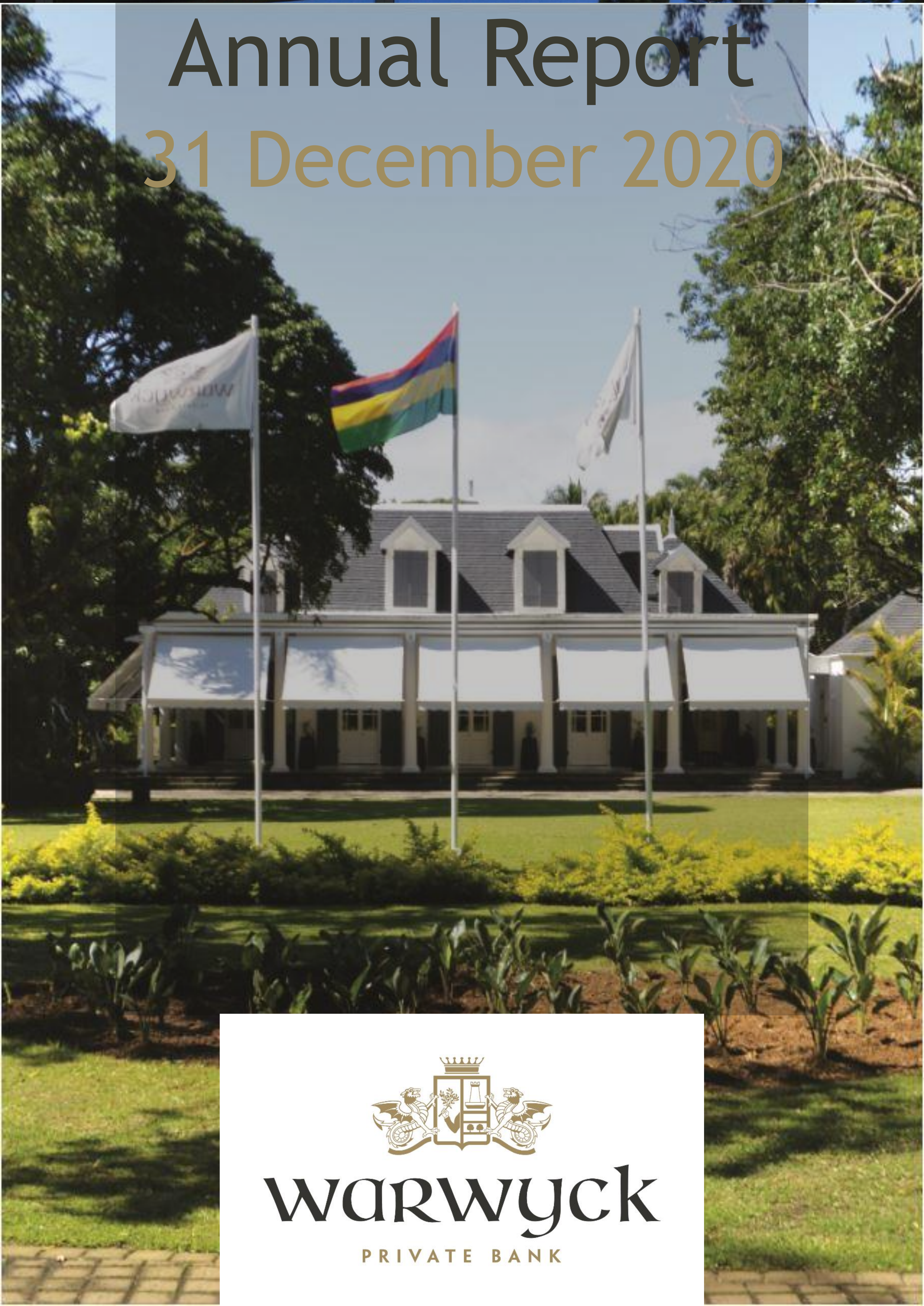
Annual Report
31 December 2020



WARWYCK
PRIVATE BANK

Warwyck Private Bank Ltd

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Warwyck Private Bank Ltd

Corporate Information

		Appointed on	Resigned on
Directors	Philippe Bernard Pontet *(Chairman)*	08 April 2019	-
	Karl Yves Aeschbacher *(former CEO)*	01 December 2018	18 November 2020
	Didier André Francois Bruguet *(CEO)*	22 December 2020	-
	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
Didier André François Bruguet	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

Auditor : 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 Nomination and Remuneration 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 2020, the stated capital of the Bank stood at USD 13,200,000 represented by 13,200,000 ordinary shares of no par value (2019: USD 11,700,000 represented by 11,700,000 ordinary shares, 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 (2019: Nil and 2018: USD 4,000,000). However, in 2019, there has been a distribution of USD 1.050M by way of Bonus Issue of Ordinary Shares.

Directors' remuneration

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

Donations

No donation was made by the Bank.

Directors' interest

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

Warwyck Private Bank Ltd

Annual Report (Cont'd)

Directors' service contracts

The Bank does not have any service contract with its directors, except for a 3 year employment contract with an executive director.

Share option plan

The Bank has no share option plan.

Auditors fees

Fees (Exclusive of Value Added Tax) payable/paid to the auditors, for audit and other services are disclosed as follows:

	2020 USD	2019 USD
Audit fees paid to: -		
- BDO & Co	**67,000**	65,000
Fees paid for other services provided by: -		
- BDO & Co	**-**	-

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:

- adequate accounting records and an effective system of internal control have been maintained;
- 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;
- appropriate accounting policies are supported by reasonable and prudent judgments and estimates have been used consistently;

The external auditor is responsible for reporting on whether the financial statements are presented fairly.

The directors report that:

- 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;
- 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;
- the Bank has adhered to the Code of Corporate Governance. Reasons have been provided in the Statement of Compliance in case of non-compliance with any requirement.

<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 (Cont'd)

Directors' responsibilities in respect of the financial statements (Cont'd)

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 provides mainly 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 by 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 (including Covid-19), 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. Moreover, with respect to the management and control of information security, the Bank renewed its ISO 27001 certification in October 2020. The certificate is valid for a period of three years, as from 22 October 2020 up to 27 July 2023, subject to continuous satisfaction.

Warwyck Private Bank Ltd

Annual Report (Cont'd)

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.

Didier André François Bruguet **Chief Executive Officer** **On behalf of the Board of Directors**	**Virrsing Ramdeny** **Director** **On behalf of the Board of Directors**

Date: 28 April 2021

Phoenix 73538, Republic of Mauritius

Warwyck Private Bank Ltd

Chairman's Statement

We are pleased to present the annual report of Warwyck Private Bank Ltd, "WPBL" or the "Bank".

The Year in Review

The year 2020 has been a year of unprecedented challenges for the entire world. The outbreak of the novel coronavirus (COVID-19) and its accelerated spread across the globe throughout 2020 brought the world economy to a near-standstill. Faced with a crisis like no other, governments all over the world, including the government of Mauritius, imposed lockdowns to break the chain of transmission. Businesses were generally disrupted across the globe.

In the midst of it all, we were able to successfully invoke our business continuity plan and show resilience. Many staff rose to the challenge of working remotely overnight. The Bank remained fully operational and accessible to our clients throughout the pandemic, even in the face of the nationwide lockdown imposed as from mid-March 2020, with minimal disruption.

We would like to acknowledge the efforts made by all our staff members. The success of our operations and services depended in full measure on their resourcefulness, flexibility and engagement over the past year.

Undoubtedly, the COVID-19 pandemic has impacted the financial capacities of our clients which have resulted in a decrease in the bank's activities and performance. The EU blacklisting and FATF grey listing of Mauritius in the Year 2020 did not help. Despite the challenging business environment in which we find ourselves, management is confident that the private banking and wealth management services will attract new clients and business opportunities in the year ahead. The Bank will continue to innovate and adapt to ensure business continuity.

Our Business Model

The Bank operates on a unique business model based on the International Private Banking model with utmost Swiss quality standards. WPBL operates in a fully restored 19th 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. Warwyck Private Bank Ltd remains 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 trading services in collaboration 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 of Warwyck

Despite the challenges, Warwyck Private Bank Ltd is well positioned for the years ahead. A broad product offering, global presence and investments in our infrastructure and people in recent years provide a strong foundation to build on.

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.

Warwyck Private Bank Ltd

Chairman's Statement (Cont'd)

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 team and invest in the different cells (both listed and non-listed) of Warwyck Phoenix PCC.

The Board of Directors is committed to good corporate governance and ethical business practices to promote the interests of its stakeholders generally. At Warwyck Private Bank Ltd, we consider corporate governance to be the cornerstone of the Bank's business. It equally encompasses sound policies and procedures, defined responsibilities and accountabilities, controlled risks, adequate system of internal controls, adequate board structure and integrity reporting, amongst others. We also remain mindful of the regulatory requirements for the Bank and ensured that they are duly met at all times.

In a bid to further consolidate the capital structure of the Bank, an additional capital injection of USD1.5m was made during the year 2020. This will pave the way to increasing the activities of the Bank and its product offerings on solid foundations.

The Bank's information security protocol and best practices are well braced since it holds an ISO 27001 certificate. It reiterates the bank's commitment to maintaining an effective information security management system, aimed at protecting clients' and all other confidential information. We ensure that our information security management system remains robust on an ongoing basis.

Having regard to the initiatives planned ahead, we remain confident that the coming years will substantiate the Bank's consolidation and expansion.

Financial Performance

For the year under review, the Bank had assets under management of USD 534m as at 31 December 2020. However, given the exceptionally challenging circumstances during the year 2020, Warwyck Private Bank Ltd has recorded a loss of USD 597k in year 2020.

Yet, the Bank's capital base remained at USD 15.82m and its Capital Adequacy Ratio was 24.79%, well above the minimum required level of 11.875%.

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 business.

Philippe B. Pontet
Chairman

Date: 28 April 2021

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 2020, 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 and changes are made as and when required.

The Constitution of the Bank conforms to the provisions of the Companies Act 2001 of Mauritius. A copy of the Constitution is published on the Bank's website.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

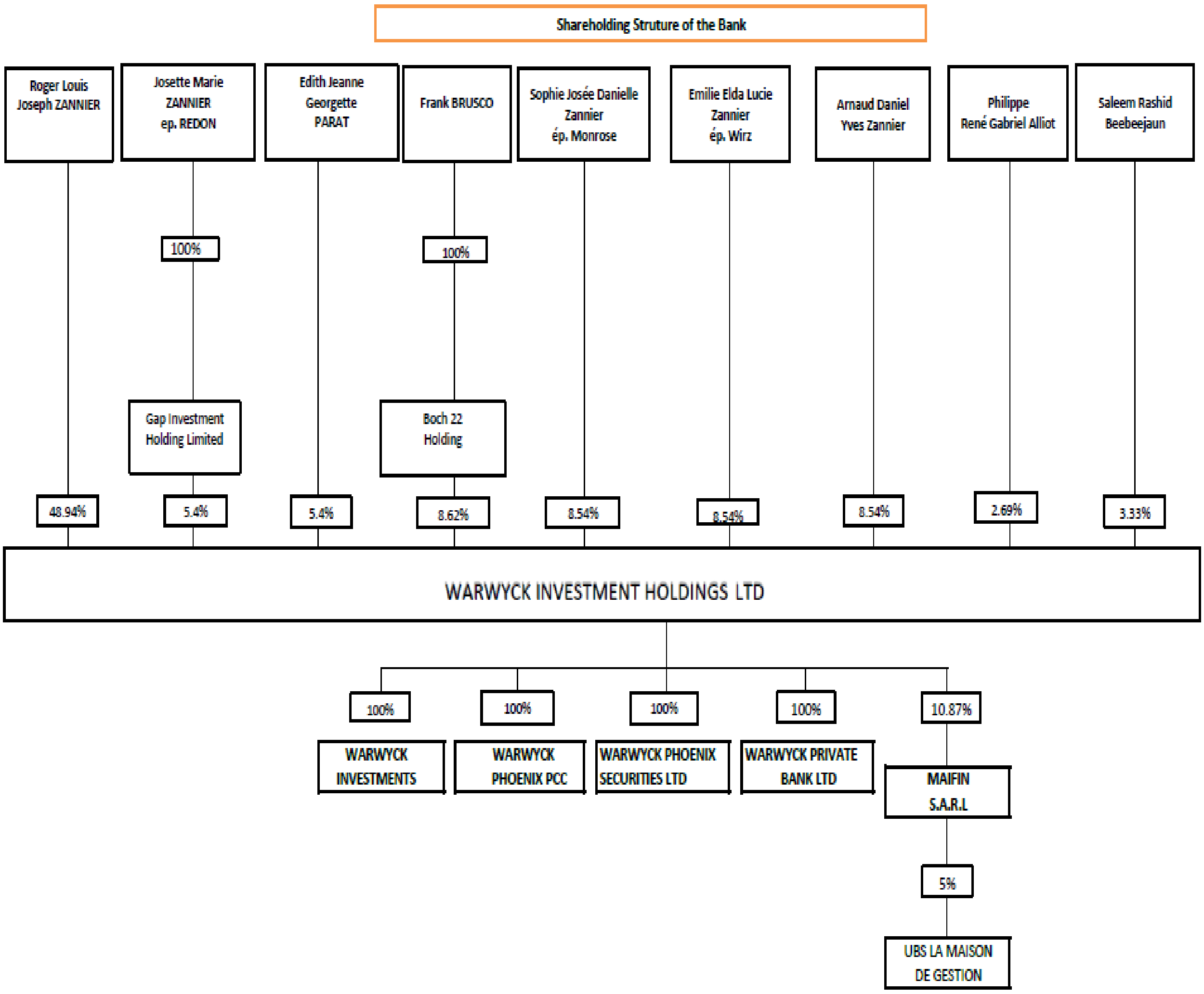
Principle 1: Governance Structure (Cont'd)

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 which is 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 (Cont'd)

(i) Directors

There is no common director within the Warwyck Group.

(ii) Shareholding of the Bank is as follows:

	Interest - %	Number of Shares
Warwyck Investment Holdings Ltd	100%	13,200,000

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 2020, 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.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Composition

As at 31 December 2020, the Board composition was as follows:

Directors	Category
Philippe Bernard Pontet - *Chairman*	Independent Non-Executive Director
Didier André François Bruguet – *CEO (appointed on 22 December 2020)*	Executive Director
Deenaraj Sooben - *COO*	Executive Director
Émilie Elda Lucie Zannier ép. Wirz	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
Karl Yves Aeschbacher – Former CEO (resigned on 18 November 2020) *	Executive Director

* Mr. Karl Yves Aeschbacher – the former CEO of the Bank, resigned as a Board Member and the CEO of the Bank on 18 November 2020.

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.

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 (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

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 and 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. Didier André François Bruguet 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. Didier André Francois Bruguet 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 the Bank's 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 needs 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 the 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.

The corporate service of the Bank has been outsourced to Anex Corporate Services Ltd ("Anex"). 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 (Cont'd)

Company Secretary (Cont'd)

At Anex, we have highly qualified and experienced professionals in Finance, Legal and Good governance. Anex is represented by Mrs. Danishta Nobin who is a member of the Institute of Chartered Secretaries and Administrators (U.K.)

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

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 participates in the Meeting through a telephone/ video 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 three (3) 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 (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Committees (Cont'd)

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 (Resigned on 18 November 2020)	Former CEO
Didier André François Bruguet (appointed on 22 December 2020)	Actual 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 three (3) times during the financial year ended 31 December 2020 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. For this reporting year, the Committee planned to meet at least 4 times, however due to the Pandemic Covid 19 and the confinement period as from March to May 2020, the meeting scheduled for 24 March 2020 was cancelled.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Committees (Cont'd)

Audit and Compliance Committee (Cond)

BDO & Co of 10, Frere Felix De Valois, DCDM Building, Port-Louis has been re-appointed as External Auditors of the Bank for the financial year ended 31 December 2020.

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	Independent Non-Executive Director
Karl Yves Aeschbacher (Resigned on 18 November 2020) *	
Didier André François Bruguet (appointed on 22 December 2020) *	Executive Director/CEO
In attendance (when deemed appropriate)	
Kunal Rughoo	Chief Risk Officer/DMLRO

*Mr. Karl Yves Aeschbacher was a member of the Risk and Management Committee until he resigned as Executive Member of the Board and the Committee on 18 November 2020 and Mr. Didier André François Bruguet was then appointed as a member of the Committee in replacement of Mr. Karl Yves Aeschbacher on 22 December 2020.

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, who among other things, shall provide assurance that the oversight of risk management is independent from operational management and is, adequately resourced with proper visibility and status in the Bank;

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Committees (Cont'd)

Risk Management Committee (Cont'd)

- 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 any case of alleged or confirmed fraud, irregularities and any legal matters that could have a significant impact on the Bank's business, together with a legal advisor;
- 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 once every quarter and present the minutes of proceedings of meeting to the Board.

The Risk Management Committee met three (3) times during the financial year ended 31 December 2020.

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 (resigned on 30 June 2020)	Executive Director
Karl Yves Aeschbacher (resigned on 18 November 2020)	The former CEO
Didier André François Bruguet (appointed on 22 December 2020)	The actual CEO

Mr. Deenaraj Sooben was a member of the Nomination and Remuneration Committee until he resigned on 30 June 2020 and replaced by Mr Karl Yves Aeschbacher who by his turn resigned on 18 November 2020. Subsequently, Mr. Didier André François Bruguet was then appointed as an Executive Member of the Committee in replacement of Mr. Karl Yves Aeschbacher on 22 December 2020.

Explanation on sub-committee's composition

Attention is brought to the fact that the chairperson of the Board is also the chairperson of the Nomination and Remuneration Committee.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Committees (Cont'd)

Nomination and Remuneration Committee (Cont'd)

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, Mr Pontet was nominated to chair this committee. It should also be noted that this committee consists of one other non-executive director as well. There is no 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 (3) 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, prior to approval of the Board and Shareholder(s);
- Plan the composition of the Board within the objectives and strategic considerations of the Bank;
- Ensure adequate succession planning for the Board (including members of the Committees), the 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 and the Bank;
- 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 and to consider the use of contractual provisions to allow the Bank to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the financial institution;
- Ensure that transparent procedures exist for the shareholder(s) to recommend potential candidates to the Board; and
- When considering an appointment to the Board, the Nomination and Remuneration Committee shall satisfy itself that the candidate is able to commit sufficient time and effort to fulfil its responsibilities effectively, particularly if the candidate has a seat on multiple boards or undertakes other professional or commercial activities.

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 remuneration 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;

Board Committees (Cont'd)

Nomination and Remuneration Committee (Cont'd)

- 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.

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 2020. It was planned to meet five (5) times during the financial year 2020, however, due to the Pandemic Covid 19 and the confinement period during March to May 2020, the meeting scheduled on 24 March 2020 has been cancelled.

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 *(up to his resignation date – 18 November 2020)*	The former CEO
Didier André François Bruguet (as from 22 December 2020)	The actual CEO

Mr. Karl Yves Aeschbacher was a member of the Conduct Review Committee until he resigned as an Executive Member on 18 November 2020 and, Mr. Didier André François Bruguet was then appointed as a member of the Committee in replacement of Mr. Karl Yves Aeschbacher, on 22 December 2020.

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:

- To meet at least once every quarter 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 on Related Party Transactions 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 three (3) times during the financial year ended 31 December 2020. It was planned to meet four (4) times during the financial year 2020, however, due to the Pandemic Covid 19 and the confinement period during March to May 2020, the meeting scheduled on 24 March 2020 has been cancelled.

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board Committees (Cont'd)

Non-Executive Directors Committee

As at 31 December 2020, the membership of the Non-Executive Directors Committee was as follows:

Members	Category
Émilie Elda Lucie Zannier ép. Wirz	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

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;
- To discuss the general functioning of the Board; and
- To periodically assess the CEO's and other Executive Director's effectiveness and performance 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 once during the financial year ended 31 December 2020.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

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		**3**	**3**	**3**	**3**	**4**	**1**
Philippe Bernard Pontet	INED	3 out of 3	N/A	3 out of 3	3 out of 3	4 out of 4	1 out of 1
Karl Yves Aeschbacher (resigned on 18 November 2020)*	ED	2 out of 2	N/A	2 out of 2	N/A	1 out of 1	N/A
Didier André François Bruguet (appointed on 22 December 2020) *	ED	1 out of 1	N/A	1 out of 1	N/A	1 out of 1	N/A
Claude Alain Berda (resigned on 13 February 2020) *	NED	N/A	N/A	N/A	N/A	N/A	N/A
Emilie Elda Lucie Zannier ép. Wirz (appointed on 10 February 2020)	NED	3 out of 3	N/A	N/A	N/A	N/A	1 out of 1
Avinash Renga Sunassee	INED	3 out of 3	3 out of 3	N/A	3 out of 3	N/A	1 out of 1
Virrsing Ramdeny	INED	3 out of 3	3 out of 3	3 out of 3	3 out of 3	N/A	1 out of 1
Laurent René Dassault	INED	3 out of 3	N/A	N/A	N/A	N/A	0 out of 1
Philippe René Gabriel Alliot	INED	3 out of 3	3 out of 3	N/A	3 out of 3	4 out of 4	1 out of 1
Deenaraj Sooben*	ED	3 out of 3	N/A	N/A	N/A	0 out of 1	N/A

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

* Mr. Karl Yves Aeschbacher, the former CEO of the Bank and also member of the Risk Management Committee and Nomination and Remuneration Committee resigned as the CEO of the Bank as well as member of the said Committees on 18 November 2020 and as such he attended only the Board and Committees' Meetings held up to the third quarter of the year.

*Following the resignation of Mr. Karl Yves Aeschbacher, the former CEO of the Bank, Mr. Didier André François Bruguet has been appointed as the CEO of the Bank and member of the Risk Management Committee and the Nomination and Remuneration Committee on 22 December 2020, in replacement of Mr. Aeschbacher. As such Mr Bruguet attended only meetings of the last quarter of the year.

* Mr. Claude Alain Berda was a Non-Executive Member of the Board and as well as a Member of the Non -Executive Directors Committee, however, due to personal reasons, the latter resigned on 13 February 2020.

* Mr. Deenaraj Sooben, a member of the Nomination and Remuneration Committee, was absent at the first committee meeting held on 30 June 2020 and resigned as committee member on 30 June 2020 and replaced by Mr. Aeschbacher.

Warwyck Private Bank Ltd

Corporate Governance Report (Cont'd)

Principle 2: The Structure of the Board and its Committees (Cont'd)

Board and Board Committees Attendance (Cont'd)

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 (Cont'd)

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 conflict of interest; 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.

Directors' Profiles (Cont'd)

Philippe Bernard Pontet – Independent Chairman

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.

Principle 3: Director Appointment Procedures (Cont'd)

Directors' Profiles (Cont'd)

Karl Yves Aeschbacher – *Chief Executive Officer / Executive Director (up to 18 November 2020)*

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.

Mr Aeschbacher resigned as an Executive Director and the Chief Executive Officer of the Bank on 18 November 2020.

Didier André François Bruguet – Executive Director/ Chief Executive Officer (*appointed on 22 December 2020*)

Didier Bruguet started his career with Paribas in 1987 where he managed a Regional Branch in Burgundy, France. He then joined the Banque Francaise du Commerce Exterieur (BFCE) in 1992, where he held coverage position as Deputy Manager. In 1997 he was a senior banker with Natixis CIB Lyon, advising medium and large size companies in France and abroad. From 2002 to 2016 he was the Managing Director of Natixis in Lille and Lyon, in charge of coverage team dedicated to clients coverage. In 2016 he joined Banque de Nouvelle Caledonie (BNC) as Deputy General Manager in charge of retail, corporate, advisory, real estate, private banking and trade activities. Aged 57, Didier Bruguet obtained a master's in Economics and Business Administration. He was appointed as the new CEO of the Bank on 22 December 2020.

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.

Mr. Berda was also an ultimate beneficial owner of the Bank. He held 20% in the capital of Warwyck Investment Holdings Ltd, the sole holding company of the Bank through Domus Capital Ltd, a British Virgin Island registered company. On 10 August 2020, he transferred part of its stake to Emilie Elda Zannier, Sophie Zannier and Arnaud Zannier and on 24 August 2020, the Bank made a buyback of the remaining shares from Domus Capital Ltd.

Mr. Claude Berda resigned as a Non-Executive Director of the Bank on 13 February 2020.

Principle 3: Director Appointment Procedures (Cont'd)

Directors' Profiles (Cont'd)

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.

During the transition period, following the resignation of Mr. Karl Aeschbacher as the Chief Executive Officer of the Bank and pending the appointment of Mr. Bruguet as the CEO of the Bank, Mr. Sooben, who is fully acquainted with the affairs of the Bank has been designated as Officer in Charge (OIC).

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.

Directors' Profiles (Cont'd)

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, steppingstone 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 2.69% in the equity of Warwyck Investment Holdings Ltd, the holding of the Bank.

Virrsing RAMDENY – *Independent Director*

Mr. Virrsing RAMDENY is a Fellow of the Chartered Association of Certified Accountants and Fellow of the Institute of Chartered Accountants of England and Wales. He is also holder of a master's degree in Management from Antwerp University, Belgium. He has more than 36 years post qualification experience and is presently the Managing Partner of De Chazal & Associates, a firm of Chartered Accountants and Business Advisers. Mr. Virrsing RAMDENY has also worked for the Mauritius Tax Authorities occupying various senior positions and the Mauritius Ports Authority as Finance Manager. Mr. V. RAMDENY has also acted as chairman of the Asia Pacific Region of CPA Associates International (CPAAI) and has also been a Member of the International Board of the same organization. CPA Associates International is a major Accounting, Auditing and Consultancy network represented in all major cities of the world and present in more than 75 countries. CPAAI has recently merged with MGI Worldwide. Mr. V. RAMDENY continues to sit on the Board of the Asia Pacific Region of the merged network.

Directorship in other companies: Due to practical reason, Mr. Ramdeny has not disclosed his directorship in other organisations.

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. President of Immobilière Dassault (instead of 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)*

Graduated from a business school in 1993, Emilie ZANNIER has held several positions as General Manager of children's clothing brands (Z, Floriane, licence KENZO, Marc JACOBS, Jean-Paul GAULTIER, Paul SMITH) and became President of Maison TARTINE ET CHOCOLAT in 2011, an internationally known top-of-the-range children's brand. She is also directly involved in the Artistic Direction of her brands and their development as well as in their management and financial engineering.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures

Directors' Profiles (Cont'd)

Profiles of Senior Management Team

The profiles of Messrs. Karl Yves Aeschbacher, Didier André François Bruguet 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.

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 (Cont'd)

Directors' Profiles (Cont'd)

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 (as from 1 December 2014 to 31 December 2020)*

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 - in IT Project Management with Virtualisation, Systems Management and Solution Design and System and Data Performance Testing. Mr. Seebaruth was in charge the Bank's IT Department.

Mr. Seebaruth resigned from his post as IT & Security Manager of the Bank in December 2020.

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

Sanjivni Poonie is currently heading the Compliance Department of Warwyck Private Bank Ltd. 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.

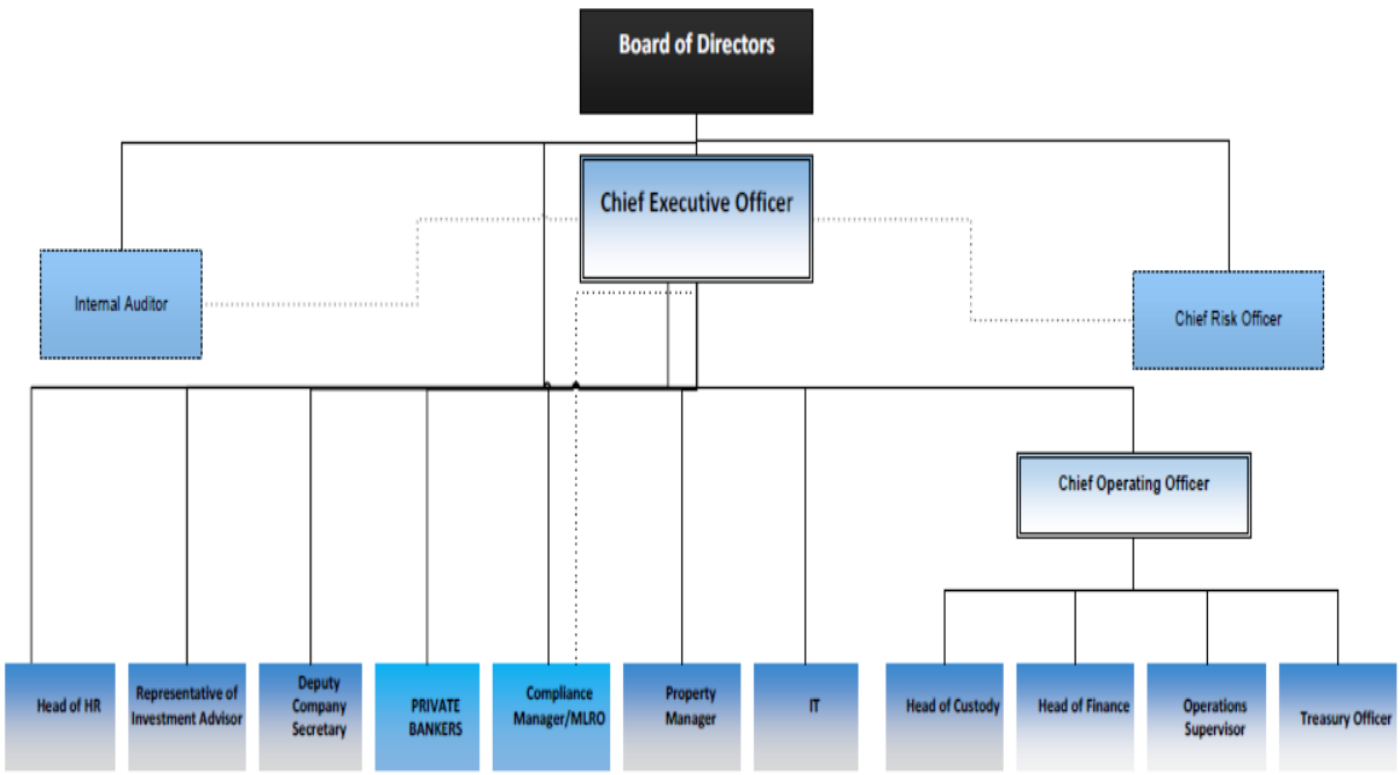
Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Cont'd)

Profiles of Senior Management Team (Cont'd)

Organisational Chart



Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

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. The new CEO, Mr. Didier Bruguet has duly attended and participated in the induction and orientation process.

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 2020, the Board Members attended a workshop on the revised AML/CFT, Guidelines and the AML/CFT Handbook issued by the Bank of Mauritius and The Financial Services Commission, presented by Mrs. Beegoo. Afterward, the attendance of each Board Member has been taken.

The representative of Anex Corporate Services Ltd, the Company Secretary of the Bank also attended this workshop on conducted by Mrs. Beegoo. Furthermore, she also attended the following trainings during the year 2020:

- Risk Based Approach to AML/CFT organised by the Financial Services Institute in the collaboration of the Global Finance Mauritius; and
- An internal training on "Practical Aspects of AML/CFT laws and regulations".

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.

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 position of the CEO, Mr. Karl Aeschbacher, following his 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 (Cont'd)

Succession Planning (Cont'd)

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 (Cont'd)

Board Evaluation (Cont'd)

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 2019 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.

Based on the provisions of the Code and the Guidelines on Corporate Governance of the Bank of Mauritius, it is being proposed to carry out the Board, Committee and Directors evaluation exercise every two (2) years instead of every year. However, the performance evaluation of the CEO will be conducted annually. This motion will be tabled for consideration and discussion at the next Board Meeting which was scheduled for 25 March 2021.

Besides, it should be noted that since the inception of the Bank, the Board composition has remained the same apart that there has been changes in the person of the CEO.

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 discretionary bonus and as well as 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 2020 amounted to USD 699,042.

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 and the shareholders have under section 221 of the Companies Act 2001, applied dispensation for the need to disclose in the annual report the amount which represents the total remuneration and benefits received, or due and receivable, from the Bank by the Executive Directors of the Bank engaged in the full-time or part-time employment of the Bank, including all bonuses and commissions receivable by them as employees; and by Non-Executive Directors of the Bank, in a separate statement; and by each director individually.

Warwyck Private Bank Ltd

Corporate Governance Report (Contd)

Principle 4: Director Duties, Remuneration and Performance (Cont'd)

Board Evaluation (Cont'd)

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.

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	2.69%
Emilie Elda Lucie Zannier ép. Wirz	8.54%

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 31 to these financial statements show the details of related party transactions.

Principle 4: Director Duties, Remuneration and Performance (Cont'd)

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.

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 project owner and 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 (Cont'd)

Internal Control and Risk Management (Cont'd)

(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 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 2020.

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. 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 2020.

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 (Cont'd)

Internal Audit (Cont'd)

(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.

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.

BDO & Co of 10, Frere Felix De Valois, DCDM Building, Port-Louis has been reappointed as the External Auditors of the Bank for the financial year ended 31 December 2020.

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.

Corporate Governance Report (Contd)

Principle 7: Audit (Cont'd)

Fees to external auditors

The fees payable to BDO & Co for the year ended 31 December 2020 is USD 67,000, 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 2021 as the financial year end is 31 December.

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

Didier André François Bruguet
Chief Executive Officer
On behalf of the Board of Directors

Date: 28 April 2021

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 42.

Philippe B. Pontet	**Didier André François Bruguet**
Chairman	**Chief Executive Officer**
On behalf of the Board of Directors	**On behalf of the Board of Directors**

Date: 28 April 2021

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

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 2020

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 Auditor, BDO & Co, has 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.

Didier André François Bruguet **Chief Executive Officer** **On behalf of the Board of Directors**	**Virrsing Ramdeny** **Director** **On behalf of the Board of Directors**

Date: 28 April 2021

Phoenix 73538, Republic of Mauritius

Warwyck Private Bank Ltd

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 2020.

Anex Corporate Services Ltd
Secretary

Anex Corporate Services Ltd The Common Seal of

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

Date: 28 April 2021

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholder 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 122 which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other 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 122 give a true and fair view of the financial position of the bank as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 implementation of the Core Banking System has improved from prior year. The bank has fully implemented its loan module in February 2020.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

1. Core Banking System (Continued)

The bank's key financial accounting and reporting processes are highly dependent on the automated controls (application controls) over the bank's information systems. As such, there exist a risk that potential control deficiencies 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 related key 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 test the implementation of key controls over financial reporting, which included the following General IT controls design, observations and operations as well as the application control testing:

- 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 underlying information and data 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 tested the accuracy and completeness of opening balances in the Core Banking System.
- We verified the accuracy of the material classes of transactions by reconciling opening balances to closing balances and testing a sample of transactions and ascertained their classification.
- We performed substantive testing procedures for a sample of account balances to ensure they were in accordance with the bank's internal records and external confirmations.
- We verified the existence and accuracy by seeking independent confirmation for a sample of account balances as follows:
  - customers for loans and advances and current accounts and deposits to confirm the balances and,
  - the correspondent banks to confirm the bank balances.
- We reperformed the interest income and interest expense calculation, and the loss on foreign exchange transactions based on the bank information and data.
- We performed sample testing on the fee and commission income to ensure consistency with the corresponding records and compliance with the requirements of IFRS 15.

Related Disclosures
Refer to Note 10 Intangible assets, Note 2.14 Significant Accounting Policies, Note 3 Significant management judgement in applying accounting policies and estimation uncertainty, of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder 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's 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 disclosures, 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 an implementation test on key controls identified and evaluated the design of controls related to the risk identified.
- We verified that the transactions are approved in accordance with internal procedures including involvement of key personnel at the appropriate level and segregation of duties.
- 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 accurately recorded.
- We verified that the Conduct Review Committee (CRC) has policies in place to identify, review and approve the transactions with related parties, and the transactions are approved at the CRC meetings.
- We performed testing procedures to ensure transactions and balances were reported in accordance with the requirements of IFRS and the Bank of Mauritius guideline.
- We verified the existence and accuracy of the balances with related parties by circularising loans provided to and deposits held by the counter parties.

Related Disclosures

Refer to Note 31 Related party transactions and Note 2.19 Significant Accounting Policies of the accompanying financial statements.

3. Basis of Preparation – Going Concern Basis

Key Audit Matter

The bank's financial statements for the year ended 31 December 2020 have been prepared on a going concern basis. As per Note 3 to the financial statements, the directors have explained the rationale for adopting the going concern basis when preparing the bank's financial statements. This judgement is based on an evaluation of the inherent risks to the bank's business model that might affect its financial resources or ability to continue operations over a period of at least one year from the end of the reporting period.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

3. Basis of Preparation – Going Concern Basis (continued)

Management's assessment of going concern is in line with the strategy of the bank as described in Note 3 and reflected in the forecasts used. Significant management judgements and estimates are made in arriving at the forecasts and can be influenced by management bias. We focused on the appropriateness of using a going concern basis of accounting given the prevailing uncertainty of any financial impact of COVID-19.

Our audit procedures included, among others, the following:

- We obtained the forecasts prepared by management for the financial year 2021 and verified the mathematical accuracy of the forecasts.
- We reviewed the forecasts and obtained audit evidence on the appropriateness of the methods, the reasonableness of the assumptions, the reliability of the data and the validity of conclusions reached.
- We obtained evidence over management's underlying projections for the bank by agreeing data to other external and internal sources as necessary, including approved budgets, and comparing the cost assumptions to actual historical data.
- We tested the arithmetic integrity of the calculations including those related to management's sensitivities.
- We reviewed the adequacy and appropriateness of management's going concern disclosures in the financial statements.

Related Disclosures
Refer to Note 3 Significant management judgement in applying accounting policies and estimation uncertainty, of the accompanying financial statements.

Other Information
The directors are responsible for the Other Information. The Other Information comprises the information included in 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 auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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 and fair presentation 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 have no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

(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 auditor's 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 auditor's 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 auditor and dealings in the ordinary course of business. We have obtained all information and explanations we have required.

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

Banking Act 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the Shareholder of Warwyck Private Bank Ltd

Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

Other Matter

This report is made solely to the shareholder of 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 shareholder those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the bank and the bank's shareholder as a body, for our audit work, for this report, or for the opinion we have formed.

BDO & Co.

BDO & Co
Chartered Accountants

Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

28 April 2021

Warwyck Private Bank Ltd

Statement of financial position as at 31 December

	Notes	2020 USD	2019 USD	Restated 2018 USD
ASSETS				
Cash and cash equivalents	7	**53,540,855**	103,954,489	122,118,345
Placements with an overseas bank	12	**2,453,907**	2,945,191	2,936,928
Derivative financial assets	16	**19,264**	1,951	902,280
Loans and advances	11	**36,179,131**	28,894,403	137,981,497
Financial assets at fair value through profit or loss	8	**-**	-	707,415
Property, plant and equipment	9a	**5,449,071**	5,842,316	5,658,655
Right of use assets	9b	**153,889**	4,755	-
Intangible assets	10	**299,992**	405,769	587,823
Deferred tax assets	22(b)(i)	**152,693**	-	18,310
Current tax assets	22(a)(ii)	**13,938**	6,138	-
Other assets	13	**22,274,797**	31,188,036	26,626,825
Total assets		**120,537,537**	173,243,048	297,538,078
LIABILITIES				
Deposits from customers	14	**103,621,382**	157,210,674	275,466,988
Borrowings	17	**-**	6,561	6,559,524
Derivative financial liabilities	16	**17,623**	2,913	562,641
Current tax liabilities	22(a)(ii)	**-**	-	32,966
Deferred tax liabilities	22(b)(i)	**-**	35,306	-
Lease liabilities	9b	**155,306**	4,853	-
Retirement benefit obligations	27	**4,884**	-	-
Other liabilities	15	**540,824**	685,887	937,843
Total liabilities		**104,340,019**	157,946,194	283,559,962
SHAREHOLDER'S EQUITY				
Stated capital	18	**13,200,000**	11,700,000	10,000,000
Statutory reserve	19	**2,092,389**	2,092,389	1,992,078
Retained earnings		**905,129**	1,504,465	1,986,038
Total equity		**16,197,518**	15,296,854	13,978,116
Total liabilities and equity		**120,537,537**	173,243,048	297,538,078

Approved by the Board of Directors on 28 April 2021 and signed on its behalf by:

Virrsing Ramdeny
Director

Didier André François Bruguet
Chief Executive Officer and Director

Deenaraj Sooben
Director

The notes on pages 56 to 122 form an integral part of these financial statements. Auditors' report on pages 45 to 51.

Warwyck Private Bank Ltd

Statement of profit or loss and other comprehensive income for the year ended 31 December

	Notes	2020 USD	2019 USD	2018 USD
Interest income		**902,524**	4,897,880	3,965,680
Interest expense		**(172,287)**	(1,755,442)	(2,136,104)
Net interest income	23	**730,237**	3,142,438	1,829,576
Fee and commission income	24	**1,902,551**	4,083,259	5,815,133
Other income	25	**800,700**	891,051	4,623,168
Operating income		**3,433,488**	8,116,748	12,267,877
Personnel expenses	20	**(1,536,891)**	(1,759,843)	(1,907,867)
Operating lease expenses	34(a)	**-**	-	(73,349)
Other expenses	21	**(1,922,039)**	(3,477,592)	(5,832,876)
Depreciation and amortisation	9a & 9b & 10	**(645,473)**	(579,387)	(782,987)
Net impairment (losses)/gains on financial assets	11 & 13	**(60,906)**	1,278	(13,461)
Net foreign exchange losses		**(53,273)**	(1,584,988)	(1,285,977)
(Loss)/profit before tax		**(785,094)**	716,216	2,371,360
Income tax credit/(expense)	22(a)(i)	**187,887**	(47,478)	(70,463)
(Loss)/profit for the year	26	**(597,207)**	668,738	2,300,897
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations	27(a)(v)	**(2,241)**	-	-
Deferred tax on remeasurements of post-employment benefit obligations	22(b)(ii)	**112**	-	-
Other comprehensive income for the year, net of tax		**(2,129)**	-	-
Total comprehensive income for the year		**(599,336)**	668,738	2,300,897
(Loss)/earnings per share	29	**(0.05)**	0.06	0.23
Transfer to statutory reserve during the year	19	**-**	100,311	345,135

Approved by the Board of Directors on 28 April 2021 and signed on its behalf by:

Virrsing Ramdeny
Director

Didier André François Bruguet
Chief Executive Officer and Director

Deenaraj Sooben
Director

The notes on pages 56 to 122 form an integral part of these financial statements. Auditors' report on pages 45 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 Equity USD
At 01 January 2020	**11,700,000**	**2,092,389**	**1,504,465**	**15,296,854**
Capital injection (Note 18(iii))	**1,500,000**	**-**	**-**	**1,500,000**
Loss for the year	-	-	(597,207)	(597,207)
Other comprehensive income	-	-	(2,129)	(2,129)
Total comprehensive income for the year	**-**	**-**	**(599,336)**	**(599,336)**
Transfer to statutory reserve during the year (Note 19)	**-**	**-**	**-**	**-**
At 31 December 2020	**13,200,000**	**2,092,389**	**905,129**	**16,197,518**
At 01 January 2019	10,000,000	1,992,078	1,986,038	13,978,116
Capital injection (Note 18(iii))	650,000	-	-	650,000
Bonus issue (Note 18(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 (Note 19)	-	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 18(i))	(10)	-	-	(10)
Dividends (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 (Note 19)	-	345,135	(345,135)	-
At 31 December 2018	10,000,000	1,992,078	1,986,038	13,978,116

The notes on pages 56 to 122 form an integral part of these financial statements. Auditors' report on pages 45 to 51.

Warwyck Private Bank Ltd

Statement of cash flows for the year ended 31 December

	Notes	2020 USD	2019 USD	Restated 2018 USD
Cash flows from operating activities				
(Loss)/profit before tax		**(785,094)**	716,216	2,371,360
Adjustments for:				
Depreciation of property, plant and equipment	9a	**411,324**	373,159	429,850
Depreciation of right of use assets	9b	**28,610**	19,018	-
Amortisation of intangible assets	10	**205,539**	187,210	353,137
Net loss on sale of property, plant and equipment		**-**	3,804	-
Gain on disposal of subsidiaries		**-**	-	(3,847,548)
Fair value (gains)/losses on disposal of investment	8	**-**	(71,458)	59,478
Interest expense		**168,592**	1,754,134	2,136,104
Unwinding of discount of lease liabilities	9b & 23	**3,695**	1,308	-
Interest paid		**(202,625)**	(2,678,777)	(1,857,002)
Interest income	23	**(902,524)**	(4,897,880)	(3,965,680)
Interest received		**911,283**	5,186,531	3,157,414
Dividend income	8	**-**	(5,081)	-
Intangible assets written off	10	**-**	-	33,197
Provision for retirement benefit obligations	27	**2,643**	-	-
Total adjustments		**626,537**	(128,032)	(3,501,050)
Changes in Operating assets and liabilities				
Decrease/(Increase) in placement with an overseas bank		**467,558**	(8,263)	(632,330)
(Increase)/Decrease in loans and advances		**(7,269,761)**	107,603,508	621,966
Decrease/(Increase) in other assets		**8,905,439**	(4,501,211)	(932,912)
(Decrease)/ Increase in deposits from customers		**(53,555,259)**	(117,331,670)	22,012,796
Decrease in other liabilities		**(145,063)**	(251,956)	(5,597,053)
Tax paid	22 (a) (ii)	**-**	(32,966)	(51,984)
Other dividend received		**-**	1,134,934	-
Net cash (used in)/from operating activities		**(51,755,643)**	(12,799,440)	14,290,793
Cash flows from investing activities				
Investment in shares	8	**-**	(238,182)	(766,893)
Acquisition of intangible assets	10	**(99,762)**	(5,156)	(131,063)
Acquisition of property, plant and equipment	9a	**(18,079)**	(623,773)	(32,844)
Derivative financial instruments		**(2,603)**	340,601	(339,639)
Proceeds from disposal of investment	8	**-**	1,017,055	**-**
Proceeds from disposal of property, plant and equipment		**-**	63,149	**-**
Dividend received	8	**-**	5,081	**-**
Proceeds from sale of subsidiaries		**-**	-	3,682,025
Net cash (used in)/from investing activities		**(120,444)**	558,775	2,411,586
Cash flows from financing activities				
Increase in stated capital	18	**1,500,000**	650,000	-
Principal paid on lease liabilities	9b	**(27,291)**	(18,920)	-
Interest paid on lease liabilities	9b	**(3,695)**	(1,308)	**-**
Dividends paid	28	**-**	-	(4,000,000)
Net cash from/(used in) financing activities		**1,469,014**	629,772	(4,000,000)
Net (decrease)/increase in cash and cash equivalents		**(50,407,073)**	(11,610,893)	12,702,379
Cash and cash equivalents at the beginning of the year		**103,947,928**	115,558,821	102,856,442
Cash and cash equivalents at the end of the year	30	**53,540,855**	103,947,928	115,558,821

The notes on pages 56 to 122 form an integral part of these financial statements. Auditors' report on pages 45 to 51.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

1. General information

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.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Shareholder of the Bank.

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritius Companies Act 2001, the Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned.

These financial statements are that of an individual entity. The financial statements are presented in United States Dollar (USD) and all values are rounded to the nearest USD, except when otherwise indicated.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention except that:
(i) financial assets and financial liabilities at fair value through profit or loss are stated at fair value and;
(ii) relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published Standards effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Bank's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Bank's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Bank 's financial statements.

Notes to the financial statements
For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.1 Basis of preparation (Cont'd)
Amendments to published Standards effective in the reporting period (Cont'd)

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Bank's financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. The amendment has no impact on the Bank's financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before 1 January 2023. The amendments have no impact on the Bank's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2021 or later periods, but which the Bank has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
Annual Improvements 2018–2020
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
Reference to the Conceptual Framework (Amendments to IFRS 3)
Amendments to IFRS 17
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Where relevant, the Bank is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 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.

2. Significant Accounting Policies (Cont'd)

2.3 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).

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 interest income, interest expense or other financial items.

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.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 2020

2. Significant Accounting Policies (Cont'd)

2.3 Financial instruments (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

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 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'. 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.

2. Significant Accounting Policies (Cont'd)

2.3 Financial instruments (Cont'd)

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 measured at their fair value through profit or loss. 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 profit or loss and other 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 profit or loss and other comprehensive income.

2.4 Provision for impairment losses

(i) Specific provisions 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 November 2004 and lastly revised in June 2019 to classify a credit facility as an impaired asset and determine the adequacy of specific allowances. The revised guideline was effective as 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.

Notes to the financial statements

For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.4 Provision for impairment losses (Cont'd)

(ii) A general provision for credit impairment is maintained on the aggregate amount of all loans and advances to allow for potential losses not specifically identified. The general 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 general provision 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 general provision of 1% on standard credits, the Bank shall make additional general 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 general 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 profit or loss and other 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.

2.5 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.

2.6 Property, plant and equipment

Land and buildings

Freehold land and buildings 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. Freehold building is subsequently measured using the cost model that is cost less subsequent depreciation and impairment losses.

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

Notes to the financial statements

For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.6 Property, plant and equipment (Cont'd)

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 disposals 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 profit or loss and other comprehensive income.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively, 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".

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 disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

2.7 Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other 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.

2.8 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.

Notes to the financial statements

For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.9 Foreign currencies

(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 profit or loss and other 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:

	Currency pair	2020	2019	2018
Euro	EUR/USD	**1.2299**	1.1201	1.1435
Swiss Franc	USD/CHF	**0.8830**	0.9692	0.9833
Mauritian Rupee	USD/MUR	**39.5006**	36.4445	34.2946
Great Britain Pound Sterling	GBP/USD	**1.3607**	1.3113	1.2682
Australian Dollar	USD/AUD	**1.3015**	1.4299	1.4214
Canadian Dollar	USD/CAD	**1.2760**	1.3058	1.3637
Mexican Peso	USD/MXN	**19.9111**	18.8629	19.6214
Japanese Yen	USD/JPY	**103.2450**	108.9681	110.4350
New Zealand Dollar	USD/NZD	**1.3880**	1.4862	1.4933
Norwegian Krone	USD/NOK	**8.5428**	8.7844	8.7306
Swedish Krona	USD/SEK	**8.1879**	9.3253	8.9784
South African Rand	USD/ZAR	**14.6088**	14.0885	14.3717

2.10 Income taxes

The tax credit/(expense) for the year comprises of current tax, deferred tax and special levy. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Notes to the financial statements

For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.10 Income taxes (Cont'd)

(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 tax

Deferred income taxes are calculated using the liability method on temporary differences arising 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 profit or loss and other 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

As from 2018, 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 2020 and financial year 2019.

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.

Notes to the financial statements

For the year ended 31 December 2020

2. Significant Accounting Policies (Cont'd)

2.11 Retirement benefit obligations

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 profit or loss and other 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.

2.12 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.13 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 2020

2. Significant Accounting Policies (Cont'd)

2.13 Leases (Cont'd)

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.

Notes to the financial statements

For the year ended 31 December 2020

2 Significant Accounting Policies (Cont'd)

2.13 Leases (Cont'd)

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.

2.14 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 profit or loss and other comprehensive income.

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

2 Significant Accounting Policies (Cont'd)

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.16 Stated capital and reserves

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

Retained earnings include current and prior years' results as disclosed in the statement of profit or loss and other 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 in accordance with relevant local banking legislations. This reserve is not distributable.

2.17 Other expenses

Other expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

2.18 (Loss)/earnings per share

(Loss)/earnings per share is determined by dividing the profit or loss by the weighted average number of shares outstanding at the end of the reporting period.

2.19 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.

2.20 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 2020

2 Significant Accounting Policies (Cont'd)

2.20 Segment reporting (Cont'd)

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 years ended 31 December 2020, 31 December 2019 and 31 December 2018, there was no transaction relating to Segment A.

2.21 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.

2.22 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 profit or loss and other 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 profit or loss and other comprehensive income.

Notes to the financial statements

For the year ended 31 December 2020

3. 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 2.20). The directors have determined that the revenues and expenses are directly attributable to Segment B.

Estimation uncertainty

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

3. Significant management judgement in applying accounting policies and estimation uncertainty (Cont'd)

Pension benefits (Cont'd)

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 27.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Bank would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

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 4.2.2, 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:

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

Detailed information about the inputs, assumptions and estimation techniques used by the Bank in the above areas is set out in Note 4.2.2.3.

3. Significant management judgement in applying accounting policies and estimation uncertainty (Cont'd)

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.

General allowance for credit impairment

The general 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.

Going concern without material uncertainties

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Bank's ability to continue as a going concern. The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

As the situation keeps evolving, the Board of Directors does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Bank.

However, by virtue of its strategic plan and initiatives set for 2021, the Bank aims to:-
(i) further expand on its current product offering, namely Lombard loan,
(ii) develop new products and services, including but not limited to structured products,
(iii) enhance its interactions with its existing clients in a bid to increase their banking activity,
(iv) at all times, maintain high quality service and customer satisfaction, and
(v) ongoing monitoring to contain costs generally.

The Liquidity coverage ratio (LCR) of the Bank stood at 239% well above the regulatory limit of 100% as stated in Note 4.4. Similarly, the Bank has maintained its Capital adequacy ratio (CAR) at 24.79% well above the regulatory limit of 11.875% as stated in Note 5 for the financial year 2020

Based on the above, the Bank's ability to operate as going concern is not jeopardised.

4. Financial instrument risk

Risk management objectives and policies

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

	2020 USD	2019 USD	2018 USD
Financial assets			
At fair value through profit or loss:			
Investment in a quoted company	**-**	-	707,415
Derivative financial assets	**19,264**	1,951	902,280
At amortised cost:			
Placements with an overseas bank	**2,453,907**	2,945,191	2,936,928
Cash and cash equivalents	**53,540,855**	103,954,489	122,118,345
Loans and advances	**36,179,131**	28,894,403	137,981,497
Other assets*	**21,628,626**	30,639,002	26,472,181
	113,821,783	166,435,036	291,118,646

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

	2020 USD	2019 USD	2018 USD
Financial liabilities			
At fair value through profit or loss:			
Derivative financial liabilities	**17,623**	2,913	562,641
At amortised cost:			
Deposits from customers	**103,621,382**	157,210,674	275,466,988
Other liabilities	**540,824**	685,887	937,843
Lease liabilities	**155,306**	4,853	-
Borrowings	**-**	6,561	6,559,524
	104,335,135	157,910,888	283,526,996

**Other assets considered as financial assets exclude prepayments, prepaid card account and mastercard guarantee deposit.*

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.

4.1 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 2020

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.1 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 and 31 December 2020.

4.1.2 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 2018, 31 December 2019 and 31 December 2020.

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For the year ended 31 December 2020

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 Foreign currency sensitivity (Cont'd)

At 31 December 2020	USD	EUR	CHF	MUR	GBP	AUD	CAD	MXN	JPY	NZD	NOK	SEK	ZAR	Total
							USD equivalent							
Assets														
Derivative financial assets	-	19,264	-	-	-	-	-	-	-	-	-	-	-	19,264
Cash and cash equivalents	46,732,976	4,887,937	559,314	93,753	1,106,533	-	317	128	46	-	20	-	159,831	53,540,855
Placements with an overseas bank	760,148	-	-	-	1,693,759	-	-	-	-	-	-	-	-	2,453,907
Loans and advances	1,583,623	27,856,079	-	-	1,558,231	-	-	-	-	-	-	-	5,181,198	36,179,131
Other assets	4,963,202	16,665,404	-	20	-	-	-	-	-	-	-	-	-	21,628,626
Total assets	54,039,949	49,428,684	559,314	93,773	4,358,523	-	317	128	46	-	20	-	5,341,029	113,821,783
Liabilities														
Derivative financial liabilities	-	-	-	-	-	-	-	1,524	-	-	-	-	16,099	17,623
Deposits from customers	32,574,909	66,111,205	505,644	-	4,429,624	-	-	-	-	-	-	-	-	103,621,382
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	221,919	251,473	-	67,432	-	-	-	-	-	-	-	-	-	540,824
Lease liabilities	-	-	-	155,306	-	-	-	-	-	-	-	-	-	155,306
Total liabilities	32,796,828	66,362,678	505,644	222,738	4,429,624	-	-	1,524	-	-	-	-	16,099	104,335,135
Net on-balance sheet position	21,243,121	(16,933,994)	53,670	(128,965)	(71,101)	-	317	(1,396)	46	-	20	-	5,324,930	9,486,648
Net off-balance sheet position	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 Foreign currency sensitivity (Cont'd)

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 with an overseas bank	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 liabilities	-	-	-	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)	(555,327)	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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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 Foreign currency sensitivity (Cont'd)

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 with an overseas bank	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 Foreign currency sensitivity (Cont'd)

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).

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 2020, 31 December 2019 and 31 December 2018:

	% change		
	2020	**2019**	**2018**
EUR	**10%**	2%	4%
CHF	**9%**	1%	0.4%
MUR	**8%**	6%	2%
GBP	**4%**	3%	6%
AUD	**9%**	1%	10%
CAD	**2%**	4%	8%
MXN	**6%**	4%	1%
JPY	**5%**	1%	2%
NZD	**7%**	0%	6%
NOK	**3%**	1%	5%
SEK	**12%**	4%	8%
ZAR	**4%**	2%	14%

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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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 Foreign currency sensitivity (Cont'd)

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

	2020		2019		2018	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	**(1,688,952)**	**(1,688,952)**	859,982	859,982	187,812	187,812
CHF	**4,830**	**4,830**	8,079	8,079	460	460
MUR	**(10,708)**	**(10,708)**	(9,832)	(9,832)	(246)	(246)
GBP	**(2,844)**	**(2,844)**	15,996	15,996	13,885	13,885
AUD	**-**	**-**	1,036	1,036	3,241	3,241
CAD	**6**	**6**	(132,356)	(132,356)	44,840	44,840
MXN	**(84)**	**(84)**	14,153	14,153	(10,993)	(10,993)
JPY	**2**	**2**	54,564	54,564	(21,695)	(21,695)
NZD	**-**	**-**	1,199	1,199	(27,314)	(27,314)
NOK	**1**	**1**	4,310	4,310	24,538	24,538
SEK	**-**	**-**	115,660	115,660	92,402	92,402
ZAR	**212,997**	**212,997**	(9,665)	(9,665)	(50,942)	(50,942)

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

	2020		2019		2018	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	**1,688,952**	**1,688,952**	(859,982)	(859,982)	(187,812)	(187,812)
CHF	**(4,830)**	**(4,830)**	(8,079)	(8,079)	(460)	(460)
MUR	**10,708**	**10,708**	9,832	9,832	246	246
GBP	**2,844**	**2,844**	(15,996)	(15,996)	(13,885)	(13,885)
AUD	**-**	**-**	(1,036)	(1,036)	(3,241)	(3,241)
CAD	**(6)**	**(6)**	132,356	132,356	(44,840)	(44,840)
MXN	**84**	**84**	(14,153)	(14,153)	10,993	10,993
JPY	**(2)**	**(2)**	(54,564)	(54,564)	21,695	21,695
NZD	**-**	**-**	(1,199)	(1,199)	27,314	27,314
NOK	**(1)**	**(1)**	(4,310)	(4,310)	(24,538)	(24,538)
SEK	**-**	**-**	(115,660)	(115,660)	(92,402)	(92,402)
ZAR	**(212,997)**	**(212,997)**	9,665	9,665	50,942	50,942

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.1 Market risk analysis (Cont'd)

4.1.2 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.

4.2 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.

4.2.1 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.

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

The Bank's internal rating is as follows:

Credit risk grading (Cont'd)

- 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.

4.2.2 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 4.2.2.1 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 4.2.2.2 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 4.2.2.3 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.

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

4.2.2 Expected credit loss measurement (Cont'd)

4.2.2.1 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).

4. Financial instrument risk (Cont’d)

Risk management objectives and policies (Cont’d)

4.2 Credit risk analysis (Cont’d)

4.2.2 Expected credit loss measurement (Cont’d)

4.2.2.2 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.

4.2.2.3 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:

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

4.2.2 Expected credit loss measurement (Cont'd)

4.2.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Cont'd)

- 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 0.82% 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**		
	2020	2019	2018
Stage 1	12-month PD – 0.25% (related party) and 0.82% (non-related party)	12-month PD – 0.05% (both related and non-related parties)	12-month PD – 0.05% (both related and non-related parties)
Stage 2	Lifetime PD	Lifetime PD	Lifetime PD
Stage 3	100%	100%	100%

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

4.2.2 Expected credit loss measurement (Cont'd)

4.2.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Cont'd)

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 2020, all loans provided by the Bank that 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 0.25% (related party) and 0.82% (non-related party); (2019: 0.05% and 2018: 0.05%). 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 0.82% 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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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

4.2.3 Credit risk exposure

4.2.3.1 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:

	2020				2019	2018
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			
	USD	USD	USD	USD	USD	USD
Loans and advances						
Credit Grade						
Low risk	**23,605,006**	-	-	**23,605,006**	23,514,511	137,985,666
Medium risk	**12,594,751**	-	-	**12,594,751**	5,380,683	-
High risk	-	-	-	-	-	-
Gross carrying amount	**36,199,757**	-	-	**36,199,757**	28,895,194	137,985,666
Allowance for credit impairment (Note 11)	**(20,626)**	-	-	**(20,626)**	(791)	(4,169)
Carrying amount	**36,179,131**	-	-	**36,179,131**	28,894,403	137,981,497
Other assets						
Credit Grade						
Low risk	**21,685,033**	-	-	**21,685,033**	30,654,338	26,485,417
Medium risk	-	-	-	-	-	-
High risk	-	-	-	-	-	-
Gross carrying amount	**21,685,033**	-	-	**21,685,033**	30,654,338	26,485,417
Allowance for credit impairment (Note 13)	**(56,407)**	-	-	**(56,407)**	(15,336)	(13,236)
Carrying amount	**21,628,626**	-	-	**21,628,626**	30,639,002	26,472,181

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For the year ended 31 December 2020

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.2 Credit risk analysis (Cont'd)

4.2.3 Credit risk exposure (Cont'd)

4.2.3.2 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.

	2020 USD	2019 USD	2018 USD
Construction	**1,574,512**	3,534,803	3,618,695
Wholesale and retail trade	**561,537**	508,644	35,923
Financial and business services	**21,591,150**	13,485,034	125,177,596
Personal	**12,472,558**	11,366.713	9,153,452
Total (Note 11(c))	**36,199,757**	28,895,194	137,985,666
Less allowance for credit impairment (Note 11(c))	**(20,626)**	(791)	(4,169)
Net balance	**36,179,131**	28,894,403	137,981,497

The breakdown for loans and advances categorised by domestic and international clients is set out in Note 11.

4.2.3.3 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.

4.2.3.4 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.

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.3 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 2020, 55% of the risk weighted exposures were unrated countries, 26% in Aa2 countries and 17% in a Baa1 country (source from Moody's – Credit ratings). The highest exposures were in Marshal Islands represented by 42% for unrated. Aa2 ratings comprised of France 26% and Baa1 country was Mauritius 17%.

4.4 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.

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For the year ended 31 December 2020

4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.4 Liquidity risk analysis (Cont'd)

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

31 December 2020	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	**53,540,855**	**-**	**-**	**-**	**-**	**-**	**-**	**53,540,855**
Derivative financial assets	**19,264**	**-**	**-**	**-**	**-**	**-**	**-**	**19,264**
Placements with an overseas bank	**-**	**884,048**	**-**	**760,148**	**809,711**	**-**	**-**	**2,453,907**
Loans and advances	**5,263,997**	**1,487,586**	**4,816,088**	**6,595,665**	**12,389,653**	**5,646,768**	**-**	**36,199,757**
Other assets	**16,709,874**	**194,656**	**-**	**1,068,628**	**3,706,341**	**-**	**5,534**	**21,685,033**
	75,533,990	**2,566,290**	**4,816,088**	**8,424,441**	**16,905,705**	**5,646,768**	**5,534**	**113,898,816**
Less allowance for credit impairment	**(45,222)**	**-**	**-**	**(5,760)**	**(25,896)**	**(155)**	**-**	**(77,033)**
Total assets	**75,488,768**	**2,566,290**	**4,816,088**	**8,418,681**	**16,879,809**	**5,646,613**	**5,534**	**113,821,783**
Liabilities								
Deposits from customers	**82,890,767**	**1,373,400**	**4,800,176**	**3,010,585**	**5,911,905**	**5,634,549**	**-**	**103,621,382**
Derivative financial liabilities	**17,623**	**-**	**-**	**-**	**-**	**-**	**-**	**17,623**
Other liabilities	**107,804**	**286,020**	**147,000**	**-**	**-**	**-**	**-**	**540,824**
Lease liabilities	**4,708**	**9,472**	**14,348**	**29,204**	**97,574**	**-**	**-**	**155,306**
Total liabilities	**83,020,902**	**1,668,892**	**4,961,524**	**3,039,789**	**6,009,479**	**5,634,549**	**-**	**104,335,135**
Net on-balance sheet liquidity gap	**(7,532,134)**	**897,398**	**(145,436)**	**5,378,892**	**10,870,330**	**12,064**	**5,534**	**9,486,648**

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.4 Liquidity risk analysis (Cont'd)

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 with an overseas bank	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	-	-	-	-	(16,127)	-	-	(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
Borrowings	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

Warwyck Private Bank Ltd

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.4 Liquidity risk analysis (Cont'd)

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 with an overseas bank	-	-	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
Borrowings	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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Notes to the financial statements

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.4 Liquidity risk analysis (Cont'd)

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:

	2020 TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observation) USD	2019 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD	2018 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD
HIGH-QUALITY LIQUID ASSETS			
Total high-quality liquid assets (HQLA)	4,837,850	4,191,462	4,256,023
CASH OUTFLOW			
Retail deposits and deposits from small business customers, of which:			
Stable deposits	-	-	615,165
Less stable deposits	2,306,460	2,424,959	15,617,921
Term deposit with residual maturity greater than 30 days	-	-	-
Unsecured wholesale funding, of which:			
Operational deposits (all counterparties)	5,776,567	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	**8,083,027**	10,912,129	16,233,086

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4. Financial instrument risk (Cont'd)

Risk management objectives and policies (Cont'd)

4.4 Liquidity risk analysis (Cont'd)

Liquidity coverage ratio (Cont'd)

	2020 TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observation) USD	2019 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD	2018 TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD
CASH INFLOWS			
Other cash inflows:	24,912,351	24,099,663	118,216,029
TOTAL CASH INFLOWS	**24,912,351**	24,099,663	118,216,029

	TOTAL ADJUSTED VALUES 2020	TOTAL ADJUSTED VALUES 2019	TOTAL ADJUSTED VALUES 2018
TOTAL HQLA	**4,837,850**	4,191,462	4,256,023
TOTAL NET CASH OUTFLOWS	**2,020,757**	2,728,032	4,058,272
LIQUIDITY COVERAGE RATIO (%)	**239%**	154%	105%

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Bank complied with all of the externally imposed capital requirements to which it is subject. The Bank has to maintain a ratio of liquidity coverage at or above a regulatory minimum of 100% for the financial year 2020.

4.5 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.

5. 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:

a. To comply with the capital requirements set by the Central Bank;

b. 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

c. 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:

d. Tier 1 capital: share capital, statutory reserve and retained earnings created by appropriations of retained earnings; and

e. 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 2020.

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

f. 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 2020.

g. 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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5. Capital management policies and procedures (Cont'd)

The following table summarises the composition of regulatory capital and the ratios of the Bank for the years 31 December 2020, 31 December 2019 and 31 December 2018 respectively. During the years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	2020 Audited USD	2019 Audited USD	2018 Audited USD
Tier 1 Capital			
Common Equity Tier 1 Capital: instruments and reserves			
Paid up share capital	**13,200,000**	11,700,000	10,000,000
Retained earnings	**905,129**	1,504,465	1,986,038
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	**2,092,389**	2,092,389	1,992,078
Common equity Tier 1 Capital before regulatory adjustments	**16,197,518**	15,296,854	13,978,116
Common equity Tier 1 Capital: regulatory adjustments	**(452,685)**	(410,524)	(535,264)
Total regulatory adjustments to Common equity Tier 1 Capital	**(452,685)**	(410,524)	(535,264)
Common equity Tier 1 Capital	**15,744,833**	14,886,330	13,442,852
Additional Tier 1 capital:	**-**	-	-
Tier 1 Capital	**15,744,833**	14,886,330	13,442,852
Tier 2 Capital			
Tier 2 Capital: instruments and provisions			
Provisions and loan loss reserves	**77,033**	16,127	17,405
Tier 2 Capital before regulatory adjustments			
Tier 2 Capital: regulatory adjustments	**-**	-	-
Tier 2 Capital	**77,033**	16,127	17,405
Total Regulatory Capital (USD)	**15,821,866**	14,902,457	13,460,257
Risk Weighted Assets (USD) (Note 5(i))	**63,825,972**	81,561,062	63,612,796
Common Equity Tier 1 Capital Adequacy Ratio (%)	**24.67%**	18.25%	21.13%
Tier 1 Capital Adequacy Ratio (%)	**24.67%**	18.25%	21.13%
Capital Adequacy Ratio (%)	**24.79%**	18.27%	21.16%

(i) The Risk Weighted Assets are made up of the following: -			
- Total on-balance sheet risk-weighted credit exposures	51,422,925	71,762,173	58,347,714
- Risk weighted assets for operational risk	10,940,406	8,286,941	4,833,926
- Aggregate net open foreign exchange position	1,462,641	1,511,948	431,156
Total Risk Weighted Assets	**63,825,972**	81,561,062	63,612,796

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6. Fair value measurement

6.1 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 2020	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Assets				
Derivative financial assets	**19,264**	**-**	**-**	**19,264**
Liabilities				
Derivative financial liabilities	**17,623**	**-**	**-**	**17,623**

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

Measurement of fair value – Level 1

Derivative financial instruments

The Bank normally deals in derivatives 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

In FY 2020 and 2019, there were no transaction 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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6. Fair value measurement (Cont'd)

6.2 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.

6.3 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.

7. Cash and cash equivalents

	2020 USD	2019 USD	2018 USD
Cash in hand	**712**	719	2,283
Cash with banks in Mauritius	**3,403,055**	4,224,194	4,488,282
Cash with foreign banks	**29,104,878**	14,370,814	105,182,149
Placements (Note 7(i))	**21,032,210**	7,119,762	12,445,631
Money market placement (Note 7(iii))	**-**	78,239,000	-
Total	**53,540,855**	103,954,489	122,118,345

(i) The placements represent short term fixed deposit with Crown Agent Bank and Swissquote 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) In 2019, the money market placement represents short term liquidity fund with UBS having an original maturity period up to three months.

8. Financial assets at fair value through profit or loss

Quoted Equity Securities	2020 USD	2019 USD	2018 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 did not have any transaction in quoted investments securities. In FY 2019, 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 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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9a. Property, plant and equipment

	Land and buildings	Motor vehicles	Computer equipment	Furniture and fittings	Office equipment	Work in progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
At 1 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
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**
Additions	**-**	**-**	**4,962**	**731**	**7,685**	**4,701**	**18,079**
Transfer to furniture and fittings	**-**	**-**	**-**	**9,791**	**-**	**(9,791)**	**-**
At 31 December 2020	**4,952,033**	**375,501**	**669,688**	**405,758**	**822,648**	**-**	**7,225,628**
Depreciation							
At 1 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
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**
Charge for the year	**45,733**	**57,726**	**75,934**	**76,606**	**155,325**	**-**	**411,324**
At 31 December 2020	**204,835**	**114,395**	**497,839**	**302,004**	**657,484**	**-**	**1,776,557**
Net book values							
At 31 December 2020	**4,747,198**	**261,106**	**171,849**	**103,754**	**165,164**	**-**	**5,449,071**
At 31 December 2019	4,792,931	318,832	242,821	169,838	312,804	5,090	5,842,316
At 31 December 2018	4,785,635	105,364	61,632	240,113	465,911	-	5,658,655

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9b. Right of use assets

Right of use assets (Buildings)	2020 USD	2019 USD	2018 USD
Cost			
At 01 January	**23,773**	23,773	**-**
Additions	**177,744**	-	**-**
At 31 December	**201,517**	23,773	**-**
Depreciation			
At 01 January	**19,018**	-	**-**
Charge for the year	**28,610**	19,018	**-**
At 31 December	**47,628**	19,018	**-**
Net book values			
At 31 December	**153,889**	4,755	-

9b. Lease liabilities

Lease liabilities (Buildings)	2020 USD	2019 USD	2018 USD
At 01 January	**4,853**	23,773	-
Additions	**177,744**	-	-
Interest expense	**3,695**	1,308	-
Lease payments	**(32,739)**	(20,112)	-
Foreign exchange movements	**1,753**	(116)	-
At 31 December	**155,306**	4,853	-
Non current	**97,574**	-	-
Current	**57,732**	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.

Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contracts Number	Variable payments %	Sensitivity ± USD
31 December 2020			
Property leases with payments linked to inflation	**2**	**100%**	**7,765**
	2	**100%**	**7,765**
31 December 2019			
Property lease with payments linked to inflation	1	100%	243
	1	100%	243

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9b. Lease liabilities (Cont'd)

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 amounting to USD 4,853 was terminated in March 2020. A new lease was contracted in April 2020 for the Bank's DR site for a duration of three years. A residential property was also leased for the new CEO in December 2020 for 1 year renewable.

10. Intangible assets

	Intangible assets	Work in progress	Total
	USD	USD	USD
Cost			
At 1 January 2018 (Restated)	978,006	599,061	1,577,067
Additions	-	131,063	131,063
Write off	(74,195)	-	(74,195)
Transfer from WIP to intangible assets	659,255	(659,255)	-
At 31 December 2018 (Restated)	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
Additions	99,762	-	99,762
At 31 December 2020	**1,738,853**	**-**	**1,738,853**
Amortisation			
At 1 January 2018	733,973	-	733,973
Write off	(40,998)	-	(40,998)
Charge for the year	353,137	-	353,137
At 31 December 2018	1,046,112	-	1,046,112
Charge for the year	187,210	-	187,210
At 31 December 2019	1,233,322	-	1,233,322
Charge for the year	205,539	-	205,539
At 31 December 2020	**1,438,861**	-	**1,438,861**
Net book values			
At 31 December 2020	**299,992**	**-**	**299,992**
At 31 December 2019	405,769	-	405,769
At 31 December 2018 (Restated)	516,954	70,869	587,823

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11. Loans and advances

	2020 USD	2019 USD	2018 USD
Entities outside Mauritius	**30,045,556**	21,392,276	111,435,054
Entities in Mauritius – Global business companies	**6,154,201**	7,502,918	26,550,612
	36,199,757	28,895,194	137,985,666
Less allowance for credit impairment (Note 11(b)):			
Entities outside Mauritius	**(20,494)**	(791)	(1,774)
Entities in Mauritius – Global business companies	**(132)**	-	(2,395)
Net balance	**36,179,131**	28,894,403	137,981,497

	2020 USD	2019 USD	2018 USD
(a) **Remaining term to maturity:**			
Up to 6 months	**11,567,671**	7,716,667	28,950,634
Over 6 months and up to 12 months	**6,595,665**	9,673,139	460,237
Over 1 and up to 3 years	**12,389,653**	131,147	94,648,453
Over 3 and up to 5 years	**3,612,977**	3,753,337	-
Over 5 years	**2,033,791**	7,620,904	13,926,342
	36,199,757	28,895,194	137,985,666
Less allowance for credit impairment (Note 11(b))	**(20,626)**	(791)	(4,169)
Net balance	**36,179,131**	28,894,403	137,981,497

(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		
	2020 USD	2019 USD	2018 USD
At 01 January	**791**	4,169	3,944
Allowance for credit impairment for the year	**19,835**	(3,378)	225
At 31 December	**20,626**	791	4,169

(c) Allowance for credit impairment by industry sectors

	Gross amount of loans and advances			Allowance for credit impairment		
	2020 USD	2019 USD	2018 USD	2020 USD	2019 USD	2018 USD
Construction	**1,574,512**	3,534,803	3,618,695	**34**	-	-
Wholesale and retail trade	**561,537**	508,644	35,923	**5,589**	-	-
Financial and Business Services	**21,591,150**	13,485,034	125,177,596	**14,059**	437	3,218
Personal	**12,472,558**	11,366,713	9,153,452	**944**	354	951
	36,199,757	28,895,194	137,985,666	**20,626**	791	4,169

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11. Loans and advances (Cont'd)

(i) General provision

A general 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 0.25% (2019: 0.05% and 2018: 0.05%) for related parties and 0.82% (2019: 0.05% and 2018: 0.05%) for non-related parties as required by IFRS 9, *Financial Instruments*.

The ECL models set up by the Bank are based on the economic outlook of the markets in which its clients are located and which have been impacted by the ongoing COVID-19 pandemic. The consequent impact on the Bank is uncertain, thereby increasing the degree of judgement required to be exercised in calculating the ECL.

(ii) Specific provision

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

As at 31 December 2020, 31 December 2019 and 31 December 2018, no loans and advances were considered to be non-performing and thus no specific provision was provided.

12. Placements with an overseas bank

	2020 **USD**	**2019** **USD**	**2018** **USD**
Placements	**2,453,907**	2,945,191	2,936,928
Remaining term to maturity			
- Within 3 months	**884,048**	1,863,106	-
- Over 3 and up to 6 months	**-**	260,032	969,154
- Over 6 months	**1,569,859**	822,053	1,967,774
	2,453,907	2,945,191	2,936,928

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13. Other assets

	2020 USD	2019 USD	Restated 2018 USD
Other receivables	**200,190**	262,767	558,087
Deposit Margin (Note 13(i))	**1,792,458**	19,200,121	21,040,602
Receivables from related parties (Note 13(ii))	**14,917,416**	7,108,032	805,814
Due from the shareholder (Note 13(iii))	**4,774,969**	4,083,418	4,080,914
Gross financial assets	**21,685,033**	30,654,338	26,485,417
Allowance for credit impairment (Note 13(iv))	**(56,407)**	(15,336)	(13,236)
Net financial assets	**21,628,626**	30,639,002	26,472,181
Other receivables	**495,170**	409,298	864
Prepayments	**151,001**	139,736	153,780
Non-financial assets	**646,171**	549,034	154,644
Total	**22,274,797**	31,188,036	26,626,825

(i)

		2020	
	Related Company USD	Other USD	Total USD
At 01 January	**6,263,289**	**12,936,832**	**19,200,121**
Repaid during the year	**(16,594,759)**	**(14,782,640)**	**(31,377,399)**
Additional deposit margin	**18,174,133**	**2,237,694**	**20,411,827**
Excess deposit margin	**(8,411,884)**	**-**	**(8,411,884)**
FX retranslation at 31.12.2020	**1,885,825**	**83,968**	**1,969,793**
At 31 December	**1,316,604**	**475,854**	**1,792,458**
Allowance for credit impairment	**(3,292)**	**(3,885)**	**(7,177)**
Net deposit margin	**1,313,312**	**471,969**	**1,785,281**

		2019	
	Related Company USD	Other USD	Total USD
At 01 January	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)
At 31 December	6,263,289	12,936,832	19,200,121
Allowance for credit impairment	(3,132)	(6,468)	(9,600)
Net deposit margin	6,260,157	12,930,364	19,190,521

During the financial year 2020, the Bank has recognised a set-up fee income of USD 547,946 (2019: USD 2,543,090 and 2018: USD 3,880,110).

(ii) The receivables from the related parties are interest free, unsecured and receivable on demand. As at 31 December 2020, the allowance for credit impairment amounted to USD 37,293 (2019: USD 3,554)

(iii) The amount due from the shareholder relates mainly to the consideration arising on the sale of Bank's subsidiaries. As at 31 December 2020, the allowance for credit impairment amounted to USD 11,937 (2019: USD 2,042)

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13. Other assets (Cont'd)

	2020 USD	2019 USD
At 01 January	**4,083,418**	4,080,914
Recharged during the year	**1,842,762**	1,376,451
Payment received during the year	**(1,151,211)**	(1,373,947)
At 31 December	**4,774,969**	4,083,418
Allowance for credit impairment	**(11,937)**	(2,042)
Net balance	**4,763,032**	4,081,376

(iv) The directors have assessed the expected credit losses on deposit margin and receivables from related parties and concluded that a minimum 12-month probability of default of 0.25% for related party receivables and 0.82% for non-related party receivables is to be applied as it would be inappropriate to assume that no default will occur. For more details, refer to Note 4.2 which includes disclosure relating to credit risk exposures and analysis relating to the allowance for credit impairment.

14. Deposits from customers

	2020 USD	2019 USD	2018 USD
Retail customers:			
Current accounts	**22,642,504**	30,542,352	52,947,873
Time deposits with remaining term to maturity:			
- Up to 3 months	**-**	-	-
- Over 3 months and up to 6 months	**-**	-	-
- Over 6 months and up to 12 months	**759,960**	750,677	-
- Over 1 year and up to 5 years	**4,028,912**	3,321,535	-
- Less than 5 years	**-**	-	3,626,460
- Over 5 years	**1,321,341**	1,674,114	252,645
Corporate customers:			
Current accounts	**64,534,133**	109,664,152	103,198,414
Time deposits with remaining term to maturity:			
- Up to 3 months	**881,460**	1,859,660	-
- Over 3 months and up to 6 months	**4,732,775**	3,406,896	-
- Over 6 months and up to 12 months	**-**	-	-
- Over 1 year and up to 5 years	**4,024,066**	71,307	-
- Less than 5 years	**-**	-	109,389,188
- Over 5 years	**696,231**	5,919,981	6,052,408
	103,621,382	157,210,674	275,466,988

In 2018, no information was available to show the detailed analysis by maturity.

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15. Other liabilities

	2020 USD	2019 USD	2018 USD
Other accruals	**200,825**	80,936	158,000
Other liabilities	**339,999**	604,951	779,843
	540,824	685,887	937,843

16. Derivative financial instruments

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

	2020 USD	2019 USD	2018 USD
Swap & Forward contracts	**19,264**	1,951	902,280
Derivative financial assets	**19,264**	1,951	902,280
Swap & Forward contracts	**17,623**	2,913	562,641
Derivative financial liabilities	**17,623**	2,913	562,641

17. Borrowings

	2020 USD	2019 USD	2018 USD
Overdrawn bank balances:			
USD	**-**	-	4,599,123
EUR	**-**	6,385	-
ZAR	**-**	-	1,885,582
CAD	**-**	-	32,545
GBP	**-**	-	33,394
Others	**-**	176	8,880
	-	6,561	6,559,524

The overdrawn bank balances are on a temporary basis.

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18. Stated capital

	2020 USD	2019 USD	2018 USD
Authorised, issued and fully paid up ordinary shares of no par value:			
At 31 December	**13,200,000**	11,700,000	10,000,000
Issued and not yet paid ordinary shares of no par value:			
At 31 December	**-**	-	-
	13,200,000	11,700,000	10,000,000

Each ordinary share has one voting right.

Reconciliation of number of shares	2020 No. of shares	2019 No. of shares	2018 No. of shares
At 01 January	**11,700,000**	10,000,000	10,000,010
Issue of new ordinary shares	**1,500,000**	650,000	-
Bonus issue of ordinary shares	**-**	1,050,000	-
Cancellation of ordinary shares	**-**	-	(10)
	13,200,000	11,700,000	10,000,000

Reconciliation of stated capital	2020 USD	2019 USD	2018 USD
At 01 January	**11,700,000**	10,000,000	10,000,010
Capital injection (Note 18(iii))	**1,500,000**	650,000	-
Bonus issue (Note 18(iii))	**-**	1,050,000	-
Cancellation of ordinary shares (Note 18(i))	**-**	-	(10)
	13,200,000	11,700,000	10,000,000

(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 300 million by June 2018 and MUR 400 million by June 2019. The Bank is in compliance with the required stated capital at 31 December 2020.

(iii) During the year under review, the Bank has issued additional shares of 1,500,000 by injection of capital. In FY 2019, the Bank 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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19. 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.

	2020 USD	2019 USD	2018 USD
At 01 January	**2,092,389**	1,992,078	1,646,943
Transfer from retained earnings for the year	**-**	100,311	345,135
At 31 December	**2,092,389**	2,092,389	1,992,078

20. Personnel expenses

	2020 USD	2019 USD	2018 USD
Salaries	**1,223,807**	1,414,220	1,576,365
Compulsory social security contributions	**26,908**	36,772	33,687
Other personnel expenses	**286,176**	308,851	297,815
	1,536,891	1,759,843	1,907,867
Number of employees	**37**	41	43

21. Other expenses

	2020 USD	2019 USD	2018 USD
Professional fees	**178,419**	267,587	170,004
Licence fees	**380,349**	417,230	339,949
General administration expenses	**38,064**	70,705	112,117
Utilities	**203,608**	187,050	226,524
Travel expenses	**29,389**	98,530	542,999
Bank charges	**133,061**	73,775	652,840
Stationeries	**10,780**	17,553	39,347
Card expenses	**207,043**	387,019	310,493
Swift expenses	**45,448**	45,047	46,551
Repairs and maintenance	**215,937**	241,257	490,641
Directors' fees	**195,323**	276,646	330,383
Business promotion and marketing expenses	**4,109**	11,304	11,432
Retrocession fees	**187,062**	1,334,888	2,307,239
Fair value loss	**-**	-	59,478
Others	**93,447**	49,001	192,879
	1,922,039	3,477,592	5,832,876

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22. Taxation

(a) Income tax

The applicable tax rate in the Republic of Mauritius is 5% for the Bank for the year ended 31 December 2020. Foreign tax credit cannot be claimed on foreign source income which has been subject to tax at the rate of 5%.

The applicable tax rate in the Republic of Mauritius was 15% for the year ended 31 December 2019. However, the Bank was 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 was 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 2020, the Bank has a current tax asset/(liability) of USD 13,938 (2019: USD 6,138 and 2018: USD (32,966)).

During the year ended 31 December 2019, special levy was 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.

(i) Statement of profit or loss and other comprehensive income

Profit or loss:	2020 USD	2019 USD	2018 USD
Movement in deferred taxation (Note 22(b)(ii))	**187,887**	(53,616)	(37,497)
Special levy	**-**	-	(32,966)
TDS claimed	**-**	6,138	-
Income tax credit /(expense)	**187,887**	(47,478)	(70,463)
Other comprehensive income:			
Deferred tax on remeasurements of post-employment benefit obligations	**112**	-	-

(ii) Statement of financial position

Current tax (assets)/liabilities	2020 USD	2019 USD	2018 USD
At 01 January	**(6,138)**	32,966	51,984
Tax paid during the year	**-**	(32,966)	(51,984)
TDS claimed	**(7,800)**	(6,138)	-
Special levy	**-**	-	32,966
At 31 December	**(13,938)**	(6,138)	32,966

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22. Taxation (Cont'd)

(a) Income tax (Cont'd)

(iii) Income tax reconciliation

The tax on the Bank's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2020 USD	2019 USD	2018 USD
(Loss)/profit before tax	**(785,094)**	716,216	2,371,360
Tax at 5% (2019 and 2018: 15%)	**(39,255)**	107,432	355,704
Non-allowable items	**45,646**	273,205	258,071
Exempt income	**(52,022)**	(41,657)	(577,132)
Capital allowance	**(28,032)**	(121,241)	(102,777)
Deferred taxation (Note 22(b)(ii))	**(187,887)**	53,616	37,497
Special levy	**-**	-	32,966
TDS claimed	**-**	(6,138)	-
Tax losses cumulated/(utilised)	**73,663**	(217,739)	66,134
Income tax (credit)/expense	**(187,887)**	47,478	70,463

(b) Deferred Taxation

Deferred income tax is calculated on all temporary differences under the liability method at 5% (2019: 3% and 2018: 3%).

(i) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position:

	2020 USD	2019 USD	2018 USD
Deferred tax assets	**194,882**	66,948	126,041
Deferred tax liabilities	**(42,189)**	(102,254)	(107,731)
Net deferred income tax assets/(liabilities)	**152,693**	(35,306)	18,310

At the end of the reporting period, the Bank had unused tax losses of USD 3,660,430 (2019: USD 2,191,315 and 2018: USD 3,642,915) available for offset against future profits. A deferred tax asset of USD 183,021 (2019: USD 66,948 and 2018: USD 126,041) has been recognised in respect of such losses. The tax losses expire on a rolling basis over 5 years.

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22. Taxation (Cont'd)

(b) Deferred Taxation (Cont'd)

(ii) The movement on the deferred income tax account is as follows:

	2020 USD	2019 USD	2018 USD
At 01 January	**35,306**	(18,310)	(55,807)
(Credited)/charged to profit or loss (Note 22(a)(i))	**(187,887)**	53,616	37,497
Credited to other comprehensive income	**(112)**	-	-
At 31 December	**(152,693)**	35,306	(18,310)

(iii) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

Deferred tax liabilities	Accelerated tax depreciation USD	Right of use of assets USD	Total USD
At 01 January, 2018	28,610	-	28,610
Charged to profit or loss	79,121	-	79,121
At 31 December, 2018	107,731	-	107,731
Credited to profit or loss	(5,477)	-	(5,477)
At 31 December, 2019	102,254	-	102,254
(Credited)/charged to profit or loss	(67,759)	7,694	(60,065)
At 31 December 2020	**34,495**	**7,694**	**42,189**

Deferred tax assets	Impairment losses USD	Tax losses USD	Retirement benefit obligations USD	Lease liabilities USD	Total USD
At 01 January, 2018	-	(84,417)	-	-	(84,417)
Credited to profit or loss	-	(41,624)	-	-	(41,624)
At 31 December, 2018	-	(126,041)	-	-	(126,041)
Charged to profit or loss	-	59,093	-	-	59,093
At 31 December, 2019	-	(66,948)	-	-	(66,948)
Credited to profit or loss	(3,852)	(116,073)	(132)	(7,765)	(127,822)
Credited to other comprehensive income	-	-	(112)	-	(112)
At 31 December 2020	**(3,852)**	**(183,021)**	**(244)**	**(7,765)**	**(194,882)**

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23. Net interest income

	2020 USD	2019 USD	2018 USD
Interest income			
Loans and advances	**470,814**	3,215,196	3,370,862
Investment securities	**317,499**	1,194,934	-
Placement and others	**114,211**	487,750	594,818
	902,524	4,897,880	3,965,680
Interest expense			
Deposits from customers	**(139,114)**	(1,708,917)	(2,122,614)
Lease liabilities	**(3,695)**	(1,308)	-
Cash at Bank	**(29,478)**	(45,217)	(13,490)
	(172,287)	(1,755,442)	(2,136,104)
Net interest income	**730,237**	3,142,438	1,829,576

24. Fee and commission income

	2020 USD	2019 USD	2018 USD
Account service fees	**682,143**	705,402	1,075,493
Advisory fees	**443,701**	672,331	563,138
Set up fees (Note 13(i))	**547,946**	2,543,090	3,880,110
Commission	**43,904**	84,144	95,038
Other fees	**184,857**	78,292	201,354
	1,902,551	4,083,259	5,815,133

25. Other income

	2020 USD	2019 USD	2018 USD
Adjustment on disposal of subsidiaries (Note 32)	**-**	(141,207)	3,847,548
Costs recharged from the related companies (Note 25(i))	**800,700**	800,700	775,620
Profit on disposal of investment (Note 8)	**-**	71,458	-
Dividend income (Note 8)	**-**	5,081	-
Other income	**-**	155,019	-
	800,700	891,051	4,623,168

(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.

Notes to the financial statements

For the year ended 31 December 2020

26. (Loss)/profit for the year

	2020 USD	2019 USD	2018 USD
(Loss)/profit for the year is arrived after charging:			
Depreciation and amortisation	**645,473**	579,387	782,987
Staff costs (Note 26(a))	**1,536,891**	1,759,843	1,907,867
Operating lease rentals	**-**	-	73,349

(a)

	2020 USD	2019 USD	2018 USD
Analysis of staff costs:			
Salaries, wages and other benefits	**1,363,557**	1,595,619	1,754,026
Social security costs and other contributions	**26,908**	36,772	33,687
Pension contribution costs	**146,426**	127,452	120,154
	1,536,891	1,759,843	1,907,867
Number of employees at year end	**37**	41	43

27. Retirement Benefit Obligations

	2020 USD	2019 USD	2018 USD
Amount recognised in the statement of financial position			
- Other post retirement benefits (Note 27(a)(i))	**4,884**	-	-

	2020 USD	2019 USD	2018 USD
Analysed as follows:			
- Current liabilities	**-**	-	-
- Non-current liabilities	**4,884**	-	-
Total	**4,884**	-	-

	2020 USD	2019 USD	2018 USD
Amount charged to profit or loss			
- Other post retirement benefits (Note 27(a)(iv))	**2,643**	-	-

	2020 USD	2019 USD	2018 USD
Amount charged to other comprehensive income			
- Other post retirement benefits (Note 27(a)(v))	**2,241**	-	-

(a) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 and other benefits.

(i) The amount recognised in the statement of financial position are as follows:

	2020 USD	2019 USD	2018 USD
Present value of unfunded defined benefit obligations	**4,884**	-	-

(ii) The reconciliation of the opening balances to the closing balances is as follows:

	2020 USD	2019 USD	2018 USD
At January 01	**-**	-	-
Charged to profit or loss	**2,643**	-	-
Charged to other comprehensive income	**2,241**	-	-
At December 31	**4,884**	**-**	**-**

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

27. Retirement Benefit Obligations (Cont'd)

(a) Other post retirement benefits (Cont'd)

(iii) The movement over the year is as follows:

	2020 USD	2019 USD	2018 USD
At January 01	**-**	-	-
Current service cost	**263**	-	-
Interest Expense	**227**	-	-
Past service cost	**2,153**	-	-
Remeasurements:			
Actuarial (gain) / loss arising from:			
Experience adjustments	**(1,801)**	-	-
Changes in assumptions	**4,042**	-	-
At December 31	**4,884**	**-**	**-**

(iv) The amounts recognised in statement of profit or loss are as follows:

	2020 USD	2019 USD	2018 USD
Current service cost	**263**	-	-
Net interest cost	**227**	-	-
Past service cost	**2,153**	-	-
Total	**2,643**	-	-

(v) The amounts recognised in other comprehensive income are as follows:

	2020 USD	2019 USD	2018 USD
Remeasurement on the net defined benefit liability	**-**	-	-
Liability experience gain	**(1,801)**	-	-
Actuarial losses arising from changes in assumptions	**4,042**	-	-
Total	**2,241**	-	-

(vi) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2020 USD	2019 USD	2018 USD
Discount rate	**3.10%**	-	-
Future salary increases	**2.00%**	-	-
Average retirement age (ARA)	**65**	-	-

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

27. Retirement Benefit Obligations (Cont'd)

(a) Other post retirement benefits (Cont'd)

(vii) Sensitivity analysis on defined benefit obligation at end of period:

	2020 USD	2019 USD	2018 USD
- Increase due to 1% decrease in discount rate	**15,773**	-	-
- Decrease due to 1% increase in discount rate	**3,686**	-	-
- Increase due to 1% increase in future long-term salary assumption	**15,793**	-	-
- Decrease due to 1% decrease in future long-term salary assumption	**3,734**	-	-

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

(viii) The plans expose the Bank to actuarial risks, such as interest rate risk, salary risk, withdrawal risk and liquidity risk.

Interest Rate Risk
If the bond/bill yields decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Salary Risk
If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Withdrawal Risk
Lower than expected withdrawal will have the same impact as longevity risk.

Liquidity Risk
This risk arises if the employer's actual net cash flows are not sufficient to pay for the gratuity benefit when it becomes due.

(ix) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period.

28. Dividends

	2020 USD	2019 USD	2018 USD
Dividends paid	**-**	**-**	4,000,000
Dividend per share	-	-	0.40

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Notes to the financial statements

For the year ended 31 December 2020

29. (Loss)/earnings per share

The calculation of (loss)/earnings per share for the year ended 31 December 2020 is based on the weighted average number of shares for the period from 01 January 2020 to 07 May 2020 of 11,700,000 shares and from 08 May 2020 to 31 December 2020 on 13,200,000 shares. (2019: 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 and 2018: profit of USD 2,300,897 on 10,000,000 ordinary shares).

	2020	2019	2018
	USD	USD	USD
(Loss)/profit for the year	**(597,207)**	668,738	2,300,897
Weighted average / No. of shares	**12,671,311**	10,850,000	10,000,000
(Loss)/earnings per share	**(0.05)**	0.06	0.23

30. Notes to the statement of cash flows

(a) Non-cash transactions

	2020 USD	2019 USD	2018 USD
Acquisition of right of use assets (2019: Upon adoption of IFRS 16)	**177,744**	23,773	-
	177,744	23,773	-

(b) Reconciliation of liabilities arising from financing activities

			Non-Cash changes		
	2019	Cash flows	Acquisition	Foreign exchange movement	2020
	USD	USD	USD	USD	USD
Lease liabilities	4,853	(29,044)	177,744	1,753	155,306
Total liabilities from financing activities	4,853	(29,044)	177,744	1,753	155,306

				Non-Cash changes	
	2018	Recognised on adoption of IFRS 16	Cash flows	Foreign exchange movement	2019
	USD	USD	USD	USD	USD
Lease liabilities	-	23,773	(18,804)	(116)	4,853
Total liabilities from financing activities	-	23,773	(18,804)	(116)	4,853

(c) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents are made up of:

	2020	2019	2018
	USD	USD	USD
Cash in hand and at banks (Note 7)	**53,540,855**	103,954,489	122,118,345
Overdrawn bank balances (Note 17)	**-**	(6,561)	(6,559,524)
Cash and cash equivalents	**53,540,855**	103,947,928	115,558,821

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

31. Related party transactions

Balances and transactions between the Bank and its related parties are as follows:

	2020 USD	2019 USD	2018 USD
Loans and advances (Note 31(v))			
Directors and key management personnel	**729,824**	-	252,297
Entities holding at least 10% interest in the Bank	**838,497**	1,352,898	-
Related parties with common shareholders /promoters	**20,862,086**	11,766,518	100,661,608
Deposits from customers			
Directors and key management personnel	**2,685,520**	1,069,262	17,396,250
Parent	**1,811,307**	4,661,580	1,450,979
Entities holding at least 10% interest in the Bank	**3,513,150**	6,312,887	-
Related parties with common shareholders /promoters	**52,021,691**	75,270,754	176,550,926
Other assets (Note 31(v))			
Parent	**4,763,032**	4,081,376	4,080,914
Related parties with common shareholders /promoters	**16,193,435**	13,364,635	21,846,417
Interest income			
Directors and key management personnel	**8,661**	2,724	-
Entities holding at least 10% interest in the Bank	**19,505**	-	-
Related parties with common shareholders /promoters	**193,944**	2,418,066	339,802
Interest expense			
Entities holding at least 10% interest in the Bank	**23,044**	52,571	-
Related parties with common shareholders /promoters	**57,247**	1,648,496	75,793
Management fees and other income			
Directors and key management personnel	**19,464**	-	-
Parent	**11,166**	-	-
Entities holding at least 10% interest in the Bank	**7,525**	-	-
Related parties with common shareholders /promoters	**960,044**	1,665,844	586,563
Salaries and emoluments (short-term benefits)			
Directors and key management personnel	**639,702**	878,455	840,866
Entities holding at least 10% interest in the Bank	**-**	26,742	-
Related parties with common shareholders /promoters	**-**	34,482	-
Termination benefit			
Directors and key management personnel	**59,340**	**-**	**-**
Costs recharged			
Related parties with common shareholders /promoters	**800,700**	800,700	775,620

31. Related party transactions (Cont'd)

(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) In 2018, no information was available to show the detailed allowance for credit impairment for the different related parties.
(v) As at 31 December 2020, the Bank has recorded an impairment of loans and receivables amounting to USD 64,164 (2019: USD 8,744) relating to amounts owed by related parties.
(vi) The net impairment loss on related party loans and receivables for the year ended 31 December 2020 amounted to USD 55,420 (2019: USD 7,382 gain)

32. 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.

In 2019, an amount of USD 141,207 was reversed representing an excess gain on disposal of subsidiaries.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

33. Events after the reporting date

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

Mauritius began its second nationwide lockdown on 10 March 2021. This however does not impact on the banking operations. The Bank remains fully operational and accessible to its Clients, with minimal disruption.

34. Other commitments

(a) Operating Lease Commitments Bank as a lessee

	2020 USD	2019 USD	2018 USD
Minimum lease payments under operating leases recognised in the Statement of profit or loss and other comprehensive income	-	-	73,349

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

	2020 USD	2019 USD	2018 USD
Within 1 year	-	-	19,912
After more than 1 year	-	-	65,910
	-	-	85,822

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

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

As at 31 December 2020, 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 **2020**	-	-	-	-
Within 1 year **2019**	**480,557**	**536,606**	**29,195**	**17,146**

35. Guarantees

At 31 December 2020, the Bank has bank guarantees of USD Nil (2019: USD Nil and 2018: Nil) in favour of third parties

36. Litigations

The Bank has two ongoing litigations as at 31 December 2020, for which the outcomes are not known to date.

Notes to the financial statements

For the year ended 31 December 2020

37. Restatement of prior year's financial statements

The prior year's 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 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)

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

38. 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 2020

Type of instruments	AUD	CAD	EUR	GBP	MXN	NOK	NZD	SEK	USD	ZAR	JPY	CHF
Swap with clients	-	-	-	-	-	-	-	-	-	-	-	-
Swap with foreign banks	-	-	**(13,000,000)**	-	**(13,498,551)**	-	-	-	-	**75,377,100**	-	-

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

(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.

Warwyck Private Bank Ltd

Notes to the financial statements

For the year ended 31 December 2020

39. 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		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Segment A	**-**	-	-	-	-	-	**-**	-	-	**-**	-	-
Segment B	**902,524**	4,897,880	3,965,680	**103,621,382**	157,210,674	275,466,988	**36,179,131**	28,894,403	137,981,497	**172,287**	1,755,442	2,136,104
Total *(Segment A and B)*	**902,524**	4,897,880	3,965,680	**103,621,382**	157,210,674	275,466,988	**36,179,131**	28,894,403	137,981,497	**172,287**	1,755,442	2,136,104
% of total	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%

40. Holding company

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

Warwyck Private Bank Ltd

Management Discussion and Analysis

Financial Review

Key Financial Indicators

Key financial highlights	Year ended 31 December 2020 USD	Year ended 31 December 2019 USD	Year ended 31 December 2018 USD	Change %
Interest income	**902,524**	4,897,880	3,965,680	(82%)
Interest expense	**172,287**	1,755,442	2,136,104	(90%)
Net interest income	**730,237**	3,142,438	1,829,576	(77%)
Non-interest income	**2,703,251**	4,974,310	10,438,301	(46%)
Total income	**3,605,775**	9,872,190	14,403,981	(63%)
Non-interest expenses	**4,218,582**	7,400,532	9,896,517	(43%)
Total expenses	**4,390,869**	9,155,974	12,032,621	(52%)
(Loss)/profit for the year	**(597,207)**	668,738	2,300,897	(189%)
Total assets	**120,537,537**	173,243,048	297,538,078	(30%)
Stated capital and reserves	**16,197,518**	15,296,854	13,978,116	6%
Total loans and advances	**36,179,131**	28,894,403	137,981,497	25%
Total deposits	**103,621,382**	157,210,674	275,466,988	(34%)
Total liabilities	**104,340,019**	157,946,194	283,559,962	(34%)
Total regulatory capital	**15,821,866**	14,902,457	13,460,257	6%
Total interest earnings assets	**92,173,181**	135,793,364	263,034,487	(32%)
Average total assets	**131,844,120**	232,432,341	303,722,815	(43%)
Average total interest earnings assets	**97,062,343**	194,442,751	260,885,014	(50%)
Allowance for credit impairment	**(20,626)**	(791)	(4,169)	
Ratios				
Operating expenses/Total income	**72.9%**	41.1%	46.5%	
Return on equity	**(3.7%)**	4.4%	16.5%	
Return on total assets	**(0.5%)**	0.4%	0.8%	
Return on average assets	**(0.5%)**	0.3%	0.8%	
Loans/Deposits ratio	**34.9%**	18.4%	50.1%	
(Loss)/earnings per share	**(0.05)**	0.06	0.23	
Net interest income to average total assets	**0.6%**	1.4%	0.6%	
Net interest income to average total interest earnings assets	**0.8%**	1.6%	0.7%	
Productivity ratio	**122.9%**	91.2%	80.7%	
Credit impairment over total loans	**(0.1%)**	0.0%	0.0%	

The Bank reported a loss of USD597k for the year ended 31 December 2020 compared to a profit of USD669k for 2019. The loss is mainly attributable to a drop in interest income and non interest income during the year 2020.

The expenses mainly comprised interest expenses, personnel expenses, IT expenses, depreciation and amortisation and retrocession fees.

Warwyck Private Bank Ltd

Management Discussion and Analysis (Cont'd)

Financial Review (Cont'd)

Net Interest Income

Interest income was USD903k for the year 2020 and comprised of interest earned on loans and advances and placements. This represents an 82% decrease over last year and is mainly explained by a loan amounting to USD95m that was repaid in October 2019 and had generated an interest of USD 2.28m for the 10 months ended 31 October 2019. Interest received on money market fund has also observed a decrease of USD 1.25m as compared to last year. This is due to a significant drop in interest rate during the year from 1.5% in January 2020 to 0.02% in December 2020.

Total interest expenses stood at USD172k for the current year representing a decrease of 90% over 2019 due to a fall in interest rates on deposits as well as a decrease in deposits during the year coupled with a fixed deposit repayment of USD95m in year 2019.

Consequently, the net interest income for the year under review reduced by 77% from USD3.14m in 2019 to USD730k in 2020.

Non-Interest Income

Non-interest income reached USD 2.70m for the year ended 31 December 2020. The major components were account service fees of USD682k, set up fees and commission received on structured products of USD606k, investment advisory fees of USD444k and other income of USD972k. The Bank recorded a decrease of 46% compared to the year ended 31 December 2019 and this was due to a lower volume of transactions in structured products.

In 2020, there was a decrease in fees and commission compared to 2019. Trading of structured products stopped as from April 2020.

Non-Interest Expense

Non interest expenses stood at USD 4.22m for the year ended 31 December 2020 representing a decrease of USD 3.18m (43%) against 2019. Non interest expenses include mainly: personnel expenses of USD 1.54m (USD 223k less than 2019), depreciation and amortisation of USD 645k (USD 66k more than 2019), Licence fees of USD 380k (USD 37k less than 2019), retrocession fees of USD 187k (USD 1.15m less than 2019), legal and professional fees of USD 178k (USD 89k less than 2019), card related expenses of USD 207k (USD 180k less than 2019), Utilities of USD 204k (USD 17k more than 2019), repairs and maintenance of USD216k (USD 25k less than 2019) and FX loss of USD 53k (USD 1.53m less than 2019). The remaining USD 610k include several expenses of smaller amounts.

Assets

Total assets amounted to USD120.54m as at 31 December 2020 which represents a decrease of 30% as compared to USD173.24m as at 31 December 2019. Total assets consist mainly of cash at bank and placement of USD55.99m, fixed assets and intangible assets of USD5.75m, loans and advances of USD36.18m and other assets of USD22.27m.

The major variances in total assets were explained mainly by an increase in loan and advances of USD 7.28m (25%), lower cash and cash equivalents amounting to USD 50.41m (48%) and a fall in other assets by USD 8.91m (29%).

Loans and advances

Total loans and advances stood at USD36.18m as at 31 December 2020 compared to USD 28.89m as at 31 December 2019 representing an increase of USD7.28m (25%). The loans to deposit ratio increased from 18.38% as at 31 December 2019 to 34.91% as at 31 December 2020. This rise is explained by the fact that new loans amounting to USD 10.24m secured by securities were disbursed and USD 3.78m were repaid during the year under review, coupled with change in EUR/USD FX rates. The total loans and advances include both cash and securities collateralised loans.

Warwyck Private Bank Ltd

Management Discussion and Analysis (Cont'd)

Financial Review (Cont'd)

Liabilities

The Bank's liabilities amounted to USD104.34m as at 31 December 2020, out of which deposits from customers were USD103.62m, lease liabilities were USD155k and other liabilities were USD541k. It represented a decrease of 34% as compared to liabilities of USD157.95m as at 31 December 2019.

Deposits

Total customers' deposits were USD103.62m as at 31 December 2020 compared to USD157.21m as at 31 December 2019, representing a decline of 34%. This fall was partially related to withdrawals of deposits linked to structured products.

Shareholder's Equity

Shareholder's funds increased from USD15.30m as at 31 December 2019 to USD16.20m as at 31 December 2020. The net change includes an increase in stated capital during the year amounting to USD1.50m. The Statutory Reserves stood at USD 2.09m and Retained Earnings was USD 905k.

Capital Adequacy Ratio

The capital adequacy ratio was well above the required minimum limit of 11.875% and stood at 24.79% as at 31 December 2020 compared to 18.27% in 2019. As from 1st January 2020 the minimum required limit rose to 12.5% but was subsequently revised down to 11.875% by Bank of Mauritius.

Credit Exposure and Credit Quality

Credit Exposure and Credit Quality are as disclosed in Note 4 of the financial statements.

No restructuring of loans and advances was made during the year ended 31 December 2020.

The breakdown for loans and advances categorised by domestic and international clients is set out in Note 11.

Risk management policies and controls

The related risk management policies and controls are disclosed in Note 4 to these financial statements.

Concentration of risk policy

Credit concentration risk is disclosed in Note 4 to these financial statements as per the Guideline on Credit Concentration. The six most significant exposures of the Bank represent 57% of the capital base.

Credit Impairment Measurement and Income Recognition

Credit impairment is disclosed in Note 2 to these financial statements.

Related party transaction policies and procedures.

Related party transaction policies and procedures are as disclosed on pages 19, 33 and 43 of the annual report and are as per Guideline on Related Party Transactions. The six related parties with the highest exposures of Tier 1 Capital is 42%.

Warwyck Private Bank Ltd

Management Discussion and Analysis (Cont'd)

Financial Review (Cont'd)

Statement of Corporate Governance Practices

The Bank is fully committed to abide to the requirements and provisions set out in the Bank of Mauritius Guideline on Corporate Governance and has applied the eight principles set out in the Code and has explained how these have been applied which are disclosed as from page 9 of the Corporate Governance Report.

The Board is committed to upholding open and trusted relationships with the shareholder. Communication to shareholder is disclosed on page 40 of the Corporate Governance Report.

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 2020, the Bank had a capital base of USD 15.82 based on the audited figures and the Bank's capital adequacy ratio stood at 24.79% (Dec 2019:18.27% and Dec 2018: 21.16%).

Note 5 to the financial statements summarises the composition of regulatory capital and Capital Adequacy Ratio (CAR) of the Bank for the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Conclusion

The COVID-19 pandemic has undoubtedly impacted the financial capacities of our clients which has resulted in reduced banking activities, thus a decrease in the bank's performance for the Year 2020. Additionally, the inclusion of Mauritius on the FATF grey list and EU's blacklist during that period has made the situation worse. Despite these unprecedented challenges, management remains confident of the Bank's resilience and that the Bank's bespoke private banking and wealth management services will continue to attract additional clients and new avenues. The priorities for 2021 are to improve the client base and product offering.

Impact of the COVID-19 Pandemic & Other Challenges

FY 2020 has been a year of unprecedented challenges for the entire world. The outbreak of the novel coronavirus (COVID-19) and its accelerated spread across the globe throughout 2020 brought the world economy to a near-standstill. Faced with a crisis like no other, governments all over the world, including the government of Mauritius, were left with no choice but to impose lockdowns (termed the "Great Lockdown" by the International Monetary Fund (IMF)) to break the chain of transmission of the virus.

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Management Discussion and Analysis (Cont'd)

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Impact of the COVID-19 Pandemic & Other Challenges (Cont'd)

The global economic outlook has turned gloomier since April 2020, as countries struggle to contain the pandemic. According to Reuters, economists no longer see a 'V' shape recovery of the global economy. Predictions, instead, are for 'U' shaped recovery with a much longer downturn. The global economy is facing a deep recession with the ongoing impact of COVID-19. There is still substantial uncertainty on how the pandemic will evolve and what will be its ultimate impact on economies.

The impact of the COVID-19 pandemic on the Mauritian economy is unprecedented. Economic activity ground to a standstill in the second quarter of year 2020 as Mauritius was placed under a nationwide lockdown as from 20 March 2020. The lockdown ended on 30 May 2020. However, the impact of the COVID-19 pandemic has had a knock down effect and can still be felt. Mauritian frontiers have remained closed since 18 March 2020.

In response to the recent resurgence of local cases in Mauritius and, in an effort to avoid a second wave of infections, Mauritius began its second nationwide lockdown on 10 March 2021 for a period of two weeks. This however did not impact the banking operations. The Bank remains fully operational and accessible to our Clients, with minimal disruption.

The Bank bore the brunt of the COVID-19 pandemic's impact in Year 2020, with the pandemic directly impacting our Client's level of transactions and the Bank's performance.

The magnitude of the disruption caused by the COVID-19 pandemic and what will be its ultimate impact on the Bank's operations however still cannot be measured, given the protraction of the Great Lockdown globally and the resurgence of COVID-19 cases globally.

Management, in the preparation of these financial statements, exercised significant judgement in assessing the Bank's ability to continue as a going concern. Management considered a number of factors such as the conditions at the reporting date, recoverability of assets, the Bank's revenue generation, its 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, acknowledges that the Bank's income will be lesser than it could have achieved under normal market conditions. The Bank's projections in 2021 reported a profit in the light of initiatives planned for the year.

Except as set out above, there has been no other material event since the end of the reporting period, which requires disclosure or adjustment to these financial statements for the year ended 31 December 2020.

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 2020 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 collateralized, 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. Additionally, Management anticipates that new loans will increase in year 2021. 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 2021 is expected to be higher than that reported in 2020.

There has been a marked decrease in the Federal Funds rate to 0.02 % per annum, down from 1.5% p.a in January 2020. The rate for year 2021 is expected to remain low. Consequently, the Bank's interest income on placement with an overseas bank has been impacted in the year 2020 and is expected to remain low in year 2021.

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Management Discussion and Analysis (Cont'd)

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Impact of the COVID-19 Pandemic & Other Challenges (Cont'd)

The Bank offers structured products to its clients. As part of its initiatives for the year 2021, management will revisit its product offerings to better meet the requirements of its high net worth clients.

On the expense side, Management does not expect major changes for the coming year, other than a drop in personnel expenses, linked to departure of staffs not being replaced and initiatives to contain costs generally.

Whilst the Bank's results were adversely impacted in 2020, Management expects that year 2021 will portrait a better position, thus its going concern will not be jeopardised. The Bank expects to close the year 2021 with a profit.

We fostered the continuity of our operations amidst safe working conditions. We attended to key organisational imperatives, especially relating to governance, resource allocation, deployment of sanitary measures in our premises during and after the lockdown phase.

Financial impact

In light of the impact of the pandemic on our business activities and commensurate with the uncertain and unpredictable economic environment, the Bank has provided for higher Expected Credit Losses compared to 2019 and has also increased its probability of default (PD) from 0.05% (both related party and non-related party receivables) in 2019 to 0.25% for related party receivables and 0.82% for non-related party receivables in 2020. This reflects the proactive and prudent approach endorsed in order to assess adequate provisioning levels to be kept in the wake of unfolding operating conditions and careful assumptions.