Country risk management

Cross-border exposures subject banks to country risk, that is the possibility that sovereign borrowers of a particular country may be unable or unwilling, and borrowers unable to fulfill their foreign obligations for reasons beyond the usual credit risk which arises in relation to all lending.

In April 2010, the Central Bank issued its first guideline on Country Risk Management. The Bank has put in place its policy on Country Risk Management which is a comprehensive document approved by the Board of Directors and which contains the risk appetite of the Bank together with a set of techniques on the measurement and monitoring of the Bank's country risk exposures.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this context, the Bank monitors its country risk exposures at the level of the Risk Management Committee.

At 31 December 2019, 80% of the risk weighted exposures were Aaa countries, 16% in Aa2 countries and 4% in a Baa1 country (*source from Moody's – Credit ratings*). The highest exposures were in Luxembourg represented by 79% for Aaa ratings. Aa2 ratings comprised of 16% in United Kingdom and the remaining 4% Baa1 country was in Mauritius.

5.4 Liquidity risk analysis

Liquidity risk is defined as 'the risk that, at any time, the Bank does not have sufficient realisable financial assets to meet its financial obligations as they fall due'. The management of liquidity risk in the Bank is undertaken under the guideline on Liquidity Risk Management issued by the Bank of Mauritius.

The objective of the Bank is to ensure that it can meet its financial obligations as they fall due in the normal course of business and it maintains an adequate stock of highly liquid assets to enable it to meet unexpected funding needs at short notice.

The Treasury Department of the Bank, with the assistance of the Chief Operating Officer, manages the day-to-day cash flows of the Bank.

Warwyck Private Bank Ltd

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For the year ended 31 December 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.4 Liquidity risk analysis (Contd)

The following table analyses the Bank's assets and liabilities into relevant maturity groupings:

31 December 2019	Up to 1 month USD	1-3 months USD	3-6 months USD	6-12 months USD	1-3 years USD	Over 3 years USD	Non-Maturity items USD	Total USD
Assets								
Cash and cash equivalents	103,954,489	-	-	-	-	-	-	103,954,489
Derivative financial assets	1,951	-	-	-	-	-	-	1,951
Placements	1,791,859	71,246	260,032	750,752	71,302	-	-	2,945,191
Loans and advances	6,065,734	-	-	-	1,650,933	21,178,527	-	28,895,194
Other assets	7,297,160	5,542,927	5,256,185	8,705,010	3,847,548	-	5,508	30,654,338
	119,111,193	5,614,173	5,516,217	9,455,762	5,569,783	21,178,527	5,508	166,451,163
Less allowance for credit impairment	-	-	-	-	(16,627)	-	-	(16,127)
Total assets	119,111,193	5,614,173	5,516,217	9,455,762	5,553,656	21,178,527	5,508	166,435,036
Liabilities								
Deposits from customers	121,304,882	6,800,087	8,663,081	9,455,687	821,979	10,164,958	-	157,210,674
Derivative financial liabilities	2,913	-	-	-	-	-	-	2,913
Overdrafts	6,561	-	-	-	-	-	-	6,561
Other liabilities	685,887	-	-	-	-	-	-	685,887
Lease liabilities	-	4,853	-	-	-	-	-	4,853
Total liabilities	122,000,243	6,804,940	8,663,081	9,455,687	821,979	10,164,958	-	157,910,888
Net on-balance sheet liquidity gap	(2,889,050)	(1,190,767)	(3,146,864)	75	4,731,677	11,013,569	5,508	8,524,148

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.4 Liquidity risk analysis (Contd)

The following table analyses the Bank's assets and liabilities into relevant maturity groupings:

31 December 2018	Up to 1 month USD	1-3 months USD	3-6 months USD	6-12 months USD	1-3 years USD	Over 3 years USD	Non-Maturity items USD	Total USD
Assets								
Cash and cash equivalents	122,118,345	-	-	-	-	-	-	122,118,345
Financial assets at fair value through profit or loss	707,415	-	-	-	-	-	-	707,415
Derivative financial assets	-	-	902,280	-	-	-	-	902,280
Placements	-	-	969,154	-	1,967,774	-	-	2,936,928
Loans and advances	18,940,122	9,318,127	692,384	460,237	94,648,452	13,926,344	-	137,985,666
Other assets	-	-	-	-	-	-	26,485,417	26,485,417
	141,765,882	9,318,127	2,563,818	460,237	96,616,226	13,926,344	26,485,417	291,136,051
Less allowance for credit impairment	-	-	-	-	-	(4,169)	(13,236)	(17,405)
Total assets	141,765,882	9,318,127	2,563,818	460,237	96,616,226	13,922,175	26,472,181	291,118,646
Liabilities								
Deposits from customers	156,166,287	12,303,302	965,885	232,520	96,120,001	9,678,993	-	275,466,988
Derivative financial liabilities	-	-	562,641	-	-	-	-	562,641
Overdrafts	6,559,524	-	-	-	-	-	-	6,559,524
Other liabilities	-	-	-	-	-	-	937,843	937,843
Total liabilities	162,725,811	12,303,302	1,528,526	232,520	96,120,001	9,678,993	937,843	283,526,996
Net on-balance sheet liquidity gap	(20,959,929)	(2,985,175)	1,035,292	227,717	496,225	4,243,182	25,534,338	7,591,650

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.4 Liquidity risk analysis (Contd)

The following table analyses the Bank's assets and liabilities into relevant maturity groupings:

31 December 2017	Up to 1 month USD	1-3 months USD	3-6 months USD	6-12 months USD	1-3 years USD	Over 3 years USD	Non-Maturity items USD	Total USD
Assets								
Cash and cash equivalents	106,192,746	-	-	-	-	-	-	106,192,746
Placements	-	-	757,596	789,196	757,806	-	-	2,304,598
Loans and advances	40,025,174	-	100,211	723,632	1,469,144	95,480,980	-	137,799,141
Other assets	-	-	-	-	-	-	25,375,527	25,375,527
	146,217,920	-	857,807	1,512,828	2,226,950	95,480,980	25,375,527	271,672,012
Less allowance for credit impairment	-	-	-	-	-	(3,944)	-	(3,944)
Total assets	146,217,920	-	857,807	1,512,828	2,226,950	95,477,036	25,375,527	271,668,068
Liabilities								
Deposits from customers	129,180,428	-	1,113,728	886,894	3,006,139	98,137,838	20,850,053	253,175,080
Overdrafts	3,336,304	-	-	-	-	-	-	3,336,304
Other liabilities	-	-	-	-	-	-	1,101,562	1,101,562
Total liabilities	132,516,732	-	1,113,728	886,894	3,006,139	98,137,838	21,951,615	257,612,946
Net on-balance sheet liquidity gap	13,701,188	-	(255,921)	625,934	(779,189)	(2,660,802)	3,423,912	14,055,122

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.4 Liquidity risk analysis (Contd)

Liquidity coverage ratio

Liquidity Coverage Ratio (LCR) represents a standard that is designed to ensure that a bank has an adequate inventory of unencumbered high quality liquid assets (HQLA) that consist of cash or assets convertible into cash at little or no loss of value in market, to meet its liquidity requirements for a 30 days' liquidity stress period, by which time, management and the Bank of Mauritius will be able to take appropriate corrective actions to resolve the stress situation in an orderly manner.

Details on the LCR of the Bank are given in the table below:

	2019 TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observation) USD	2018 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD	2017 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD
HIGH-QUALITY LIQUID ASSETS			
Total high-quality liquid assets (HQLA)	4,191,462	4,256,023	261,887
CASH OUTFLOW			
Retail deposits and deposits from small business customers, of which:			
Stable deposits	-	615,165	59,687
Less stable deposits	2,424,959	15,617,921	-
Term deposit with residual maturity greater than 30 days	-	-	-
Unsecured wholesale funding, of which:			
Operational deposits (all counterparties)	8,487,170	-	-
Non-operational deposits (all counterparties)	-	-	-
Unsecured debt	-	-	-
Secured wholesale funding	-	-	-
Additional requirement, of which:			
Outflows related to derivative exposure and other collateral requirements	-	-	-
Outflows related to loss of funding on debt products	-	-	-
Credit and liquidity facilities	-	-	-
	-	-	-
Other contractual funding obligations	-	-	-
	-	-	-
Other contingent funding obligations	-	-	-
TOTAL CASH OUTFLOWS	**10,912,129**	16,233,086	59,687

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5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.4 Liquidity risk analysis (Contd)

Liquidity coverage ratio (Contd)

	2019 TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observation) USD	2018 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD	2017 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD
CASH INFLOWS			
Other cash inflows:	24,099,663	118,216,029	-
TOTAL CASH INFLOWS	**24,099,663**	118,216,029	-

	TOTAL ADJUSTED VALUES 2019	TOTAL ADJUSTED VALUES 2018	TOTAL ADJUSTED VALUES 2017
TOTAL HQLA	**4,191,462**	4,256,023	261,887
TOTAL NET CASH OUTFLOWS	**2,728,032**	4,058,272	59,687
LIQUIDITY COVERAGE RATIO (%)	**154%**	105%	439%

5.5 Compliance risk

Compliance Risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Bank to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance Risk can lead to diminished reputation, reduced franchise value, limited business opportunities and reduced expansion potential.

The Bank is subject to extensive supervisory and regulatory governance.

The Bank seeks to limit compliance risk through the following ways:

(1) Monitor compliance with existing rules and regulations.
(2) Conduct compliance training such as providing Anti-Money Laundering training for all the employees of the Bank in order to educate them about the existing rules, standards and laws.
(3) Review changes in laws and regulations periodically so as mitigate the risks arising from these changes.
(4) Promote a culture of integrity within the Bank so as to prevent fraud.
(5) Establish a two way communication with the regulators such as Bank of Mauritius and Financial Services Commission.
(6) Setting up a proper framework for system control and appropriate management oversight.

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6. Capital management policies and procedures

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

For the Bank, capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central Bank, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and
- Tier 2 capital: qualifying subordinated loan capital, general banking reserve and unrealised gains arising on the fair valuation of property, plant and equipment.

The Bank has to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Capital Adequacy Ratio') plus a Conservation Buffer at or above a minimum of 11.875%, a Common Equity Tier 1 (CET1) CAR plus a Conservation Buffer of at least 8.375 % and a Tier 1 CAR of at least 8% as per Basel III for the financial year 2019.

The Bank's regulatory capital is divided into the following two tiers:

- Tier 1 capital (going-concern capital): comprising of (i) Common Equity Tier 1 and (ii) Additional Tier 1 Capital

(i) The Bank's Common Equity Tier 1 (CET1) capital consists of the following:

  (a) stated capital;

  (b) statutory reserve; and

  (c) retained earnings.

(ii) The Bank has no Additional Tier 1 (AT1) capital as at 31 December 2019.

- The Bank has Tier 2 capital in terms of its provision for allowance.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

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6. Capital management policies and procedures (Contd)

The following table summarises the composition of regulatory capital and the ratios of the Bank for the years 31 December 2019, 31 December 2018 and 31 December 2017 respectively. During the years ended 31 December 2019, 31 December 2018 and 31 December 2017, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	2019 Audited USD	2018 Audited USD	2017 Audited USD
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**11,700,000**	10,000,000	10,000,010
Retained earnings	**1,504,465**	1,986,038	4,030,276
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	**2,092,389**	1,992,078	1,646,943
Common equity Tier 1 Capital before regulatory adjustments	**15,296,854**	13,978,116	15,677,229
Common equity Tier 1 Capital: regulatory adjustments	**(410,524)**	(535,264)	(299,840)
Total regulatory adjustments to Common equity Tier 1 Capital	**(410,524)**	(535,264)	(299,840)
Common equity Tier 1 Capital	**14,886,330**	13,442,852	15,377,389
Additional Tier 1 capital:	**-**	-	-
Tier 1 Capital	**14,886,330**	13,442,852	15,377,389
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Provisions and loan loss reserves	**16,127**	17,405	3,944
Tier 2 Capital before regulatory adjustments			
Tier 2 Capital: regulatory adjustments	**-**	-	-
Tier 2 Capital	**16,127**	17,405	3,944
Total Regulatory Capital (USD)	**14,902,457**	13,460,257	15,381,333
Risk Weighted Assets (USD)	**81,561,062**	63,612,796	52,875,460
Common Equity Tier 1 Capital Adequacy Ratio (%)	**18.25%**	21.13%	29.08%
Tier 1 Capital Adequacy Ratio (%)	**18.25%**	21.13%	29.08%
Capital Adequacy Ratio (%)	**18.27%**	21.16%	29.09%

7. Fair value measurement

7.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) 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 or indirectly; and
- Level 3: unobservable inputs for the assets or liability.

The financial instruments measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Assets				
Derivative financial assets	**1,951**	**-**	**-**	**1,951**
Liabilities				
Derivative financial liabilities	**2,913**	**-**	**-**	**2,913**

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Assets				
Financial assets at fair value through profit or loss	707,415	-	-	707,415
Derivative financial assets	902,280	-	-	902,280
	1,609,695	-	-	1,609,695
Liabilities				
Derivative financial liabilities	562,641	-	-	562,641

There were no financial instruments measured at fair value as at 31 December 2017.

Measurement of fair value – Level 1

Derivative financial instruments

The Bank normally deals in derivative such as foreign exchange options, foreign exchange spot and forwards and these derivatives are traded in an active market. The fair values of these derivatives are determined using the market prices available on the trading platform.

Investment in listed equity securities

During the year ended 31 December 2018, the listed equity security was denominated in EUR and was publicly listed on a European stock exchange. Fair value has been determined by reference to quoted closing price on the Euronext Paris Stock Exchange as at the reporting date.

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7. Fair value measurement (Contd)

7.2 Fair value measurement of financial instruments not carried at fair value

The Bank's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

7.3 Fair value measurement of non-financial instruments

The Bank's non-financial assets consist of property, plant and equipment, intangible assets, right of use assets, current tax assets, prepayments, prepaid card account and deferred tax assets and non-financial liabilities consist of current tax liabilities, deferred tax liabilities and deferred income. For these non-financial instruments, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

8. Cash and cash equivalents

	2019 USD	2018 USD	2017 USD
Cash in hand	**719**	2,283	8,147
Cash with banks in Mauritius	**4,224,194**	4,488,282	253,741
Cash with foreign banks	**14,370,814**	105,182,149	60,515,260
Placements (Note 8(i))	**7,119,762**	12,445,631	45,415,598
Money market placement (Note 8(iii))	**78,239,000**	-	-
Total	**103,954,489**	122,118,345	106,192,746

(i) The placements represent short term fixed deposit with Crown Agent Bank having an original maturity period up to three months.

(ii) The Bank is not subject to the minimum cash reserve requirements ("CRR"), since the Bank deals exclusively with non-residents.

(iii) The money market placement represents 78,239,000 units held with UBS, the custodian, where every unit represents USD 1.

9. Financial assets at fair value through profit or loss

Quoted Equity Securities	2019 USD	2018 USD	2017 USD
At 01 January	**707,415**	-	-
Addition during the year	**238,182**	766,893	-
Disposal during the year	**(945,597)**	-	
Fair value adjustment	**-**	(59,478)	-
At 31 December	**-**	707,415	-

During the year under review, the Bank acquired 876 shares in Kering SA, a quoted company incorporated in France, for a purchase consideration of USD 238,182. Subsequently, the Bank has disposed all its stake in Kering SA, for a total consideration of USD 1,017,055, deriving a gain of USD 71,458. An amount of USD 5,081 was received as dividend.

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10a. Property, plant and equipment

	Land and buildings USD	Motor vehicles USD	Computer equipment USD	Furniture and fittings USD	Office equipment USD	Work in progress USD	Total USD
Cost							
At 01 January 2019	**4,899,146**	**378,817**	**440,181**	**387,657**	**812,744**	**-**	**6,918,545**
Additions	**52,887**	**331,453**	**224,545**	**7,579**	**2,219**	**5,090**	**623,773**
Disposals	**-**	**(334,769)**	**-**	**-**	**-**	**-**	**(334,769)**
At 31 December 2019	**4,952,033**	**375,501**	**664,726**	**395,236**	**814,963**	**5,090**	**7,207,549**
Accumulated depreciation							
At 01 January 2019	**113,511**	**273,453**	**378,549**	**147,544**	**346,833**	**-**	**1,259,890**
Charge for the year	**45,591**	**51,032**	**43,356**	**77,854**	**155,326**	**-**	**373,159**
Disposals	**-**	**(267,816)**	**-**	**-**	**-**	**-**	**(267,816)**
At 31 December 2019	**159,102**	**56,669**	**421,905**	**225,398**	**502,159**	**-**	**1,365,233**
Net book values							
At 31 December 2019	**4,792,931**	**318,832**	**242,821**	**169,838**	**312,804**	**5,090**	**5,842,316**
Cost							
At 01 January 2018	4,896,320	378,817	422,301	384,711	803,552	-	6,885,701
Additions	2,826	-	17,880	2,946	9,192	-	32,844
At 31 December 2018	4,899,146	378,817	440,181	387,657	812,744	-	6,918,545
Accumulated depreciation							
At 01 January 2018	68,867	212,842	290,725	69,996	187,610	-	830,040
Charge for the year	44,644	60,611	87,824	77,548	159,223	-	429,850
At 31 December 2018	113,511	273,453	378,549	147,544	346,833	-	1,259,890
Net book values							
At 31 December 2018	4,785,635	105,364	61,632	240,113	465,911	-	5,658,655
Cost							
At 01 January 2017	4,637,538	378,817	379,310	206,220	549,276	-	6,151,161
Additions	258,782	-	42,991	178,491	254,276	-	734,540
At 31 December 2017	4,896,320	378,817	422,301	384,711	803,552	-	6,885,701
Accumulated depreciation							
At 01 January 2017	27,197	152,231	191,603	16,447	55,128	-	442,606
Charge for the year	41,670	60,611	99,122	53,549	132,482	-	387,434
At 31 December 2017	68,867	212,842	290,725	69,996	187,610	-	830,040
Net book values							
At 31 December 2017	4,827,453	165,975	131,576	314,715	615,942	-	6,055,661

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10b. Right of use assets

Right of use assets (Building)	2019 USD	2018 USD	2017 USD
At 01 January	**23,773**	**-**	-
Amortisation	**(19,018)**	**-**	-
At 31 December	**4,755**	**-**	-

10b. Lease liabilities

Lease liabilities (Building)	2019 USD	2018 USD	2017 USD
At 01 January	**23,773**	**-**	-
Interest expense	**1,308**	**-**	-
Lease payments	**(20,112)**	**-**	-
Foreign exchange movements	**(116)**	**-**	-
At 31 December	**4,853**	**-**	-
Current	**4,853**	**-**	-

Nature of leasing activities (in the capacity as lessee)

The Bank leases a property in the jurisdictions from which it operates for its Disaster Recovery (DR site). The lease contract provides for payments to increase by 5% each year.

Extension and termination options

Extension and termination options are included in aforesaid lease across the Bank. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

Lease term

The lease will be terminated in March 2020 and a new lease has been contracted in April 2020 for a duration of three years.

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11. Intangible assets

	Intangible assets USD	Work in progress USD	Total USD
Cost			
At 01 January 2019	**1,563,066**	**70,869**	**1,633,935**
Additions	**5,156**	**-**	**5,156**
Transfer from WIP to intangible assets	**70,869**	**(70,869)**	**-**
At 31 December 2019	**1,639,091**	**-**	**1,639,091**
Accumulated amortisation			
At 01 January 2019	**1,046,112**	**-**	**1,046,112**
Charge for the year	**187,210**	**-**	**187,210**
At 31 December 2019	**1,233,322**	**-**	**1,233,322**
Net book values			
At 31 December 2019	**405,769**	**-**	**405,769**
Cost			
At 01 January 2018 (Restated)	978,006	599,061	1,577,067
Written off	(74,195)	-	(74,195)
Additions	-	131,063	131,063
Transfer from WIP to intangible assets	659,255	(659,255)	-
At 31 December 2018 (Restated)	1,563,066	70,869	1,633,935
Accumulated amortisation			
At 01 January 2018	733,973	-	733,973
Written off adjustment	(40,998)	-	(40,998)
Charge for the year	353,137	-	353,137
At 31 December 2018	1,046,112	-	1,046,112
Net book values			
At 31 December 2018 (Restated)	516,954	70,869	587,823
Cost			
At 01 January 2017	974,259	-	974,259
Additions	3,747	599,061	602,808
At 31 December 2017 (Restated)	978,006	599,061	1,577,067
Accumulated amortisation			
At 01 January 2017	489,561	-	489,561
Charge for the year	244,412	-	244,412
At 31 December 2017	733,973	-	733,973
Net book values			
At 31 December 2017 (Restated)	244,033	599,061	843,094

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12. Loans and advances

	2019 USD	2018 USD	2017 USD
Entities outside Mauritius	**21,392,276**	111,435,054	133,491,746
Entities in Mauritius – Global business companies	**7,502,918**	26,550,612	4,307,395
Less allowance for credit impairment (Note (b) below)	**(791)**	(4,169)	(3,944)
Net balance	**28,894,403**	137,981,497	137,795,197

	2019 USD	2018 USD	2017 USD
(a) **Remaining term to maturity:**			
Up to 6 months	**7,716,667**	28,950,634	40,125,385
Over 6 months and up to 12 months	**9,673,139**	460,237	727,651
Over 1 and up to 3 years	**131,147**	94,648,453	1,478,128
Over 3 and up to 5 years	**3,753,337**	-	95,467,977
Over 5 years	**7,620,904**	13,926,342	-
	28,895,194	137,985,666	137,799,141
Less allowance for credit impairment (Note (b) below)	**(791)**	(4,169)	(3,944)
Net balance	**28,894,403**	137,981,497	137,795,197

(i) The Bank's management considers that the loans and advances are of good credit quality.

(ii) All credits are supported by collateral of liquid and portfolio assets, except for temporary overdrafts.

(b) Allowance for credit impairment

	General provision for impairment		
	2019 USD	2018 USD	2017 USD
At 01 January	**4,169**	3,944	661
Provision for credit impairment for the year	**(3,378)**	225	3,283
At 31 December	**791**	4,169	3,944

(c) Allowance for credit impairment by industry sectors

	Gross amount of loans and advances			Portfolio allowance for credit impairment		
	2019 USD	2018 USD	2017 USD	2019 USD	2018 USD	2017 USD
Construction	**3,534,803**	3,618,695	11,276,372	**-**	-	-
Wholesale and retail trade	**508,644**	35,923	757,014	**-**	-	-
Financial and Business Services	**13,485,034**	125,177,596	116,248,782	**437**	3,218	3,944
Personal	**11,366,713**	9,153,452	9,516,973	**354**	951	-
	28,895,194	137,985,666	137,799,141	**791**	4,169	3,944

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For the year ended 31 December 2019

12. Loans and advances (Contd)

(i) Portfolio provision

A portfolio provision of 1% has been made on loans and advances after offsetting any collateral of liquid assets in the portfolio. This provision has already catered for the expected credit loss of a minimum 12-month probability of default of 0.05% as required by IFRS 9, *Financial Instruments*.

(ii) Specific allowance

When principal and interest are overdue by 90 days, loans and advances are classified as non-performing. Specific allowance is provided for non-performing loans and advances to reflect their net estimated recoverable amount.

As at 31 December 2018 and 31 December 2019, no loans and advances were considered to be non-performing and thus no specific provision was provided.

13. Placements with an overseas bank

	2019	**2018**	**2017**
	USD	**USD**	**USD**
Placements	**2,945,191**	2,936,928	2,304,598
Remaining term to maturity			
- Within 3 months	**1,863,106**	-	-
- Over 3 and up to 6 months	**260,032**	969,154	757,596
- Over 6 months	**822,053**	1,967,774	1,547,002
	2,945,191	2,936,928	2,304,598

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14. Other assets

	2019 USD	(Restated) 2018 USD	(Restated) 2017 USD
Other receivables	**262,767**	558,087	599,492
Deposit Margin (Note (i))	**19,200,121**	21,040,602	14,444,312
Receivables from related parties (Note (ii))	**7,108,032**	805,814	4,898,389
Due from the shareholder (Note (iii))	**4,083,418**	4,080,914	5,433,334
Gross financial assets	**30,654,338**	26,485,417	25,375,527
Provision for expected credit losses (Note (iv))	**(15,336)**	(13,236)	-
Net financial assets	**30,639,002**	26,472,181	25,375,527
Other receivables	**409,298**	864	160
Prepayments	**139,736**	153,780	152,703
Non-financial assets	**549,034**	154,644	152,863
Total	**31,188,036**	26,626,825	25,528,390

(i)

	2019		
	USD Related Company	USD Other	USD Total
Opening at 01.01.2019	**21,040,602**	**-**	**21,040,602**
Repaid during the year	**(7,840,504)**	**-**	**(7,840,504)**
Additional deposit margin	**-**	**12,936,832**	**12,936,832**
Excess deposit margin	**(6,505,532)**	**-**	**(6,505,532)**
FX retranslation at 31.12.2019	**(431,277)**	**-**	**(431,277)**
Closing at 31.12.2019	**6,263,289**	**12,936,832**	**19,200,121**

During the financial year 2019, the Bank has recognised a set-up fee income of USD 2,543,090 (2018: USD 3,880,110 and 2017: USD 4,301,317).

(ii) The receivables from the related parties are interest free, unsecured and receivable on demand.

(iii) The amount due from the shareholder relates to the consideration arising on the sale of Bank's subsidiaries. The consideration is deferred over three years and is accounted within other liabilities as deferred income.

	2019 USD
Opening 01 January 2019	**4,080,914**
Recharged during the year	**1,376,451**
Payment received during the year	**(1,373,947)**
Closing at 31 Dec 2019	**4,083,418**

(iv) The directors have assessed the expected credit losses on other receivables, deposit margin and receivable from related parties and concluded that a minimum 12-month probability of default of 0.05% is to be applied as it would be inappropriate to assume that no default will occur. For more details, refer to Note 5.2 which includes disclosure relating to credit risk exposures and analysis relating to the allowance for expected credit losses.

Notes to the financial statements

For the year ended 31 December 2019

15. Deposits from customers

	2019 USD	2018 USD	2017 USD
Retail customers:			
Current accounts	**30,542,352**	52,947,873	53,527,434
Time deposits with remaining term maturity:			
- up to 3 months	**-**	-	-
- over 3 months up to 6 months	**-**	-	-
- over 6 months up to 12 months	**750,677**	-	-
- over 1 year up to 5 years	**3,321,535**	-	-
- Less 5 years	**-**	3,626,460	-
- Over 5 years	**1,674,114**	252,645	505,164
Corporate customers:			
Current accounts	**109,664,152**	103,198,414	100,772,472
Time deposits with remaining term maturity:			
- up to 3 months	**1,859,660**	-	-
- over 3 months up to 6 months	**3,406,896**	-	-
- over 6 months up to 12 months	**-**	-	-
- over 1 year up to 5 years	**71,307**	-	-
- Less 5 years	**-**	109,389,188	74,305,880
- Over 5 years	**5,919,981**	6,052,408	24,064,130
	157,210,674	275,466,988	253,175,080

16. Other liabilities

	2019 USD	2018 USD	2017 USD
Other accruals	**80,936**	158,000	163,089
Other liabilities	**604,951**	779,743	938,473
Deferred income	**-**	-	5,433,334
	685,887	937,843	6,534,896

17. Derivative financial instruments

The Bank's derivative financial instruments are measured at fair value and are summarised below:

	2019 USD	2018 USD	2017 USD
Swap & Forward contracts	**1,951**	902,280	-
Derivative financial assets	**1,951**	902,280	-
Swap & Forward contracts	**2,913**	562,641	-
Derivative financial liabilities	**2,913**	562,641	-

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18. Borrowings

	2019 USD	2018 USD	2017 USD
Overdrawn bank balances:			
USD	**-**	4,599,123	-
EUR	**6,385**	-	-
ZAR	**-**	1,885,582	-
CAD	**-**	32,545	-
GBP	**-**	33,394	2,767,775
SEK	**-**	-	568,529
Others	**176**	8,880	-
	6,561	6,559,524	3,336,304

The overdrawn bank balances are on a temporary basis.

19. Stated capital

	2019 USD	2018 USD	2017 USD
Issued and fully paid up ordinary shares of no par value:			
At 31 December	**11,700,000**	10,000,000	10,000,000
Issued and not yet paid ordinary shares of no par value:			
At 31 December	**-**	-	10
	11,700,000	10,000,000	10,000,010

	Number	Number	Number
Number of ordinary shares:			
Issued and fully paid up	**11,700,000**	10,000,000	10,000,000
Issued and not yet paid (Note 19 (i))	**-**	-	3

	2019 USD	2018 USD	2017 USD
At 01 January	**10,000,000**	10,000,010	10,000,000
Capital injection (Note 19 (iii))	**650,000**	-	-
Bonus issue (Note 19 (iii))	**1,050,000**	-	-
Buy back of shares (Note 19 (i))	**-**	-	10
Cancellation of ordinary shares (Note 19 (i))	**-**	(10)	-
	11,700,000	10,000,000	10,000,010

(i) During the year ended 31 December 2018, the Bank bought back the 3 Ordinary shares held by a shareholder, valued at USD 10 (equivalent to MUR 300) which were immediately cancelled on acquisition.

(ii) As per Section 102 of the Banking Act 2004, the Bank shall maintain an amount paid as stated capital of not less than MUR of 300 million by June 2018 and 400 million by June 2019. The Bank is in compliance with the required stated capital at 31 December 2019.

(iii) During the year under review, the Bank has issued additional shares of 1,700,000 by way of a bonus issue of USD 1,050,000 and injection of capital of USD 650,000.

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For the year ended 31 December 2019

20. Statutory reserve

Pursuant to the provision of the Banking Act 2004, a sum equal to no less than 15% of the profit after tax is transferred to a Statutory Reserve account, until the balance in that reserve account is equal to the Bank's paid up capital. This reserve is not distributable.

	2019 USD	2018 USD	2017 USD
At 01 January	**1,992,078**	1,646,943	944,348
Transfer from retained earnings for the year	**100,311**	345,135	702,595
At 31 December	**2,092,389**	1,992,078	1,646,943

21. Personnel expenses

	2019 USD	2018 USD	2017 USD
Salaries	**1,414,220**	1,576,365	1,204,291
Compulsory social security contributions	**36,772**	33,687	29,212
Other personnel expenses	**308,851**	297,815	317,375
	1,759,843	1,907,867	1,550,878
Number of employees	**41**	43	40

22. Other expenses

	2019 USD	2018 USD	2017 USD
Professional fees	**267,587**	170,004	175,173
Licence fees	**417,230**	339,949	153,960
General administration expenses	**70,705**	112,117	87,984
Utilities	**187,050**	226,524	184,882
Travel expenses	**98,530**	542,999	130,950
Bank charges	**73,775**	652,840	109,705
Stationeries	**17,553**	39,347	37,527
Card expenses	**387,019**	310,493	203,278
Swift expenses	**45,047**	46,551	45,433
Repairs and maintenance	**241,257**	490,641	421,020
Directors' fees	**276,646**	330,383	350,428
Business promotion and marketing expenses	**11,304**	11,432	28,332
Retrocession fees	**1,334,888**	2,307,239	1,879,061
Loss on sale of bonds	**-**	-	186,634
Fair value loss	**-**	59,478	-
Others	**50,309**	192,879	259,751
	3,478,900	5,832,876	4,254,118

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23. Taxation

(a) Income tax

The applicable tax rate in the Republic of Mauritius is 15% for the year ended 31 December 2019. However, the Bank is entitled to claim credit for foreign tax paid in respect of its foreign source income. For the year ended 31 December 2019, the Bank did not suffer any foreign taxes, as such, the Bank is entitled to claim a presumed credit equivalent to 80% of the Mauritius tax payable, thus reducing its maximum effective tax rate to 3%. As at 31 December 2019, the Bank had a tax asset/(liability) of USD 6,138 (2018: (USD 32,966) and 2017: (USD 51,984)).

At the end of the reporting date, the Bank had unused tax losses of USD 2,191,315 (2018: USD 3,642,915 and 2017: USD 2,780,004) available for offset against future profits. A deferred tax liability of USD 35,306 has been recognised (2018: deferred tax asset of USD 18,310 and 2017: deferred tax asset of USD 55,807). The tax losses expires on a rolling basis of five years.

During the year under review, special levy has been removed from the Income Tax Act 1995 (Consolidated up to Finance Act 2018) and was included in the Value Added Tax Act 1998 (Consolidated up to Finance Act 2019). However, in the prior years, the Bank was subject to a Special Levy which was calculated as follows:

(i) 3.4 per cent on book profit and 1.0 per cent on operating income with regard to its income derived from banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Act 2007; and

(ii) 10 per cent on the chargeable income with regard to its income derived from sources other than from transactions referred in subparagraph (i). No levy is paid in a year where the Bank incurred a loss or its book profit did not exceed 5% of its operating income in the preceding year.

(b) Statement of comprehensive income

	2019 USD	2018 USD	2017 USD
Movement in deferred taxation	**(53,616)**	(37,497)	(498,704)
Special levy	**-**	(32,966)	(51,984)
TDS claimed	**6,138**	-	-
Special levy underprovided in respect of prior year	**-**	-	(15,613)
Tax expense	**(47,478)**	(70,463)	(566,301)

(c) Statement of financial position

Current tax (assets)/liabilities	2019 USD	2018 USD	2017 USD
At 01 January	**32,966**	51,984	4,580
Tax paid during the year	**(32,966)**	(51,984)	(20,193)
TDS claimed	**(6,138)**	-	-
Special levy	**-**	32,966	51,984
Special levy underprovided in respect of prior year	**-**	-	15,613
At 31 December	**(6,138)**	32,966	51,984

(d) Deferred taxation (liabilities)/assets

	2019 USD	2018 USD	2017 USD
At 01 January	**18,310**	55,807	554,511
Movement during the year	**(53,616)**	(37,497)	(498,704)
At 31 December	**(35,306)**	18,310	55,807

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23. Taxation (Contd)

(d) Deferred taxation (Contd)

The deferred tax (liabilities)/asset is made up of:

	2019 USD	2018 USD	2017 USD
Accelerated capital allowances	**(102,254)**	(107,731)	(28,610)
Tax losses carried forward (Note 23 (a))	**66,948**	126,041	84,417
At 31 December	**(35,306)**	18,310	55,807

(e) Income tax reconciliation

The tax charge on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2019 USD	2018 USD	2017 USD
Profit before tax	**716,216**	2,371,360	5,250,266
Tax at 15%	**107,432**	355,704	787,540
Non-allowable items	**273,205**	258,071	160,526
Exempt income	**(121,241)**	(577,132)	(541,427)
Capital allowance	**(41,657)**	(102,777)	(77,362)
Movement in deferred taxation	**53,616**	37,497	498,704
Special levy	**-**	32,966	51,984
Special levy underprovided in respect of prior year	**-**	-	15,613
TDS claimed	**(6,138)**	-	-
Tax losses utilised	**(217,739)**	66,134	(329,277)
Tax expense	**47,478**	70,463	566,301

24. Net interest income

	2019 USD	2018 USD	2017 USD
Interest income			
Loans and advances	**3,215,196**	3,370,862	2,723,013
Investment securities	**1,194,934**	-	-
Placement and others	**487,750**	594,818	266,098
	4,897,880	3,965,680	2,989,111
Interest expense			
Deposits from customers	**(1,708,917)**	(2,122,614)	(1,873,992)
Cash at Bank	**(45,217)**	(13,490)	-
	(1,754,134)	(2,136,104)	(1,873,992)
Net interest income	**3,143,746**	1,829,576	1,115,119

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25. Fee and commission income

	2019 USD	2018 USD	2017 USD
Account service fees	**705,402**	1,075,493	848,024
Advisory fees	**672,331**	563,138	634,755
Set up fees (Note 14(i))	**2,543,090**	3,880,110	4,301,317
Commission	**84,144**	95,038	55,831
Other fees	**78,292**	201,354	55,360
	4,083,259	5,815,133	5,895,287

26. Other income

	2019 USD	2018 USD	2017 USD
Adjustment on disposal of subsidiaries (Note 31)	**(141,207)**	3,847,548	3,185,649
Costs recharged from the related companies (Note (i))	**800,700**	775,620	900,000
Profit on disposal of investment	**71,458**	-	267,296
Dividend income	**5,081**	-	-
Other income	**155,019**	-	-
	891,051	4,623,168	4,352,945

(i) Pursuant to a Service Level Agreement ("SLA") between the Bank and its two related companies, a monthly cost is charged to them for services rendered during the year.

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27. Profit for the year

	2019 USD	2018 USD	2017 USD
Profit for the year is arrived after charging:			
Depreciation and amortisation	**579,387**	782,987	631,846
Staff costs (Note (a) below)	**1,759,843**	1,907,867	1,550,878
Operating lease rentals	**-**	73,349	60,335

(a)

	2019 USD	2018 USD	2017 USD
Analysis of staff costs:			
Salaries, wages, gratuity and other benefits	**1,595,619**	1,754,026	1,312,367
Social security costs and other contributions	**36,772**	33,687	29,212
Pension contribution costs	**127,452**	120,154	209,299
	1,759,843	1,907,867	1,550,878
Number of employees at year end	**41**	43	40

(b) Other post-retirement benefits obligations

Other post-retirement benefits comprise mainly of gratuity on retirement payable under the Worker's Rights Act 2019 (2018 - Employment Rights Act 2008) and other benefits. No provision for gratuity was made during the year under review since it does not have any material impact on these financial statements.

28. Dividends

	2019 USD	2018 USD	2017 USD
Dividends paid	**-**	4,000,000	2,900,000
Dividend per share	-	0.40	0.29

29. Earnings per share

The calculation of earnings per share for the year ended 31 December 2019 is based on the weighted average number of shares for the period from 01 January 2019 to 30 June 2019 of 10,000,000 shares and from 01 July 2019 to 31 December 2019 on 11,700,000 shares. (2018: profit of USD 2,300,897 on 10,000,000 ordinary shares and 2017: profit of USD 4,683,965 on 10,000,003 ordinary shares).

	2019 USD	2018 USD	2017 USD
Profit for the year	**668,738**	2,300,897	4,683,965
Weighted average / No. of shares	**10,850,000**	10,000,000	10,000,003
Earnings per share	**0.06**	0.23	0.47

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30. Related party transactions

Transactions and balances between the Bank and its related parties are as follows:

	Directors and key management personnel USD	Parent USD	Entities holding at least 10% interest in the Bank USD	Related parties with common shareholders /promoters USD
Loans and advances				
At 31 December 2019 (Note (i))	**-**	**-**	**1,352,915**	**11,766,518**
At 31 December 2018	252,297	-	-	100,661,608
At 31 December 2017	243,699	-	-	121,543,946
Deposits				
At 31 December 2019 (Note (ii))	**1,069,262**	**4,661,580**	**6,312,887**	**75,270,754**
At 30 December 2018	17,396,250	1,450,979	-	176,550,926
At 31 December 2017	11,199,507	272,717	-	140,414,959
Other receivables				
At 31 December 2019 (Note 14 (ii) and (iii))	**-**	4,083,418	**-**	**13,371,321**
At 30 December 2018	-	4,080,914	-	21,846,417
At 30 December 2017	-	5,433,334	-	19,342,701
***Transactions during the year*:**				
Interest income	**2,724**	**-**	**-**	**2,418,066**
Interest expense	**-**	**-**	**52,571**	**1,648,496**
Management fees and other income	**-**	**-**	**-**	**1,665,844**
Salaries and emoluments (short-term benefits)	**878,455**	**-**	**26,742**	**34,482**
Costs recharged	**-**	**-**	**-**	**800,700**

(i) The loans and advances are secured by either cash or portfolio collaterals, bearing fixed interest rates and receivable as per the terms and conditions defined in their respective agreements with the Bank.
(ii) The terms and conditions of the deposits are defined in their respective agreements with the Bank.
(iii) All the transactions with the related parties are at arm's length and are priced at prevailing market rates.
(iv) Comparative figures have not been adjusted to conform with changes in presentation in the current year.

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31. Disposal of subsidiaries

On 31 December 2015, the Bank disposed of its entire shareholdings in its three subsidiaries (Warwyck Phoenix PCC, Warwyck Phoenix Securities Ltd and Warwyck Investments) to a related company.

Pursuant to a Share Purchase Agreement (the "Agreement") signed on 24 December 2015, the total proceeds of disposal amount to USD 21,300,100, out of which USD 100 is receivable upon the signature of the Agreement and USD 5,000,000 within six months of the signature of the Agreement.

The remaining contingent consideration of USD 16,300,000 (Warwyck Phoenix PCC – USD 8,100,000 and Warwyck Phoenix Securities Ltd – USD 8,200,000) would be received in three equal instalments over a period of three years upon achievement of certain milestones by the Subsidiaries and has therefore been accounted as receivable from the related parties and its corresponding entry as deferred income recognised under other liabilities.

The milestones set for the year ended 31 December 2018 are described below:

a. Warwyck Phoenix PCC should achieve a net revenue of at least 70% of the targeted net revenue of USD 2,900,000.

b. Warwyck Phoenix Securities Ltd should achieve a net revenue of at least 70% of the targeted revenue of USD 3,900,000.

In the event that the above companies are unable to achieve the net revenue forecasted, the amount payable shall be adjusted by the proportion of actual revenue over expected revenue.

During the year ended 31 December 2018, Warwyck Phoenix PCC has achieved the set milestone and therefore the full instalment of USD 2,700,000 pertaining to the financial year 2018 has been accounted as profit on disposal.

For Warwyck Phoenix Securities Ltd, the set milestone has not been fully achieved during the year ended 31 December 2018 and hence the instalment pertaining to the financial year 2018 has been adjusted by the proportion of actual revenue over expected revenue. As a result of this exercise, an amount of USD 1,147,548 has been accounted as profit on the disposal and the remaining of USD 1,585,786 has been offset within deferred income and receivable from the related parties (Notes 14 and 16).

During the year under review, an excess gain recognised on disposal of subsidiaries in previous year, amounting to USD 141,207 was reversed.

32. Events after the reporting date

Subsequent to the reporting date, the following events took place:

(i) Pursuant to the provisions of the Mauritius Companies Act 2001, and the Constitution of the Bank, the directors of the Bank has resolved, subject to the approval of the Bank of Mauritius and the Financial Services Commission, to issue an additional 1,500,000 Ordinary Shares of no-par value for a cash consideration of USD 1,500,000 to its shareholder, Warwyck Investment Holdings Ltd. The stated capital of the Bank shall therefore increase to USD 13,200,000 subsequent to the reporting date.

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32. Events after the reporting date (Contd)

(ii) The outbreak of Coronavirus (COVID-19) has emerged as one of the biggest threats to the global economy and financial markets. Measures have been introduced by governments locally and internationally in an attempt to slow the spread of the virus, but with an inevitable impact on overall business activity. The unprecendented nature of this economic shock means that only guesstimates can be made of its duration and magnitude. Some central banks have had to revisit their interest rates downward.

The Board of Directors of Warwyck Private Bank Ltd has, as at 30 June 2020, being the date the financial statements were approved, not obtained any information concerning significant conditions in existence at the reporting date which have not been reflected in the financial statements as presented.

The Board of Directors of Warwyck Private Bank Ltd acknowledges the uncertainty resulting from the outbreak of this virus. They foresee that 2020 will be characterised by a general slowdown of business activities and thus, a fall in the company's projected income. However, by virtue of its business model, namely a loan portfolio which is predominantly cash collateralised, the risk of credit losses is somewhat mitigated. The directors are of opinion that Warwyck Private Bank Ltd's ability to operate as a going concern is not jeopardised.

33. Other commitments

(a) Operating Lease Commitments Bank as a lessee - FY 2018

	2019 USD	2018 USD	2017 USD
Minimum lease payments under operating leases recognised in the statement of comprehensive income for the year	-	73,349	60,335

At the reporting date, the Bank had outstanding commitments under operating leases, which fall due as follows:

	2019 USD	2018 USD	2017 USD
Within 1 year	-	19,912	19,473
After more than 1 year	-	65,910	1,755
	-	85,822	21,228

Operating lease payments represent rental payable for lodging and disaster recovery site.

(b) Accumulator ("ACCU")/Decumulator ("DECU")

As at 31 December 2019, the Bank has the following open contracts for which settlements have been made in the next financial year:

	ACCU - FX USD	DECU - FX USD	ACCU - Equity Number of shares	DECU - Equity Number of shares
Within 1 year				
2019	**480,557**	**536,606**	**29,195**	**17,146**

34. Guarantees

At 31 December 2019, the Bank has bank guarantees of **USD Nil** (2018: USD Nil and 2017: USD 147,000) in favour of third parties.

35. Litigations

The Bank has two ongoing litigations as at 31 December 2019, for which the outcomes are not known to date.

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36. Restatement of prior years' financial statements

The prior years' financial statements were restated in respect of work in progress which were previously classified under other assets, now transferred to intangible assets. The effect of this restatement is illustrated below:

Statement of financial position Assets	2018 USD	Reclassification USD	2018 (Restated) USD
Intangible assets	516,954	70,869	587,823
Other assets	26,697,694	(70,869)	26,626,825

Statement of financial position Assets	2017 USD	Reclassification USD	2017 (Restated) USD
Intangible assets	244,033	599,061	843,094
Other assets	26,127,451	(599,061)	25,528,390

Statement of cash flows	2018 USD	Reclassification USD	2018 (Restated) USD
Operating activities			
Increase in other assets	(404,720)	(528,192)	(932,912)
Investing activities			
Acquisition of intangible assets	(659,255)	528,192	(131,063)

Statement of cash flows	2017 USD	Reclassification USD	2017 (Restated) USD
Operating activities			
Increase in other assets	(10,147,883)	599,061	(9,548,822)
Investing activities			
Acquisition of intangible assets	(3,747)	(599,061)	(602,808)

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Notes to the financial statements

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37. Derivative financial instruments

The Bank enters into back-to-back foreign exchange forward contracts with financial institutions to mitigate its foreign exchange exposure on the foreign exchange forward contracts entered with its customers. The open position of these instruments, including swaps for the bank as at the reporting date are as follows:

As at 31 December 2019

Type of instruments	AUD	CAD	EUR	GBP	MXN	NOK	NZD	SEK	USD	ZAR	JPY	CHF
Swap with clients	**4,135,794**	**(3,379,074)**	**(3,479,000)**	**626,483**	**-**	**3,836,009**	**642,823**	**21,528,269**	**763,075**	**-**	**(15,215,375)**	**-**
Swap with foreign banks	**(4,719,459)**	**7,146,281**	**(34,066,000)**	**(561,552)**	**(17,204,254)**	**(8,651,317)**	**81,748**	**(48,535,095)**	**(765,982)**	**7,520,921**	**(995,966,080)**	**(669,500)**

As at 31 December 2018

Type of instruments	AUD	CAD	EUR	GBP	MXN	NOK	NZD	SEK	USD	ZAR	JPY	CHF
Forward contract with clients (i)	-	-	(23,119,461)	-	-	-	-	-	27,000,000	-		
Forward contract with foreign banks	-	-	-	-	-	-	-	-	-	-		
Swap with clients	7,167,313	(6,218,824)	(8,668,286)	1,718,963	53,257,747	(4,385,165)	6,340,065	48,558,427	(6,815,625)	69,267,237	(65,940,429)	(2,109,207)
Swap with foreign banks	(7,170,596)	6,217,202	31,777,502	(1,719,990)	(53,347,042)	4,385,148	(6,342,992)	(48,561,609)	(20,187,826)	(69,301,124)	65,882,366	2,108,534

As at 31 December 2017

Type of instruments	AUD	CAD	EUR	GBP	MXN	NOK	NZD	SEK	USD	ZAR
Forward contract with clients	7,580,000	166,295	(15,688,935)	(997,279)	29,600,000	7,232,900	10,017,180	8,992,489	763,075	34,275,800
Forward contract with foreign banks	(7,580,000)	(166,553)	15,596,302	997,166	(29,600,000)	(7,232,171)	(9,987,930)	(8,992,986)	(765,982)	(34,288,800)

(i) The exposure on the forward and swap contracts with clients was hedged against forward and swap contracts with banks.
(ii) The figures are reported in original currencies, whereby (-ve) means the Bank buys and (+ve) means the Bank sells.

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Notes to the financial statements

For the year ended 31 December 2019

38. Segmental information

The Bank operates only in segment B activity. The proportion of Segment A operations in relation to its total operations (Segment A and Segment B) were as follows:

	Interest income			Deposits			Loans and advances			Interest expense		
	2019 USD	**2018 USD**	**2017 USD**	**2019 USD**	**2018 USD**	**2017 USD**	**2019 USD**	**2018 USD**	**2017 USD**	**2019 USD**	**2018 USD**	**2017 USD**
Segment A	**-**	-	-	-	-	-	**-**	-	-	**-**	-	-
Segment B	**4,897,880**	3,965,680	2,989,111	**157,210,674**	275,466,988	253,175,080	**28,894,403**	137,981,497	137,795,197	**1,754,134**	2,136,104	1,873,992
Total *(Segment A and B)*	**4,897,880**	3,965,680	2,989,111	**157,210,674**	275,466,988	253,175,080	**28,894,403**	137,981,497	137,795,197	**1,754,134**	2,136,104	1,873,992
% of total	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2019

39. Holding company

The directors regard Warwyck Investment Holdings Ltd, a company incorporated in Republic of Mauritius, as the holding company.

40. Impact on the financial statements – IFRS 16

The Bank adopted IFRS 16 with a transition date of 1 January 2019. The Bank has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances.

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Bank does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Bank adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Bank elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Bank applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

On adoption of IFRS 16, the Bank recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right of use assets	Lease liabilities
All other operating leases	Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the Bank incremental borrowing rate as at 1 January 2019. The Bank's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5.5 %.

	31 December 2018 USD	IFRS 16 USD	01 January 2019 USD
Assets			
Right of use assets	-	23,773	23,773
Liabilities			
Lease liabilities	-	23,773	23,773

Warwyck Private Bank Ltd

Management Discussion and Analysis

Financial Review

Key Financial Indicators

Key financial highlights	Year ended 31 December 2019 USD	Year ended 31 December 2018 USD	Year ended 31 December 2017 USD	Change %
Interest income	**4,897,880**	3,965,680	2,989,111	24%
Interest expense	**1,754,134**	2,136,104	1,873,992	-18%
Net interest income	**3,143,746**	1,829,576	1,115,119	72%
Non-interest income	**4,974,310**	10,438,301	10,635,607	-52%
Total income	**9,872,190**	14,403,981	13,624,718	-31%
Non-interest expenses	**7,401,840**	9,896,517	6,500,460	-25%
Total expenses	**9,155,974**	12,032,621	8,374,452	-24%
Net profits	**668,738**	2,300,897	4,683,965	-71%
Total assets	**173,243,048**	297,538,078	278,775,493	-42%
Share capital and reserves	**15,296,854**	13,978,116	15,677,229	9%
Total loans and advances	**28,894,403**	137,981,497	137,795,197	-79%
Total deposits	**157,210,674**	275,466,988	253,175,080	-43%
Total liabilities	**157,946,194**	283,559,962	263,098,264	-44%
Total regulatory capital	**15,296,854**	13,978,116	15,677,229	9%
Ratios				
Operating expenses/Total income	**41.1%**	46.5%	36.3%	
Return on equity	**4.4%**	16.5%	29.9%	
Return on total assets	**0.4%**	0.8%	1.7%	
Loans/Deposits ratio	**18.4%**	50.1%	54.4%	
Earnings per share	**0.06**	0.23	0.47	

The Bank recorded a profit of USD669K for the year ended 31 December 2019 compared to a profit of USD2.3M for 2018. The prior year profit of USD 2.3M includes an extraordinary revenue in respect of the disposal of subsidiaries amounting USD 3.8M.

The principal sources of income for the Bank are interest income and set up fees on structured products while expenses mainly comprised interest expenses, personnel expenses, IT expenses, depreciation and amortisation and retrocession fees.

Warwyck Private Bank Ltd

Management Discussion and Analysis (Contd)

Financial Review (Contd)

Net Interest Income

Interest income was USD4.9M for the year 2019 and comprised primarily interest earned on loans and advances and placements. This represents a 24% increase over last year from USD4.0M. This increase can be mainly explained by dividend on money market fund amounting to USD 1.2M.

Total interest expense on deposits was USD1.8M for the current year representing a decrease of 18% over 2018. The decrease in interest expense is attributed to a decrease in deposits made by the clients of the Bank during the year.

The net interest income for the year under review stood at USD3.1M compared to USD1.8M for last year, implying an increase of 72%.

Non-Interest Income

Non-interest income reached USD 5.0M for the year 2019. The major components were set up fees on structured products of USD2.5M, investment advisory fees of USD672K and Other income of USD1.8M. The Bank recorded a decrease by 52% compared to the year ended 31 December 2018 and this is due to a lower volume of transactions in structured products. The 2018 figures also include an extraordinary income for sale of subsidiary.

Non-Interest Expense

Non-interest expense includes personnel expenses of USD 1.8M, other expenses of USD 3.5M, depreciation and amortisation of USD 579K and net foreign exchange losses of USD 1.6M.

Non-interest expense decreased by 25% for 2019 as compared to 2018. This is explained by a decrease of 8% in personnel expenses, coupled with a decrease in other operating expenses of 40%. The major variances noted were decrease in bank charges by 89%, decrease of 82% in travel expenses, decrease of 42% in retrocession fees and decrease of 37% in repairs and maintenance. On the other hand, professional fees, card expenses and licence fees have increased by 57%, 25% and 16% respectively.

Assets

Total assets amounted to USD173M as at 31 December 2019 which represents a decrease of 42% as compared to USD298M at 31 December 2018. Total assets consist mainly of cash at bank of USD104.0M, fixed assets and intangible assets of USD6.2M, loans and advances of USD28.9M and other assets of USD31.2M.

This decrease can be explained by the fact that there was a drop of 79% in loans and advances as elaborated below.

Loans and advances

Total cash collateralised loans and advances stood at USD28.9M as at 31 December 2019 compared to USD 138.0M in 2018. This represents a decrease of USD109.1M. The loans to deposit ratio conversely decreased from 50.1% as at 31 December 2018 to 18.4% as at 31 December 2019. This decline is explained by the fact that a loan amounting to approximately USD 95M which was fully repaid during the year. The loans and advances includes both cash and securities collateralised loans.

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Management Discussion and Analysis (Contd)

Financial Review (Contd)

Liabilities

The Bank's liabilities amounted to USD157.9M as at 31 December 2019, out of which deposits were USD157.2M, overdrawn bank balances of USD7K, deferred tax liabilities of USD 35K and other liabilities were USD686K. There was a decrease of 44% as compared to liabilities of USD284M as at 31 December 2018.

Deposits

Total customers' deposits of the Bank was USD157M as at 31 December 2019 compared to USD275M as at 31 December 2018. This represents a decline of 43% compared to the same period in 2018 and is mainly explained by the non-renewal of a deposit which was securing the loan of approximately totalling USD95M repaid during the year.

Shareholder's Equity

Shareholder's funds of Warwyck Private Bank Ltd increased from USD14.0M as at 31 December 2018 to USD15.3M as at 31 December 2019. The change is due to profit made during the year and increase in stated capital. The stated capital increased from USD10M to USD11.7M by way of capital injection and bonus issue, statutory reserves stood to USD 2.1M and retained earnings was USD 1.5M.

Capital Adequacy Ratio

The capital adequacy ratio was well above the required minimum limit of 11.875% and stood at 18.27% as at 31 December 2019 compared to 21.16% in 2018. As from 1st January 2020 the minimum required limit rose to 12.5%.

Credit Exposure and Credit Quality

Credit Exposure and Credit Quality are as disclosed in Note 5 of the financial statements.

No restructure of loans and advances has occurred during the year ended 31 December 2019.

Risk management policies and controls

The related risk management policies and controls are disclosed in Note 5 to these financial statements.

Concentration of risk policy

Credit concentration risk is disclosed in Note 5 to these financial statements as per the Guideline on Credit Concentration.

Related party transaction policies and procedures.

Related party transaction policies and procedures are as disclosed in Note 30 of the financial statement and are as per Guideline on Related Party Transactions.

Warwyck Private Bank Ltd

Management Discussion and Analysis (Contd)

Financial Review (Contd)

Risk Management

BASEL III

The Basel III regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress, and the introduction of two global liquidity standards.

As per Basel III framework, banks are required to hold capital for the following three risk areas:

- Credit Risk – Standardised Approach
- Market Risk - Standardised Approach
- Operational Risk – Basic Indicator Approach

The capital adequacy ratio is the ratio which determines the capacity of the Bank in terms of meeting the time liabilities and other risks such as credit risk, market risk and operational risk.

As at 31 December 2019, the Bank had a capital base of USD 14.9M based on the audited figures and the Bank's capital adequacy ratio stood at 18.27% (Dec 2018: 21.16%).

Note 6 to the financial statements summarises the composition of regulatory capital and Capital Adequacy Ratio (CAR) of the Bank for the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

Conclusion

The Bank realised a good performance due to interest on advances and commission earned on structured products as set up fees.

Management is confident that the private banking and wealth management services of the Bank will attract additional clients.

Impact of the COVID-19 Pandemic & Other Challenges

The world is currently facing an unprecedented crisis. The outbreak of the novel coronavirus (COVID-19) in December 2019 and its accelerated spread across the globe has brought the world economy to a near-standstill. Declared a Public Health Emergency of International Concern by the World Health Organisation (WHO) on 30 January 2020, the COVID-19 pandemic has, since, sent the world in lockdown. The actual economic, social and financial fallout of the COVID-19 pandemic is presently unknown. However, experts maintain that the longer the global and local economies remain at a near-standstill, the more difficult the return to normalcy will be. The International Monetary Fund (IMF)'s latest prediction on the matter is that the world economy will, most likely, experience its worst recession since the great depression (far worse than the global financial crisis of 2008).

The adverse consequences of the COVID-19 pandemic for Mauritius are expected to be highly significant, with extensive potential impact expected on most sectors of the economy. Mauritian frontiers have been closed since 18 March 2020 and the country has been in sanitary confinement since 20 March 2020. The easing down of the lockdown measures as from 15 May 2020 has enabled the resumption of certain business activities in a phased manner although most sectors will take longer to bounce back in view of external dependencies.

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Management Discussion and Analysis (Contd)

Financial Review (Contd)

The COVID-19 pandemic has affected the business environment in which the Bank operates. The full extent of the impact of the COVID-19 pandemic on the Bank's business activities will depend largely on the duration and magnitude of the economic slowdown, not only locally but also on the international business and financial markets.

Management has considered the potential adverse impact of the COVID-19 pandemic on the Bank's business activities and has exercised significant judgement in assessing whether the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, Management has considered a number of factors such as the conditions at the reporting date, recoverability of assets, the Bank's revenue generation, revised projections and global economic conditions.

After careful consideration, Management has concluded that the current conditions do not cast significant doubt on the Bank's ability to continue as a going concern. Management, however, acknowledged that the Bank's income will be impacted and its results will not be as anticipated. Management will closely monitor the impact of COVID-19 on an ongoing basis and implement appropriate measures to address the negative effects on its business activities.

In addition to the COVID-19 challenges, Mauritius is currently faced with the threat of being included in the high-risk jurisdictions list by the European Commission as from October 2020, which could further have an adverse impact on the Bank's business activities.

Except for the above, there has been no other material event since the end of the reporting period, which would require disclosure or adjustment to these financial statements for the year ended 31 December 2019.

Below is an analysis of the main areas of financial impact:

The business model of the Bank is such that its loan portfolio as at 31 December 2019 comprised primarily of cash-collateralised credits in the same currency. Interest on both the credit facilities and the corresponding deposits is at a fixed rate. For credits other than cash collateralised, the Bank has maintained a low loan to value ratio and is unlikely to be impacted. Net interest income is expected to be stable on the existing portfolio. Nevertheless, given the current context, Management anticipates that new loans will be much lesser in the foreseeable future and will therefore not achieve budget. The Bank will equally exercise caution and diligence on all new credit applications to ensure that credit facilities remain adequately secured. Net interest income in 2020 is expected to be lower than that reported in 2019.

There has been a marked decrease in the Federal Funds rate to 0.05 % per annum, down from 1.55% p.a in December 2019. Consequently, the Bank's interest income will be impacted in the year 2020.

The Bank offers structured products to its clients. In view of the current mood in the market, characterised by low investment dealings, Management foresees that set up fees generated thereon will fall in 2020.

On the expense side, Management does not expect major changes for the coming year, other than a drop in retrocession, linked to set up fees and initiatives to contain costs generally.

Whilst the Bank's results will be adversely impacted, yet its going concern will not be jeopardised.