



# WARWYCK

PRIVATE BANK



ANNUAL REPORT 2022

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## Corporate Information

		<b>Appointed on</b>	<b>Resigned on</b>
<b>Directors</b>	Philippe Bernard Pontet ( <i>Chairman</i> )	08 April 2019	31 December 2022
	Didier André François Bruguet	22 December 2020	-
	Avinash Renga Sunassee	26 June 2014	-
	Philippe René Gabriel Alliot	26 June 2014	-
	Osman Mahmad Badat	22 August 2022	-
	Laurent René Dassault	21 December 2015	-
	Deenaraj Sooben	24 April 2019	-
	Emilie Elda Lucie Zannier ép. Wirz	10 February 2020	-
	Loïc Roger Roland Chollet-Vergé	24 February 2023	-

### Key Management Team

Didier André François Bruguet (*Resigned on 31 January 2023*)  
 Loïc Roger Roland Chollet-Vergé (*Effective from 24 February 2023*)  
 Deenaraj Sooben

### Position

Chief Executive Officer  
 Chief Executive Officer  
 Chief Operating Officer

**Secretary** : Anex Corporate Services Ltd  
 8<sup>th</sup> Floor, Ebène Tower  
 52 Cybercity  
 Ebène 72201  
 Republic of Mauritius

**Registered office** : Warwyck House  
 Nalletamby Road  
 Phoenix 73538  
 Republic of Mauritius

**Auditor** : Mazars LLP  
 4<sup>th</sup> Floor, Unicorn Centre,  
 Frère Félix de Valois Street,  
 Port Louis  
 Republic of Mauritius

## **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 Securities Act 2005 and the Financial Services Act 2007.

### **Substantial shareholder**

As at 31 December 2022, the stated capital of the Bank stood at USD 13,200,000 represented by 13,200,000 ordinary shares of no-par value (2021: USD 13,200,000 represented by 13,200,000 ordinary shares, 2020: USD 13,200,000 represented by 13,200,000 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 (2021 and 2020: Nil).

### **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.

## Annual Report (Cont'd)

### Directors' service contracts

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

### 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:

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>Audit fees paid to: -</b>			
- Mazars LLP	<b>60,000</b>	60,000	-
- BDO & Co	-	-	67,000

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; and
- 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.

### Internal Control

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.

## 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, AML/CFT risks, 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.

#### *Liquidity risk*

The Bank has maintained a ratio of liquidity coverage above a regulatory minimum of 100% for the financial year 2022. The liquidity coverage ratio has increased from 136% to 219% in 2022.

## 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.



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Loïc Chollet-Vergé  
Chief Executive Officer  
On behalf of the Board of Directors



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Osman Mahmad Badat  
Director  
On behalf of the Board of Directors

Date: 23 March 2023

Phoenix 73538, Republic of Mauritius

## Chairman's Statement

We are pleased to present the annual report of Warwyck Private Bank Ltd, "WPBL" or the "Bank" for the year ended 31 December 2022.

### The Year in Review

The year 2022 was marked by numerous turbulences from an economic point of view, particularly with the effects of the invasion of Ukraine by Russia. It was characterised by a consequent impact on the prices of energy and foodstuffs, the emergence of a high rate in inflation that had not occurred for several decades, and the persistence of the COVID-19 pandemic with noticeable consequences in terms of supply.

A number of countries have experienced a slowdown or even a contraction in their economic activities whereby global growth has been hit by this war and its impacts.

Confronted with this situation, the reaction of central bankers, anxious to curb inflation, was bold, with generalised tightening of monetary conditions, including increases in the FED's key rates (+425 bps to 4.25%) and the ECB (+250 bps to 2.00% for the deposit rate).

This strategy is part of a strong desire to highlight the fight against inflation in order to preserve financial stability and economic growth.

From a stock market point of view, 2022 was a very peculiar year with a sharp drop in all stock market indices.

Furthermore, with the fallback of technology stocks, the NASDAQ fell by 33.10% in 2022. We also noticed a decline of 8.78% in the Dow Jones, a drop of 9.50% in the CAC 40 and the Nikkei down by 9.36%.

In this anxiety-provoking climate, our customers being mainly entrepreneurs, have continued to focus on their main lines of business activities where some were impacted by the various aspects of this crisis

This situation had a direct effect on our Assets Under Management, marking a decrease of 14% during the year, even though the year end was indicating a rising trend.

In accordance with our strategic plan and after the year 2021 devoted to strengthen the operational quality of the bank for the benefit of our customers, we have undertaken numerous projects to strengthen our product offer in partnership with major global Asset Managers and extend our client base.

Moreover, we have recorded improvements at the end of the financial year indicating a very positive momentum for 2023.

Finally, we would like to emphasize that our employees have been fully committed to lead these changes. The flexibility and involvement of employees over the last year made it possible to serve our customers to the best.

Despite the challenging environment in which we operate, management is confident that the actions taken should make it possible to onboard and satisfy new customers from diversified backgrounds.

Having improved its operational quality and strengthened its range of services and products, the Bank has also embraced a new phase of its commercial development several months ago.

The Bank remains confident of its progress and the determination of the respective teams to serve our customers and is convinced that we can provide innovative tailor-made solutions for the greater benefits and satisfaction of those who have entrusted their confidence in our institution.



## Financial Performance

For the year under review, the Bank had assets under management of USD 422m as at 31 December 2022. However, due to challenging circumstances during the year 2022, Warvyck Private Bank Ltd has reported a loss of USD 497k.

Yet, the Bank's capital base remained favourable at USD 14.40m and a Capital Adequacy Ratio of 38.82%, well above the minimum required level of 12.50%.

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 support in our business.



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**Philippe Bernard Pontet**  
Chairman

Date: 23 March 2023

## 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”, has 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 2022, 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.

During the year under review, to the best of the Board’s knowledge, the Bank has adhered to the requirements and provisions as specified in the Code and has explained how these have been applied. Disclosures pertaining to the non-compliances of the Code have been made at page 46 of the Annual Report.

### 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 was reviewed and approved by the Board on 14 December 2022.

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 Bank’s website.

Until 14 December 2022, the Bank did not have a separate Code of Ethics; the code of ethics and core standard of behaviour was 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. However, a separate Code of Ethic was regrouped under the Warwyck Group (“the group”) which comprises of Warwyck Private Bank Ltd, Warwyck Phoenix Securities Ltd, Warwyck Investment Holdings Ltd,

## Principle 1: Governance Structure (Cont'd)

Warwyck Phoenix PCC and Warwyck Investments to uphold the highest ethical standards and promote a culture of ethical business conduct. The provisions of the Code are mandatory and all Directors, officers, employees and representatives of the Group, are expected to comply with the Code under all circumstances, except as may be contrary to applicable local laws, rules and regulations.

The Code of Ethics was adopted by the Board of the Bank on 14 December 2022 and a copy of the Code is made available on the Bank's website.

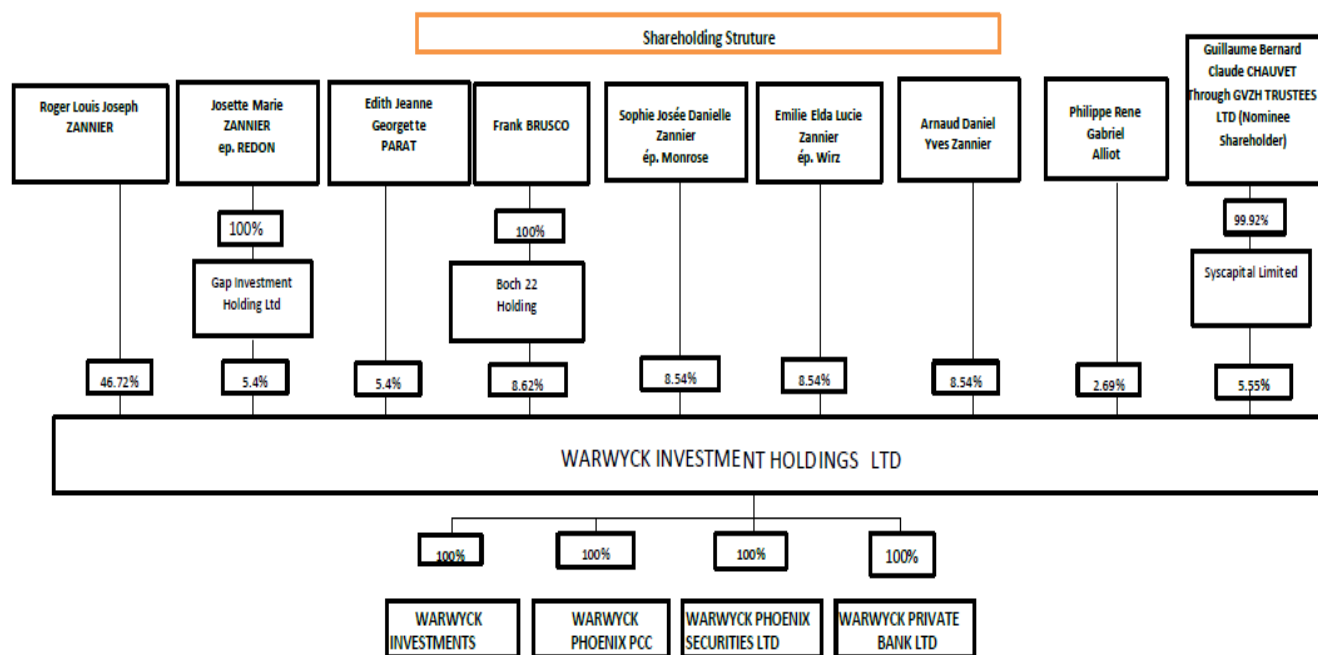
The initial Constitution of the Bank has been repealed and new one has been adopted on 24 August 2022. The Constitution of the Bank conforms to the provisions of the Companies Act 2001 of Mauritius. A copy of the Constitution is published on the Bank's website.

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:



## Principle 1: Governance Structure (Cont'd)

### (i) Directors

There is no common director within the Warwyck Group for the time being. However, the Bank has through a correspondence dated 13 May 2022, requested the Bank of Mauritius to consider the possibility to waive the condition, restricting common directorship, by virtue of a letter dated 17 March 2017 bearing Ref: BSD 642 Vol.7. The Bank of Mauritius through a correspondence dated 08 July 2022 acceded to the Bank's request of date 13 May 2022 with certain conditions.

### (ii) Shareholding of the Bank is as follows:

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

### 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 provides that the Board of Directors shall consist of at least seven (7) natural persons as directors.

As at 31 December 2022, the Board comprised of eight (8) members as follows:

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

Mr. Philippe Bernard Pontet has tendered his resignation letter as the Chairperson/ Independent Director of the Bank on 17 November 2022 and the effective date of his resignation was 31 December 2022.

Mr Didier André François Bruguet has tendered his resignation letter as CEO on 06 December 2022 and the effective date of his resignation was 31 January 2023. He was appointed as non-executive director as from 01 February 2023.

## Principle 1: Governance Structure (Cont'd)

### Board Composition

As at 31 December 2022, the Board composition was as follows:

Directors	Category
Philippe Bernard Pontet - <i>Chairman (tendered his resignation as Chairperson /Independent Director on 17 November 2022 and the effective date of his resignation was 31 December 2022)</i>	Independent Non-Executive Director
Didier André François Bruguet – <i>Chief Executive Officer ( tendered his resignation as CEO on 06 December 2022 and the effective date of his resignation was 31 January 2023)</i> – <i>Non – Executive Director ( From 01 February 2023 )</i>	Executive Director  Non – Executive Director
Loïc Roger Roland Chollet-Vergé – <i>Chief Executive Officer (From 24 February 2023)</i>	Executive Director
Deenaraj Sooben – <i>Chief Operating Officer</i>	Executive Director
Émilie Elda Lucie Zannier ép. Wirz	Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Virrsing Ramdeny* (resigned on 20 May 2022 following his term of directorship which expired on 20 May 2022)	Independent Non-Executive Director
Osman Mahmad Badat * (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny' s whose term of directorship expired on 20 May 2022)	Independent Non-Executive Director
Laurent René Dassault	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director

\* Following the term of directorship of Mr. Virrsing Ramdeny which expired on 20 May 2022, the Nomination and Remuneration Committee (the “NRC”) has identified Mr. Osman Mahmad Badat, as an appropriate candidate and as the successor of Mr. Virrsing Ramdeny. As such Mr. Osman Badat has been appointed as an Independent Director on the Board of the Bank on 22 August 2022, in replacement of Mr. Virrsing Ramdeny.

During the Board Meeting of 14 December 2022, some redeployments on the composition of the Board have been announced.

Didier André François Bruguet has tendered his resignation as the Chief Executive Officer (the “CEO”) of the Bank on 06 December 2022 and the effective date of his resignation was 31 January 2023. However, Mr. Bruguet remains as a Board Member of the Bank and via a Board Resolution dated 2 January 2023, it has been resolved that the nature of the directorship of Mr. Bruguet would be changed from Executive Director to Non-Executive Director.

Following the resignation of Mr. Bruguet as the CEO of the Bank, in the interim, Mr. Deenaraj Sooben, the Chief Operating Officer of the Bank, has been designated as the officer in charge pending the recruitment of the new CEO of the Bank, as from 1<sup>st</sup> February 2023.

As succession planning, the Nomination and Remuneration Committee has recommended the appointment of a potential candidate in the name of Mr. Loïc Roger Roland Chollet-Vergé, a French citizen, as the successor of Mr. Bruguet, as the CEO of the Bank. Mr. Chollet-Vergé has been formally appointed as the CEO of the Bank on 24 February 2023 and has been granted with an Occupation/ Residence Permit from the Economic Development Board on 24 February 2023.

Mr. Philippe Bernard Pontet has tendered his resignation as the Chairperson of the Bank and the effective date of his resignation was 31 December 2022.

Following the resignation of Mr. Pontet, the Nomination and Remuneration Committee is in the process of identifying of a potential candidate as the successor of Mr. Pontet.

Subsequent to the above changes, the Board Composition and the Board Committees will as well be changed, accordingly.

## **Principle 1: Governance Structure (Cont'd)**

### **Board Diversity**

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Nomination and Remuneration Committee (the “NRC”), which is responsible for overseeing board directorship’s renewal and succession planning. The NRC reviews the size, structure and composition of the Board on an annual basis or whenever appointments are considered. The NRC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. The selection criteria used to assess prospective candidates relate, amongst others, to their specific skills, expertise, knowledge and experience. The NRC also considers gender diversity, time commitment and independence of the candidates in their assessment.

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.

## **Principle 1: Governance Structure (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 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 François Bruguet also ensures effective communication with the shareholder.

The role and responsibilities of the Chairman and the CEO are 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 had set up a crisis team and the Chairman at the head of the Board had full involvement and oversight on the management's work in these areas and monitored its progress.

### **Company Secretary**

The Bank's Company Secretary is appointed by the Board in accordance with its Constitution. The appointment and removal of the Company Secretary is a matter of the Board as a whole.

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 with 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

## **Principle 1: Governance Structure (Cont'd)**

### **Company Secretary (Cont'd)**

of the Bank and is responsible for the provision of corporate services to the Bank.

Anex consists of highly qualified and experienced professionals in Finance, Legal and Good governance. The corporate secretarial duty of the Bank is catered 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. During the year under review, the Board met 5 (times) and due to the COVID 19 Pandemic which had imposed travel restriction, the foreign directors of the Bank have attended most of the Board Meetings via video conference. The Directors are all aware of their responsibilities and conscious of the importance of the Meetings and though meetings have been held via video conference, we have had mostly 100% attendance.

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

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.



## Principle 2: The Structure of the Board and its Committees

### 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.

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 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**

As at 31 December 2022, the membership of the Audit and Compliance Committee is as follows:

<b>Members</b>	<b>Category</b>
Virrsing Ramdeny (Chairman)* - resigned on 20 May 2022 following his term of directorship which expired on 20 May 2022)	Independent Non-Executive Director
Osman Mahmad Badat (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny's whose term of directorship expired on 20 May 2022)	Independent Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director
<b><i>In attendance (when deemed appropriate)</i></b>	
Didier André François Bruguet	CEO
Deenaraj Sooben	COO
Pravish Kant Nuckchady	Internal Auditor
Mazars LLP (Messrs. Kriti Taukoordass and Avinash Ramprusad)	External Auditors
Sanjivni Beegoo-Poonie	Compliance Manager/ MLRO

\* Following the term of directorship of Mr. Virrsing Ramdeny which expired on 20 May 2022, the Nomination and Remuneration Committee (the "NRC") has identified Mr. Osman Mahmad Badat, as an appropriate candidate and as the successor of Mr. Virrsing Ramdeny. As such Mr. Osman Badat has been appointed as an Independent Chairperson of the Audit and Compliance Committee, on 22 August 2022, in replacement of Mr. Virrsing Ramdeny.

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

### Board Committees (Cont'd)

#### Audit and Compliance Committee (Cont'd)

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 five (5) times during the financial year ended 31 December 2022 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 Reports from the Compliance Manager. For this reporting year, due to the COVID 19 Pandemic, the Committee Meetings have been held via video conference and the full Committee was present.

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

As at 31 December 2022, the membership of the Risk Management Committee is as follows:

Members	Category
Virrsing Ramdeny (Chairman) * - resigned on 20 May 2022 following his term of directorship which expired on 20 May 2022)	Independent Non-Executive Director
Osman Mahmad Badat (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny's whose term of directorship expired on 20 May 2022)	Independent Non-Executive Director
Philippe Bernard Pontet - (resigned as Member of the Committee on 31 December 2022)	Independent Non-Executive Director
Didier André François Bruguet*	Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Kunal Rughoo * (resigned as the Chief Risk Officer/DMLRO on 30 June 2022)	Chief Risk Officer/DMLRO
Pravin Sepaul *(appointed as the Chief Risk Officer on 1 September 2022)	Chief Risk Officer

\* Following the term of directorship of Mr. Virrsing Ramdeny which expired on 20 May 2022, the Nomination and Remuneration Committee (the "NRC") has identified Mr. Osman Mahmad Badat, as an appropriate candidate and as the successor of Mr. Virrsing Ramdeny. As such Mr. Osman Badat has been appointed as an Independent Chairperson of the Risk Management Committee, on 22 August 2022, in replacement of Mr. Virrsing Ramdeny.

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

### Board Committees (Cont'd)

#### Risk Management Committee (Cont'd)

\*Following the resignation of Mr. Pontet as Member of the Risk and Management Committee, the Nomination and Remuneration Committee has appointed Mr Loïc Chollet-Vergé as member of the Committee.

\*Following the resignation of Mr. Kunal Rughoo on 30 June 2022 as the Chief Risk Officer of the Bank, Mr. Pravin Sepaul was appointed as the new Chief Risk Officer on 1 September 2022 in replacement of Mr. Rughoo.

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;
- 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

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

### Board Committees (Cont'd)

#### Risk Management Committee (Cont'd)

- Meet at least once every quarter and present the minutes of proceedings of meeting to the Board.

The Risk Management Committee met four (4) times during the financial year ended 31 December 2022.

#### Nomination and Remuneration Committee

At as 31 December 2022, the membership of the Nomination and Remuneration Committee is as follows:

Members	Category
Philippe Bernard Pontet (Chairman) <i>resigned as the Chairperson of the Committee on 31 December 2022</i>	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director
Didier André François Bruguet (CEO)	Executive Director
Émilie Elda Lucie Zannier ép. Wirz	Non-Executive Director

\*Following the resignation of Mr. Pontet as member of the Nomination and Remuneration Committee, the said Committee has appointed Loïc Chollet-Vergé.

\*Following the resignation of Mr. Bruguet as Member of the Nomination and Remuneration Committee, Mr. Loïc Chollet-Vergé the new Chief Executive Officer will replace Mr. Bruguet on the Committee.

#### 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.

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 two other non-executive directors as well. However, there is no restriction in the Guideline on Corporate Governance issued by the Bank of Mauritius 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,

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

### **Board Committees (Cont'd)**

#### *Nomination and Remuneration Committee (Cont'd)*

- 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;
- 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 2022.

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

### Board Committees (Cont'd)

#### Conduct Review Committee

At as 14 December 2022, the membership of the Conduct Review Committee was 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 (Chairman)* resigned on 20 May 2022 following his term of directorship which expired on 20 May 2022)	Independent Non-Executive Director
Osman Mahmad Badat (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny's whose term of directorship has expired on 20 May 2022)	Independent Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Didier André François Bruguet	The CEO

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 four (4) times during the financial year ended 31 December 2022.

Following the coming into force of the new Guideline on Related Party Transactions ("RPTs") of the Bank of Mauritius, the requirement for Financial Institution ("FI") to set up a Conduct Review Committee to review and approve the Related Party Transactions has been removed. Henceforth, the roles and responsibilities of the Conduct Review Committee will now be entrusted to the Board, as such RPTs shall now be tabled and approved by the Board, subject to the criteria set out in the Guideline.

Following a letter date 21 October 2022, the BoM informed the Bank that, subject to certain conditions, the Board may, at its discretion, delegate the approval of RPTs to a dedicated Board sub-committee, where the amount of transaction exceeds 2% of Tier 1 or MUR 500m, whichever is lower. In addition, the sub-committee should comprise of at least 3 members, no member of the Audit & Compliance Committee, only 1 member of the Risk Management Committee.

Following the above, the Bank has resolved to maintain the CRC, and make quarterly reporting to the Board, to make relevant changes to the existing Board Charter in relation to the new Guideline on Related Party Transactions and set a new CRC composition with:

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

### Board Committees (Cont'd)

#### Conduct Review Committee (Cont'd)

Members	Category
Didier André François Bruguet (has resigned as Committee Member on 31 January 2023)	Executive Director
Deenaraj Sooben	Executive Director
Émilie Elda Lucie Zannier ép. Wirz	Non-Executive Director

Émilie Elda Lucie Zannier ép. Wirz has been recommended to be appointed as the Chairperson of the Committee and Didier Bruguet will be replaced by Mr. Loïc Chollet-Vergé.

#### Non-Executive Directors Committee

As at 31 December 2022, the membership of the Non-Executive Directors Committee was as follows:

Members	Category
Philippe Bernard Pontet (Chairman) – resigned as the Chairperson of the Committee on 31 December 2022	Independent Non-Executive Director
Émilie Elda Lucie Zannier ép. Wirz	Non-Executive Director
Avinash Renga Sunassee	Independent Non-Executive Director
Virrsing Ramdeny (Chairman) * - resigned on 20 May 2022 following his term of directorship which expired on 20 May 2022)	Independent Non-Executive Director
Osman Mahmad Badat (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny whose term of directorship expired on 20 May 2022)	Independent Non-Executive Director
Laurent René Dassault	Independent Non-Executive Director
Philippe René Gabriel Alliot	Independent Non-Executive Director

\* Following the term of directorship of Mr. Virrsing Ramdeny which expired on 20 May 2022, the Nomination and Remuneration Committee (the “NRC”) has identified Mr. Osman Mahmad Badat, as an appropriate candidate and as the successor of Mr. Virrsing Ramdeny. As such Mr. Osman Badat has been appointed as an Independent Director of the Non-Executive Directors Committee, on 22 August 2022, in replacement of Mr. Virrsing Ramdeny.

\*Following the resignation of Mr. Pontet as the Chairperson of the Non- Executive Directors Committee, the Nomination and Remuneration Committee is in the process of identifying of a potential candidate as the successor of Mr. Pontet.

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, however, during the financial year ended 31 December 2022, due to the redeployment of the Board and its Committees’ composition, the said Meeting was not held. It was proposed to hold the Non-Executive Directors Committee Meeting planned for the last quarter 2022 in the first quarter of 2023.

## 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
<b>Total Number of Meetings</b>		<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>
Philippe Bernard Pontet	INED	5 out of 5	N/A	4 out of 4	4 out of 4	4 out of 4	N/A
Didier André François Brugué	ED	5 out of 5	N/A	4 out of 4	N/A	4 out of 4	N/A
Emilie Elda Lucie Zannier ép. Wirz	NED	3 out of 5	N/A	N/A	N/A	3 out of 4	N/A
Avinash Renga Sunassee	INED	3 out of 5	4 out of 5	3 out of 4	3 out of 4	N/A	N/A
Virrsing Ramdeny*	INED	2 out of 2	2 out of 2	1 out of 1	1 out of 1	N/A	N/A
Osman Mahmad Badat*	INED	2 out of 2	2 out of 2	2 out of 2	2 out of 2	N/A	N/A
Laurent René Dassault	INED	2 out of 5	N/A	N/A	N/A	N/A	N/A
Philippe René Gabriel Alliot	INED	5 out of 5	5 out of 5	N/A	4 out of 4	4 out of 4	N/A
Deenaraj Sooben	ED	5 out of 5	N/A	N/A	N/A	N/A	N/A

*ED: Executive Director*

*NED: Non-Executive Director*

*INED: Independent Non-Executive Director*

\* Following the term of directorship of Mr. Virrsing Ramdeny which expired on 20 May 2022, the latter tendered his resignation which was effective as from 20 May 2022 and as such he attended the following meetings:

Board Meetings held on 24 March 2022 and 17 May 2022.

Audit and Compliance Committee held on 24 March 2022 and 17 May 2022

Risk and Management Committee held on 24 March 2022

Conduct Review Committee held on 24 March 2022

All the Meetings held on 23 June 2022, in which Mr. Ramdeny was the Chairperson or a member, his place was declared vacant, and the Audit & Compliance Committee and the Risk Management Committee were chaired by a nominated Chairperson.

Following the resignation of Mr. Virrsing Ramdeny as a Board Member, the Chairperson of the Audit & Compliance Committee and the Risk Management Committee and a member of the Conduct Review Committee, Mr. Osman Mahmad Badat, has been appointed as the successor of Mr. Virrsing Ramdeny. As such Mr. Osman Badat has been appointed as an Independent Director of the Board, the Chairperson of the Audit & Compliance Committee and the Risk Management Committee and a member of the Conduct Review Committee. Mr. Badat attended the following meetings:



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

Board Meetings held on 22 September 2022 and 14 December 2022.

Audit and Compliance Committee held on 22 September 2022 and 14 December 2022

Risk and Management Committee held on 22 September 2022 and 14 December 2022

Conduct Review Committee held on 22 September 2022 and 14 December 2022

**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.

### **Principle 3: Director Appointment Procedures**

Directors are appointed through a formal and transparent process.

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Nomination and Remuneration Committee (NRC), which is responsible for overseeing board directorship's renewal and succession planning. In so doing, it seeks to promote diversity of perspectives to enable a smooth execution of the Bank's strategy in a constantly changing market environment. The NRC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval.

The selection criteria used to assess prospective candidates relate, amongst others, to their specific skills, expertise, knowledge and experience. The NRC also considers gender diversity, time commitment and independence of the candidates in their assessment.

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 every two year is taken into consideration, to see if each individual's performance continues to be effective and demonstrate commitment to their respective role. The performance evaluation of the Executive Directors is assessed each annually by the Non-Executive Directors Committee, subject to their respective duties assigned to each of them.

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.

### **Principle 3: Director Appointment Procedures (Cont'd)**

#### **Directors' Profiles**

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

#### **Philippe Bernard Pontet – Independent Chairman has resigned as the Chairperson /Independent Director of the Bank on 31 December 2022**

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.

#### **Didier André François Bruguet – Executive Director/ Chief Executive Officer has resigned as the CEO of the Bank on 31 January 2023**

Didier Bruguet started his career with Paribas in 1987 where he managed a Regional Branch in Burgundy, France. He then joined the Banque Française du Commerce Extérieur (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 client's coverage. In 2016 he joined Banque de Nouvelle Calédonie (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.

#### **Deenaraj Sooben –Executive Director and Chief Operating Officer**

Mr. Deenaraj Sooben is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) with twenty-five years' post-qualification 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. Thereafter, he spent two years as Chief Operating Officer in a Management Company.

Mr. Sooben later joined Warwyck Private Bank Ltd in 2014 as Internal Auditor, then promoted to Chief Operating Officer with effect from 1 November 2018. He is also an executive member of the Board since 24 April 2019.

During his career, he was involved in a number of financial projects, both local and overseas. He has also served as Vice President on the ACCA Council of Mauritius in the years 2006 and 2007.

### **Principle 3: Director Appointment Procedures (Cont'd)**

#### **Directors' Profiles (Cont'd)**

##### **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.

##### **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 (resigned on 20 May 2022)**

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 38 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.

### **Principle 3: Director Appointment Procedures (Cont'd)**

#### **Directors' Profiles (Cont'd)**

##### **Osman Mahmad Badat- Independent Director (appointed on 22 August 2022 in replacement of Mr. Virrsing Ramdeny)**

Mr. Osman Badat is a chartered accountant and licensed auditor. He is a partner and founder of McMillan Woods, an auditing and advisory firm. He also has interest in FinTech, being a co-founder of the crowdfunding platform 'Olive Crowd'.

He has had a rich career spanning 30 years, in auditing, financial management, and mergers and acquisitions advisory. A former manager at PwC, he has led several audits and consulting assignments in Mauritius, UK and Africa. He is also a licensed insolvency practitioner.

Osman sits as Independent Director on the boards of several domestic and global business companies. He chairs the Audit Committees of the Surat Group, one of the leaders in the agro-food sector in Mauritius and OLA Energy Holdings, a downstream oil distribution company with activities in 18 African countries.

##### **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.

##### **Émilie Elda Lucie Zannier ép. Wirz – Non-Executive Director**

Graduated from a business school in 1993, Émilie Elda Lucie Zannier ép. Wirz 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.

##### **Loïc CHOLLET-VERGÉ – Executive Director / Chief Executive Officer (appointed on 24 February 2023 in replacement of Mr Didier André François Bruguet)**

Loïc began his career as a finance auditor and consultant. He then worked at Natixis (BPCE group) for twelve years, during which he held various roles in M&A, international development, finance, and corporate banking. In 2017, he became head of the Monaco branch of Caisse d'Épargne Côte d'Azur (BPCE Group). With more than twenty years of experience in finance, international management and banking, Loïc was appointed as the CEO of Warwyck Private Bank Ltd in 2023.

### **Principle 3: Director Appointment Procedures (Cont'd)**

#### **Profiles of Senior Management Team**

The profiles of Messrs. Didier André François Bruguet and Deenaraj Sooben already appear in the Directors' Profiles section.

#### **Pravish Kant Nuckchady – Internal Auditor**

Mr. Pravish Kant Nuckchady joined Warwyck Private Bank Ltd in October 2017 and has been leading the Internal Audit department since 01 November 2018. He holds a BSc in Applied Accounting and is a Fellow Member of the Association of Chartered Certified Accountants (FCCA). Mr. Nuckchady has acquired vast knowledge in the finance and auditing fields across various sectors, having worked at major auditing firms in Mauritius in the past where he has led numerous internal and external audit assignments. At Warwyck Private Bank Ltd, he ensures that the Internal Audit function continuously provides for an independent assurance to assess the suitability of the bank's internal control systems. The internal audit function is independent of the business and control functions of the bank and the Internal Auditor reports to the Audit and Compliance Committee.

#### **Prithviraj (Prakash) Seesurn – Head of Finance**

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.

#### **Kunal Rughoo – Chief Risk Officer/ Alternate MLRO/ Complaint Handling Officer/ Data Protection Officer (resigned on 30 June 2022)**

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.

### **Principle 3: Director Appointment Procedures (Cont'd)**

#### **Profiles of Senior Management Team (Cont'd)**

##### **Pravin Sepaul - Chief Risk Officer/ Complaint Handling Officer/ Data Protection Officer appointed in September 2022 in replacement of Mr. Kunal Rughoo**

Mr. Pravin Sepaul has been appointed as Chief Risk Officer of the Bank since September 2022. Having joined Warwyck Private Bank Ltd in June 2016 as Operations Manager, he also assumed the function of Finance Manager since May 2018.

Pravin holds a Diploma in Business Administration specializing in Banking and Finance and has over 17 years of experience in the banking sector. He is currently also assuming the functions of the Complaint Handling Officer and the Data Protection Officer of the Bank.

##### **Roopesh Panday Mohabeer – IT Manager**

Mr. Roopesh Mohabeer holds a BSc(IT) with majors being Computer Science, Business Information Systems and Human Resource from the University of KwaZulu-Natal (Pietermaritzburg, South Africa) and an MBA (International Business) from University of Mauritius (MIBS). He also holds a Cisco CCNA certificate - Cisco id: CSC013655581.

Roopesh joined Warwyck Private Bank Ltd as Senior IT Systems Support Analyst on 18 April 2016 and was appointed as IT Manager in July 2021. He has over fifteen (15) years of experience in IT. He is a dynamic and versatile IT professional who has served the banking and business process outsourcing industry before joining the Warwyck Group. He has worked closely with several multinational companies where he held several important positions.

During his time in the banking sector, he has worked with three (3) different core banking systems and was involved in countless projects involving the set up and migration of important IT Infrastructures.

##### **Sanjivni Poonie – Compliance Manager / MLRO**

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 from the University of Mauritius and a Masters in Law; LLM – Financial and Commercial Law from the University of Central Lancashire. She is also an Associate Member of the Chartered Institute of Arbitrators, UK and has completed the STEP Certificate in AML (with distinction).

Sanjivni is well versed with banking and company laws. She has been in the financial services sector, banking and non-banking, for 15 years now and has been involved principally in company set up and administration (including, inter alia, structures such as global business, authorized and domestic companies, funds, partnerships, foundations, trusts), review and drafting of legal documents, client on-boarding and due diligence, including client and transaction monitoring as well as provision of AML/CFT trainings in-house. She has also formerly served as Executive Director, MLRO and Legal Manager for her previous employers.

## Principle 3: Director Appointment Procedures (Cont'd)

### Profiles of Senior Management Team (Cont'd)

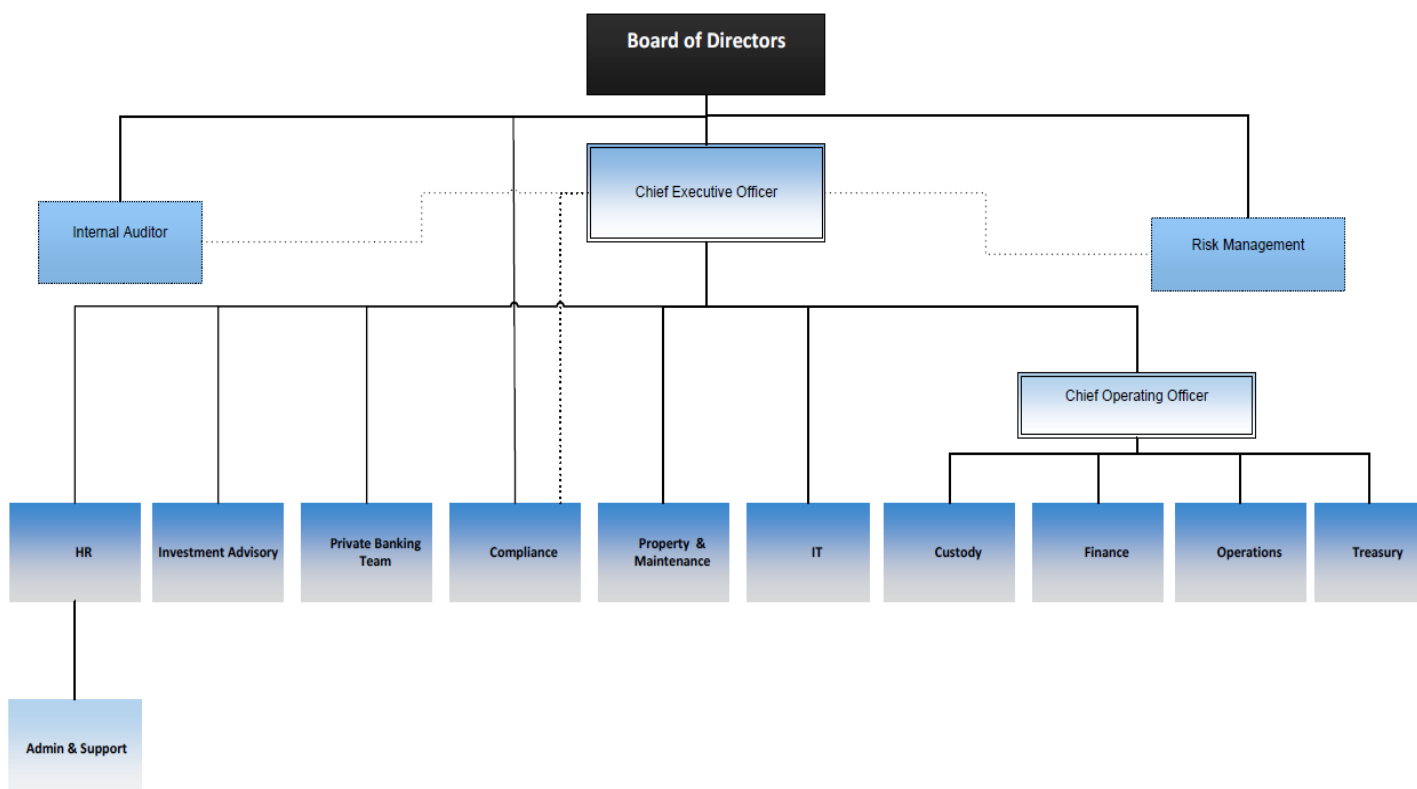
#### Karansha Ashwinee Ganga- DMLRO appointed on 16 September 2022

Ashwinee Ganga is appointed as the Deputy Money Laundering Officer (DMLRO) of the Bank. Ashwinee did her tertiary studies in the United Kingdom and holds a Bachelor of Laws (LLB) from the University of Bristol and a Masters of Law – International Commercial Law (LLM) from the University of Kent. She is also an associate Member of the Chartered Institute of Arbitrators, UK.

Ashwinee reckons 6 years of experience within the financial services sector and has worked for major management companies principally in compliance. She has acquired vast knowledge in compliance during her stints for the firm's internal compliance department and by being the compliance representative for specific clients. She has been involved in: on-boarding of clients, conducting periodic reviews and risk assessments including BRA and CRA, assisting and presenting in the risk and compliance committee, coaching, drafting and reviewing of correspondences to regulators or clients, preparation of monthly compliance KPIs to be presented to the Board, drafting of compliance officer's reports and working on STRs amongst other duties.

### Profiles of Senior Management Team (Cont'd)

#### Organisational Chart





## **Principle 4: Director Duties, Remuneration and Performance**

### **Directors' Induction**

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

- (i) Induction pack - Provide handbook to directors which includes information on a broad range of matters relating to the role of directors, constitutive documents, recent Board papers, disclosure requirements with respect to directors' interests and details of applicable procedures.
- (ii) One-to-one briefings - Provide directors with the opportunity to interact with the Chairperson, Company Secretary and senior executives across the Bank with the nature and extent of these consultations depending on the specific needs of the directors.
- (iii) Presentation sessions - Provide directors with an overview of the Bank's organisational structure, financial performance and strategic orientations, activities of the different business segments as well as specific areas of interest.

### **Professional Development**

As part of the Board's commitment to continue improvement and an ongoing professional development, the Bank ensures that the necessary resources for developing and updating its directors' knowledge and capabilities are provided on annual basis.

The annual mandatory AML/CFT Refresher training for the staff of Bank has been conducted in June 2022. The training for the Directors has been conducted at the Board Meeting of 22 September 2022, as it was part of the agenda item of the Board Meeting. The training materials have already been circulated to the Board Members prior to the training session. Afterward, the attendance of each Board Member has been taken.

The programme's objective is to enable directors to be well equipped from the outset to effectively contribute to strategic discussions and oversight of the Bank. The ongoing professional development & training enable directors to update their skills and knowledge, by providing insight into areas of strategic focus and current topics of interest as well as other training with respect to specific requirements of directors. Directors are as well encouraged to attend training which could help them to perform their duties towards the Bank more effectively. This training is at the Company's expense.

### **Succession Planning**

The responsibility for succession planning rests with the Board. The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Nomination and Remuneration Committee, which is responsible for overseeing board directorship's renewal and succession planning.

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 Nomination and Remuneration Committee reviews the size, structure and composition of the Board as and when appointments are considered. In so doing, it seeks to promote diversity of perspectives to enable a smooth execution of the Bank's strategy in a constantly changing market environment. The Committee is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. The selection criteria used to assess prospective candidates relate, amongst others, to their specific skills, expertise, knowledge and experience

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

### **Succession Planning (Cont'd)**

The Committee also considers gender diversity, time commitment and independence of the candidates in their assessment.

The Board has approved the 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.

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.

Until 14 December 2022, the Bank did not have a separate Code of Ethics; the code of ethics and core standard of behaviour was set out in the Employee Handbook. However, a separate Code of Ethic was regrouped under the Warwyck Group ("the group") which comprises of Warwyck Private Bank Ltd, Warwyck Phoenix Securities Ltd, Warwyck Investment Holdings Ltd, Warwyck Phoenix PCC and Warwyck Investments to uphold the highest ethical standards and promote a culture of ethical business conduct and approved by the Board on 14 December 2022.

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

### **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.

Furthermore, Independent 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.

Evaluation exercise is conducted 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 exercise assessed whether the Board and its Committees are operating effectively and that directors continue to fulfil their roles as required. Where issues are identified, the Board collectively agreed for improvement and an action plan is then implemented. The implementation of the action plan is 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, the evaluation exercise of the Board, Committees and Non-Executive Directors are being effected every two (2) years. However, the performance evaluation of the executive directors is conducted annually.

### **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 a discretionary bonus, having regard to the performance of 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 2022 amounted to USD 619,527.

The Remuneration and Benefits received from the Bank by each individual director, in accordance with Section 221(1)(e) (iii) of the Companies Act 2001, have been disclosed.

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

### Remuneration and benefits

The remuneration and benefits paid to the directors during the financial year 2022 are as per the below table.

Directors	USD
Virrsing Ramdeny* (resigned on 20 May 2022)	4,972
Avinash Renga Sunassee*	12,800
Philippe René Gabriel Alliot*	12,800
Laurent René Dassault*	12,800
Philippe Bernard Pontet* (Chairman)	120,000
Didier André François Bruguet (full time employment)	352,467
Deenaraj Sooben (full time employment)	86,297
Emilie Elda Lucie Zannier ép. Wirz*	12,800
Osman Mahmad Badat *(appointed on 22 August 2022)	4,591

\* Paid on a quarterly basis

### 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%

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

### 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 (CRC) to review, approve and ratify all related party transactions (RPTs). 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 CRC are written.

Until 14 December 2022, the CRC was chaired by Mr. Avinash R. Sunassee and is comprised of four independent non-executive directors.

The Bank enters into transactions with related parties in the normal course of business, i.e., with its shareholders, ultimate beneficial owners, directors and sister companies. Note 26 to these financial statements show the details of RPTs.

Following the coming into force of the new Guideline on RPTs of the Bank of Mauritius, the requirement for Financial Institution (“FI”) to set up a CRC to review and approve the RPTs has been removed. Henceforth, the roles and responsibilities of the CRC will now be entrusted to the Board, as such RPTs shall now be tabled and approved by the Board, subject to the criteria set out in the Guideline.

Through a correspondence dated 21 October 2022, the BoM informed the Bank that, subject to certain conditions, the Board may, at its discretion, delegate the approval of RPTs to a dedicated Board sub-committee, where the amount of transaction exceeds 2% of Tier 1 or MUR 500m, whichever is lower. In addition, the sub-committee should comprise of at least 3 members, no member of the Audit & Compliance Committee, only 1 member of the Risk Management Committee.

Following the above, the Bank has resolved to maintain the CRC, and make quarterly reporting to the Board, to make relevant changes to the existing Board Charter in relation to the new Guideline on Related Party Transactions and set a new CRC composition with:

Members	Category
Didier André François Bruguet* (resigned as Committee Member on 31 January 2023)	Executive Director
Deenaraj Sooben	Executive Director
Émilie Elda Lucie Zannier ép. Wirz	Non-Executive Director

\*Following the resignation of Mr. Bruguet as Member of the Conduct Review Committee, Mr. Loïc Chollet-Vergé the new Chief Executive Officer will replace Mr. Bruguet on the Committee.

### 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. Independent professional advice is available to Directors in appropriate circumstances, at the Bank’s expense.

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

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

**Principle 4: Director Duties, Remuneration and Performance (Cont'd)****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. Pravin Sepaul, the new Data Protection Officer ("DPO"), ensures that the relevant requirements are met. 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. During the year under review, the Board continued to monitor closely the evolution of the operating environment in view of the significant challenges induced by the pandemic. Supported by the Risk Management Committee, the Board ensures that the necessary structures, processes and methods for identification, evaluation and monitoring of the principal risks faced by the Bank are integrated into the latter's overall risk management framework. The Board has received assurance, through the regular reporting by the Chairperson of Risk Management Committee, on the adequacy of the risk management processes and systems in place over the period under review. The Board, assisted by the Audit & Compliance Committee, ensures that the internal control framework in place results in an acceptable level of risk exposure whilst guaranteeing compliance with established internal policies and procedures and relevant laws and regulations. The Internal Audit functions regularly report to the Audit & Compliance Committee. Furthermore, the Audit & Compliance Committee receives reports from the Company's external auditor and engages with the latter in the absence of Management to ensure that there are no unresolved material issues of concern. Based on the work performed by internal and external auditors, reviews by Management and regular reporting from the Chairperson of the Audit & Compliance Committee, the Board satisfies itself that the internal control systems are adequate and effective.

## Principle 5: Risk Governance and Internal Control

### Internal Control and Risk Management (Cont'd)

#### (a) 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.

Some of the risks are covered in detail in Note 4 to the Financial Statements.

#### Whistle-blowing policy

The whistle-blowing policy of the Bank is being reviewed and updated annually. The Bank gives freedom and encourages its employees to raise their voice or complaints for any misconduct, bad or harmful behaviour, illegal and unethical activity. The Whistle-blowing Policy is meant to guide the employees of the Bank as how to report matters of concern in strict confidentiality.



## **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. The Bank's policy is 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 2022.

### **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.

### **Charitable and Political Contributions**

The Bank did not make any political donation or charitable contributions during the financial year ended 31 December 2022.

## **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 auditor; 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 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 External Auditors' appointment 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.

Mazars LLP has been appointed as the External Auditor of the Bank to conduct the annual audit of the Bank for the Financial Year ended 31 December 2022.

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.

## Principle 7: Audit (Cont'd)

### Fees to external auditors

The fees payable to Mazars LLP for the year ended 31 December 2022 is USD 60,000, 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. As such, the External Auditors have not provided any non-audit services to the Bank during the year 2022.

## 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 and 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.

### Shareholders that hold a substantial percentage

The Bank is held 100% by Warwyck Investment Holdings Ltd, a company incorporated as a special purpose vehicle mainly for the purpose of holding shares in a few entities.

### 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 Chairperson ensures that all directors be made aware of the concerns of the major shareholders and other key stakeholders. The Board stays apprised of shareholders' and stakeholders' opinions in whatever ways are most practical and efficient. The Chairperson also ensures that Shareholders' views are communicated to the Board as a whole and include them in discussion of strategy and governance.

#### Our Key Stakeholders

We engage with our internal and external stakeholders in a systematic, coherent and meaningful manner, with a view to promptly responding to their needs/requirements. When selecting suppliers, contractors or non-governmental organisations, we look for those that align closely to our values and areas of focus. Our key stakeholders have been identified below:

- Shareholders and Investors
- Customers
- Societies and Communities
- Government and Regulatory Authorities
- Employees and Management

**Principle 8: Relations with Shareholders and Other Key Stakeholders (Cont'd)****General Meetings**

Pursuant to section 270 of the Companies Act 2001, the Bank is dispensed with the holding of shareholders meetings, thus the Annual General Meeting ("AGM") of the Bank is held via circular resolution. 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.

**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](http://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 and holding of the Annual Meeting within the prescribed deadlines.



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**Philippe Bernard Pontet**  
Chairman  
On behalf of the Board of Directors



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**Loïc Chollet-Vergé**  
Chief Executive Officer  
On behalf of the Board of Directors

Date: 23 March 2023

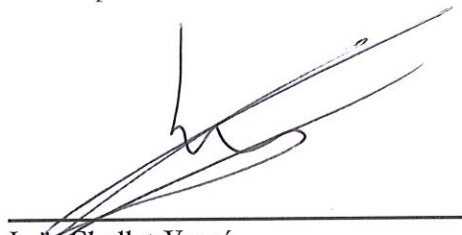
**STATEMENT OF COMPLIANCE**  
**(Section 75(3) of the Financial Reporting Act 2004)**

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 46.



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Philippe Bernard Pontet  
Chairman  
On behalf of the Board of Directors



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Loïc Chollet-Vergé  
Chief Executive Officer  
On behalf of the Board of Directors

Date: 23 March 2023

## **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 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 2022

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 were deemed necessary.

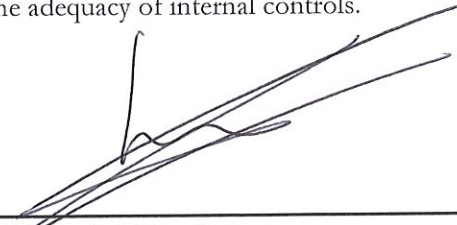
The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures 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, Mazars LLP, 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.




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Loïc Chollet-Vergé  
Chief Executive Officer  
On behalf of the Board of Directors




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Osman Mahmad Badat  
Director  
On behalf of the Board of Directors

Date: 23 March 2023

Phoenix 73538, Republic of Mauritius



**Report from the Secretary**

We certify, to the best of our knowledge and belief, that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 December 2022.

  
\_\_\_\_\_  
Anex Corporate Services Ltd  
Secretary



8<sup>th</sup> Floor, Ebene Tower  
52 Cybercity  
Ebene 72201  
Republic of Mauritius

**Date: 23 March 2023**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF WARWYCK PRIVATE BANK LTD

### Report on the Audit of the Financial Statements

#### *Opinion*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **Warwyck Private Bank Ltd** (the "Bank") at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

#### *What we have audited*

The Bank's accompanying financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

#### *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 Financial Statements*" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBER OF WARWYCK PRIVATE BANK LTD**

**Report on the Audit of the Financial Statements (Continued)**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significant 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our audit approach to the Key Audit Matter
<b>Expected Credit Losses</b>	
<p>The estimation of Expected Credit Losses (“ECL”) on financial assets involves Management’s judgements and estimates which are subjective due to the significant uncertainty associated with the underlying assumptions in the calculation of ECLs. These include:</p> <ul style="list-style-type: none"> <li>▶ accounting interpretations, assumptions and data points applied to estimate the Probability of Default (“PD”), Exposure At Default (“EAD”) and Loss Given Default (“LGD”) (the net exposure), used to build and run the model that calculate the ECL;</li> <li>▶ allocation of assets between Stage 1 or 2, i.e., identifying triggers for Significant Increase in Credit Risk (“SICR”);</li> <li>▶ inputs and assumptions relating to forward-looking adjustments;</li> </ul> <p>The estimation of Stage 3 ECLs also includes Management’s judgement and estimates to estimate the occurrence of “default” or “loss” event and the eventual recovery of the expected future cash flows, including the realisation of any securities.</p> <p>Change in Management assumptions may have significant impacts on the estimation of Stage 3 ECL provisions.</p> <p>Refer to the following notes</p> <p>Note 2.3 – significant accounting policies Impairment of financial assets</p> <p>Note 3 – significant management judgement-measurement of ECL</p> <p>Note 10 – Loan and advances</p> <p>Note 4.2 – Financial Instruments – credit risk analysis</p>	<p>Our audit approach and procedures comprised of the following:</p> <ul style="list-style-type: none"> <li>▶ evaluated the design and operating effectiveness of controls across the processes relevant to ECL calculation;</li> <li>▶ evaluated the criteria used to allocate financial assets between Stage 1 or 2 or 3 in accordance with IFRS 9 requirements;</li> <li>▶ reviewed the list of debit balances to determine number of days in arrears for staging (including default);</li> <li>▶ reviewed and tested the assumptions, inputs and formulae used in the ECL model. This included assessing the appropriateness of model design, refinements made, and recalculating the key inputs such as PD and LGD;</li> <li>▶ involved our specialist modelling and IFRS 9 team in performing certain procedures;</li> <li>▶ Assess the reasonableness of forward-looking information, on a sample basis;</li> <li>▶ agreed ECL calculation data points to source system extracts on sample basis, to evaluate data quality;</li> <li>▶ Reviewed and reperformed the calculations of provisions per IFRS 9 (on a sample basis) for all Stages;</li> <li>▶ Review of collaterals considered as part of the IFRS 9 calculation and reviewed their enforceability;</li> <li>▶ Review of impairment assessments for related party receivables, including review of the comfort letter;</li> <li>▶ assessed the adequacy of disclosures in the financial statements in line with accounting standards and regulatory considerations; and</li> <li>▶ considered the complexity of management’s process to design and create financial statement disclosures given the granularity and complexity.</li> </ul>

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBER OF WARWYCK PRIVATE BANK LTD**

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters (continued)*

Key Audit Matter	Our audit approach to the Key Audit Matter
<b>Related parties – Transactions and Balances</b>	
<p>The Bank transacts with related parties in the normal course of business. During the year, income from related parties (comprising of interest income, commission income and other income) amounted to USD 1,296,198.</p> <p>At reporting date, the Bank had the following balances outstanding from its related parties:</p> <ul style="list-style-type: none"> <li>▶ Loan and advances due from related parties to the amount of USD 12,451,436 (representing 56 % of total loan and advances</li> <li>▶ amount due by related parties represent 9.5% of total assets.</li> </ul> <p>Related party balances and transactions have been determined as Key Audit Matter, given their significance to the financial statements.</p> <p>Further, the Bank has during the year entered into an agreement with a related party for the purchase of a software that involved a degree of complexity affecting the reported balances and transactions with related parties.</p> <p>No specific provision for impairment was accounted for these receivables as at 31 December 2022.</p> <p>Refer to Note 26 which contain details about the group’s related party transactions and balances.</p>	<p>Our audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>▶ Determined if the related party balances and transactions occurred, were accurate and complete;</li> <li>▶ Obtained an understanding of the Bank’s policies and procedures in respect of evaluating arm’s length pricing and the approval process of Board;</li> <li>▶ Evaluate the business rationale of the purchase of the software and price settlement of the purchase price;</li> <li>▶ Review the relevant purchase agreements and the relevant Board minutes to support the investment;</li> <li>▶ Determined that the disclosures in the financial statements relating to related parties were in accordance with IFRS;</li> <li>▶ Obtained direct confirmation of balances from related parties.</li> </ul> <p>In respect of the recoverability of the amount receivable, we performed the following procedures;</p> <ul style="list-style-type: none"> <li>▶ Obtained confirmation letters directly from the related party and reconciled to the accounting records.</li> <li>▶ Checked the financial position of the related parties using their latest audited financial statements and assessed their ability to repay the outstanding balances;</li> <li>▶ Reviewed after date receipts from related parties;</li> <li>▶ Evaluated the judgements made and assumptions used by management when assessing the impairment of the balances;</li> <li>▶ Reviewed the letter of comfort from the ultimate beneficial owner.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF WARWYCK PRIVATE BANK LTD

### Report on the Audit of the Financial Statements (Continued)

#### *Other information*

The directors are responsible for the other information. The other information comprises the Corporate Information, Annual Report, Statement of Management Responsibility for Financial Reporting, Secretary's Certificate and Management Discussion Analysis, 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. Our reporting responsibilities regarding the corporate governance report is dealt with below under the "Corporate Governance report" section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

#### *Corporate Governance report*

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance report in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

#### *Responsibilities of Directors 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 Mauritius Companies Act, the Financial Reporting Act and the Banking Act and regulations and guidelines of the Bank of Mauritius, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

The Directors 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER 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)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 the directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have compiled 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 the Directors, 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 audit report unless laws or regulations 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 of 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

### ***Mauritius Companies Act 2001***

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Bank other than in our capacity as auditor;
- We have obtained all the information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

### ***Banking Act 2004***

The Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act and the regulations and guidelines issued by the Bank of Mauritius in relation to banks; and
- the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

### **Other matters**

This report is made solely to the Bank's shareholder, in accordance with section 205 of the Mauritius 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 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, for our audit work, for this report, or for the opinion we have formed.



**Mazars LLP**  
Port Louis, Mauritius




**Udaysingh Taukoordass, FCA**  
Licensed by FRC

Date: **23 Mar 2023**

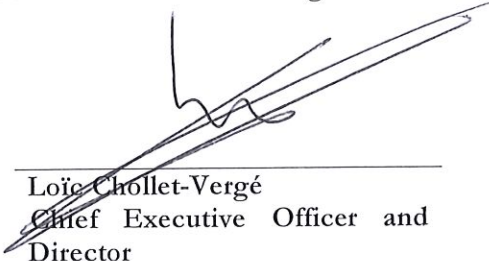
## Statement of financial position as at 31 December

	Notes	2022 USD	2021 USD	2020 USD
<b>ASSETS</b>				
Cash and cash equivalents	7	29,312,931	32,618,232	53,540,855
Placements with an overseas bank	11	1,870,955	809,867	2,453,907
Derivative financial assets	15	-	-	19,264
Loans and advances	10	22,125,685	44,860,536	36,179,131
Property, plant and equipment	8(a)	5,021,089	5,107,928	5,449,071
Right of use assets	8(b)	5,564	98,098	153,889
Intangible assets	9	899,963	90,607	299,992
Deferred tax assets	20(b)(i)	192,156	169,953	152,693
Current tax assets	20(a)(ii)	8,775	7,800	13,938
Other assets	12	7,074,444	9,969,092	22,274,797
<b>TOTAL ASSETS</b>		<b>66,511,562</b>	<b>93,732,113</b>	<b>120,537,537</b>
<b>LIABILITIES</b>				
Deposits from customers	13	50,711,372	77,364,281	103,621,382
Derivative financial liabilities	15	-	16,514	17,623
Lease liabilities	8(c)	5,999	101,067	155,306
Retirement benefit obligations	24	21,606	5,353	4,884
Other liabilities	14	392,690	368,445	540,824
<b>Total liabilities</b>		<b>51,131,667</b>	<b>77,855,660</b>	<b>104,340,019</b>
<b>SHAREHOLDER'S EQUITY</b>				
Stated capital	16	13,200,000	13,200,000	13,200,000
Statutory reserve	17	2,092,389	2,092,389	2,092,389
Retained earnings		87,506	584,064	905,129
<b>Total equity</b>		<b>15,379,895</b>	<b>15,876,453</b>	<b>16,197,518</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>66,511,562</b>	<b>93,732,113</b>	<b>120,537,537</b>


Approved by the Board of Directors on 23 March 2023 and signed on its behalf by:



Osman Mahmad Badat  
Director



Loïc Chollet-Vergé  
Chief Executive Officer and  
Director



Deenaraj Sooben  
Director

The notes on pages 59 to 127 form an integral part of these financial statements.  
Auditors' report on pages 49 to 54.




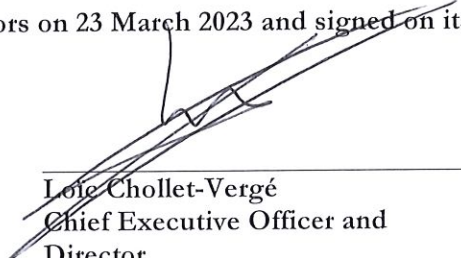
**Warwyck Private Bank Ltd**


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

	Notes	2022 USD	2021 USD	2020 USD
Interest income		1,157,226	937,819	902,524
Interest expense		(79,083)	(120,051)	(172,287)
<b>Net interest income</b>	21	<b>1,078,143</b>	817,768	730,237
Fee and commission income		827,183	1,420,564	1,846,051
Fee and commission expense		(368,080)	(294,312)	(459,207)
<b>Net fee and commission income</b>	22	<b>459,103</b>	1,126,252	1,386,844
Other income	23	689,008	800,700	800,700
<b>Operating income</b>		<b>2,226,254</b>	2,744,720	2,917,781
Personnel expenses	18	(1,186,490)	(1,064,776)	(1,536,891)
Other expenses	19	(1,265,505)	(1,248,914)	(1,406,332)
Depreciation and amortisation	8(a) & 8(b) & 9	(433,970)	(642,151)	(645,473)
Net impairment losses on financial assets	10 & 12	(7,254)	(30,923)	(60,906)
Net foreign exchange gains/(losses)		151,619	(96,364)	(53,273)
<b>Loss before tax</b>		<b>(515,346)</b>	(338,408)	(785,094)
Income tax credit	20(a)(i)	22,032	17,264	187,887
<b>Loss for the year</b>		<b>(493,314)</b>	(321,144)	(597,207)
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurements of post-employment benefit obligations	24	(3,415)	83	(2,241)
Deferred tax on remeasurements of post-employment benefit obligations	20(a)(i)	171	(4)	112
<b>Other comprehensive loss/income for the year, net of tax</b>		<b>(3,244)</b>	79	(2,129)
<b>Total comprehensive loss/ income for the year</b>		<b>(496,558)</b>	(321,065)	(599,336)

Approved by the Board of Directors on 23 March 2023 and signed on its behalf by:

  
Osman Mahmud Badat  
Director

  
Loïc Chollet-Vergé  
Chief Executive Officer and  
Director

  
Deenaraj Sooben  
Director

The notes on pages 59 to 127 form an integral part of these financial statements.  
Auditors' report on pages 49 to 54.

**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
<b>At 01 January 2022</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>584,064</b>	<b>15,876,453</b>
Loss for the year	-	-	(493,314)	(493,314)
Other comprehensive loss	-	-	(3,244)	(3,244)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(496,558)</b>	<b>(496,558)</b>
<b>At 31 December 2022</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>87,506</b>	<b>15,379,895</b>
<b>At 01 January 2021</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>905,129</b>	<b>16,197,518</b>
Loss for the year	-	-	(321,144)	(321,144)
Other comprehensive income	-	-	79	79
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(321,065)</b>	<b>(321,065)</b>
<b>At 31 December 2021</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>584,064</b>	<b>15,876,453</b>
At 01 January 2020	11,700,000	2,092,389	1,504,465	15,296,854
<b>Transaction with owners of the Bank</b>				
Issue of shares (Note 16(ii))	1,500,000	-	-	1,500,000
Loss for the year	-	-	(597,207)	(597,207)
Other comprehensive loss	-	-	(2,129)	(2,129)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(599,336)</b>	<b>(599,336)</b>
<b>At 31 December 2020</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>905,129</b>	<b>16,197,518</b>

The notes on pages 59 to 127 form an integral part of these financial statements.  
Auditors' report on pages 49 to 54.

**Warwyck Private Bank Ltd**

# Statement of cash flows for the year ended 31 December

	Notes	2022 USD	2021 USD	2020 USD
<b>Cash flows from operating activities</b>				
Loss before tax		<b>(515,346)</b>	(338,408)	(785,094)
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	8(a)	<b>238,220</b>	370,058	411,324
Depreciation of right of use assets	8(b)	<b>59,995</b>	62,708	28,610
Amortisation of intangible assets	9	<b>135,755</b>	209,385	205,539
Net loss on sale of property, plant and equipment		-	9,771	-
Interest expense		<b>76,033</b>	114,054	168,592
Interest expense on lease liabilities	8(c)	<b>3,050</b>	5,997	3,695
Interest income	21	<b>(1,157,226)</b>	(937,819)	(902,524)
Provision for retirement benefit obligations	24	<b>12,838</b>	552	2,643
Total adjustments		<b>(631,335)</b>	(165,294)	(82,121)
<b>Changes in Operating assets and liabilities</b>				
(Increase)/decrease in placement with an overseas bank		<b>(1,059,737)</b>	1,644,040	467,558
Decrease/(increase) in loans and advances		<b>22,661,338</b>	(8,610,485)	(7,269,761)
Decrease in other assets		<b>1,941,765</b>	12,311,843	8,905,439
(Decrease) in deposits from customers		<b>(26,646,209)</b>	(26,259,340)	(53,555,259)
Increase/(decrease) in other liabilities		<b>24,245</b>	(172,379)	(145,063)
Interest paid		<b>(85,783)</b>	(111,815)	(202,625)
Interest received		<b>1,229,388</b>	866,899	911,283
Tax refund	20 (a) (ii)	<b>7,800</b>	-	-
<b>Net cash used in operating activities</b>		<b>(3,073,874)</b>	(20,834,939)	(51,755,643)
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	9	-	-	(99,762)
Acquisition of property, plant and equipment	8(a)	<b>(151,381)</b>	(69,330)	(18,079)
Derivative financial instruments		<b>(16,514)</b>	18,155	(2,603)
Proceeds from disposal of property, plant and equipment		-	30,644	-
<b>Net cash used in investing activities</b>		<b>(167,895)</b>	(20,531)	(120,444)
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	16	-	-	1,500,000
Principal paid on lease liabilities	8(c)	<b>(60,482)</b>	(61,156)	(27,291)
Interest paid on lease liabilities	8(c)	<b>(3,050)</b>	(5,997)	(3,695)
<b>Net cash (used in)/from financing activities</b>		<b>(63,532)</b>	(67,153)	1,469,014
<b>Net decrease in cash and cash equivalents</b>				
		<b>(3,305,301)</b>	(20,922,623)	(50,407,073)
Cash and cash equivalents at the beginning of the year		<b>32,618,232</b>	53,540,855	103,947,928
<b>Cash and cash equivalents at the end of the year</b>	25	<b>29,312,931</b>	32,618,232	53,540,855

The notes on pages 59 to 127 form an integral part of these financial statements.  
Auditors' report on pages 49 to 54.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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) Certain financial assets and liabilities (including derivatives are measured at fair value or revalued amount instruments and;
- (ii) Defined benefit pension plans – measured at fair value.

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.

### New and amended standards adopted by the Bank

The Bank has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022.

- Annual Improvements to IFRS Accounting Standards 2018–2020 cycle;
- Property, Plant and Equipment before Intended use (Amendment to IAS 16, Effective 01 January 2022); and
- Reference to Conceptual Framework (Amendments to IFRS 3, Effective 01 January 2022).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.1 Basis of preparation (Cont'd)

#### New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Bank. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1, Effective 01 January 2024);
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37, Effective 01 January 2022);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2, Effective 01 January 2023);
- Definition of Accounting Estimates (Amendments to IAS 8, Effective 01 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Effective 01 January 2023);
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16, Effective 01 January 2024); and
- Non-Current Liabilities with Covenants (Amendments to IAS 1, Effective 01 January 2024).

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

### 2.2 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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. There are also no instruments which are measured as FVTPL except of derivative financial instrument. 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 financial assets fall into this category of financial instruments.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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. The Bank's derivative financial instrument falls within this category.

#### Classification and subsequent measurement of financial liabilities

The Bank's financial liabilities include deposits from customers, other liabilities, borrowings, 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

#### Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.3 Financial instruments (Cont'd)

Interest rate benchmark reform (Cont'd)

benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

#### 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 (including receivables from related parties)

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 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.

### 2.4 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.



## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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.

For the year ended 31 December 2021 and 2020, the Guideline on Credit Impairment Measurement and Income Recognition was put on hold by the Bank of Mauritius. Consequently, the Bank applied solely IFRS 9.

- (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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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.

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

#### (i) Effective Interest Rate

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 rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.7 Interest income and expense (cont'd)

#### (i) Effective Interest Rate (cont'd)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

#### ii) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

#### iii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

### 2.8 Fees and commission

- Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.
- Other fee and commission income – including account servicing fees, card fees, investment advisory fees and forex options is recognised as the related services are performed.
- Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

### 2.9 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognises revenue when it transfers control over a product or service to a customer. The table below depicts the various sources of revenue from contracts with customers:

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**2. Significant Accounting Policies (Cont'd)****2.9 Revenue recognition (Cont'd)**

Services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies under IFRS 15
Investment advisory fees - PCC	<p>The Bank provides investment advisory services to various cells of Warwyck PCC.</p> <p>Fees are recognised on a monthly basis and are charged to clients on a quarterly basis based on the net asset value (NAV) of each cell.</p>	Revenue from investment advisory fees is recognised over time as the services are provided.
Account Service Fees	Fees for ongoing account management are charged to the customer's account on a monthly basis.	Revenue from account service fees is recognised over time as the services are provided.
FX Option Income / Structured products	The Bank acts as an arranger for FX option products. The Bank receives an option premium from the client, and in turn enters into back-to-back FX option contracts a net commission is recognised.	The revenue from FX options are recognised at a point in time, i.e., when the transaction takes place.
Commission on Card	All fees related to credit and prepaid cards, including Card annual fee, Cash withdrawal fee, Card interchange fee, Prepaid card loading fee, Courier charges involved in sending the card and pin to client among others.	The revenue from commission on cards are recognised at a point in time, i.e., when the transaction takes place.

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

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**2. Significant Accounting Policies (Cont'd)****2.10 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 rates prevailing on the date of transaction over the reporting period.

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

	<b>Currency pair</b>	<b>2022</b>	2021	2020
Euro	EUR/USD	<b>1.0659</b>	1.1320	1.2299
Mauritian Rupee	USD/MUR	<b>44.0400</b>	43.8001	39.5006
Great Britain Pound Sterling	GBP/USD	<b>1.2055</b>	1.3503	1.3607
South African Rand	USD/ZAR	<b>16.9814</b>	15.9239	14.6088

**2.11 Income taxes**

The tax credit/(expense) for the year comprises of current tax and deferred tax. 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.11 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

Special levy on banks was amended under the Finance Act 2018 and 2019 and is now governed under the VAT Act. Every bank shall in every year be liable to pay a special levy calculated at 5.5% where leviable income is less than or equal to Rs 1.2bn or at 4.5% where leviable income is greater than Rs 1.2bn. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT act.

#### Corporate Social responsibility

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.

The bank is liable to tax at the rate of 5% on the first Rs 1.5 bn of its chargeable income and at the rate of 15% above the Rs 1.5 bn.

However, the chargeable income exceeding Rs 1.5 bn up to the amount equivalent to chargeable income of the base year will be taxed at 15%. The remaining chargeable income is then taxed at 5%. As per Income tax Act, 'base year' refer to taxable profit of year of assessment 2017/18, that is, year ended 31 December 2017.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.12 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.

### 2.13 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).

### 2.14 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2. Significant Accounting Policies (Cont'd)

### 2.14 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 incidentals 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 varying from 4% to 5.5% 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 reasonably 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.



## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 2 Significant Accounting Policies (Cont'd)

### 2.14 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.

### 2.15 Intangible assets

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is four to six years. The estimated useful live for the intangible assets is as follow:

Software      16.67% - 20%

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 2 Significant Accounting Policies (Cont'd)

### 2.16 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).

### 2.17 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.

### 2.18 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.

### 2.19 Segment reporting

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

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 2 Significant Accounting Policies (Cont'd)

### 2.19 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 2022, 31 December 2021 and 31 December 2020, the transactions relating to segment A was not significant.

### 2.20 Guarantees

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

### 2.21 Off-balance sheet arrangements

In the normal course of business, the Bank enters into arrangements that, under IFRS, are not recognised on the statement of the financial position and do not affect the statement of 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 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*

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 2.19). 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 2022

### 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 24.

#### *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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 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**

By virtue of its strategic plan and initiatives set for 2023, 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 219% well above the regulatory limit of 100% as stated in Note 4.4. Similarly, the Bank has maintained its Capital adequacy ratio (CAR) at 38.82% well above the regulatory limit of 12.50% as stated in Note 5 for the financial year 2021.

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:

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>Financial assets</b>			
<i>At fair value through profit or loss:</i>			
Derivative financial assets	-	-	19,264
<i>At amortised cost:</i>			
Placements with an overseas bank	<b>1,870,955</b>	809,867	2,453,907
Cash and cash equivalents	<b>29,312,931</b>	32,618,232	53,540,855
Loans and advances	<b>22,125,685</b>	44,860,536	36,179,131
Other assets*	<b>6,948,088</b>	9,846,693	22,123,796
	<b>60,257,659</b>	88,135,328	114,316,953

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**4. Financial instrument risk (Cont'd)****Risk management objectives and policies (Cont'd)**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>Financial liabilities</b>			
<i>At fair value through profit or loss:</i>			
Derivative financial liabilities	-	16,514	17,623
<i>At amortised cost:</i>			
Deposits from customers	<b>50,711,372</b>	77,364,281	103,621,382
Other liabilities	<b>392,690</b>	368,445	540,824
Lease liabilities	<b>5,999</b>	101,067	155,306
	<b>51,110,061</b>	77,850,307	104,335,135

*\*Other assets considered as financial assets exclude prepayments.*

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, interest rate risk and price risks.

**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 price risks. 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.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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 Bank is not exposed to any price risk as at 31 December 2022, 31 December 2021 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 2022, 31 December 2021 and 31 December 2020.



**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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 2022	USD	EUR	CHF	MUR	GBP	CAD	MXN	JPY	NOK	ZAR	Total
	USD equivalent										
<b>Assets</b>											
Cash and cash equivalents	22,722,289	5,910,844	140,361	32,737	506,680	-	-	-	-	20	29,312,931
Placements with an overseas bank	-	1,870,955	-	-	-	-	-	-	-	-	1,870,955
Loans and advances	2,270,821	19,854,863	-	-	-	-	-	-	-	1	22,125,685
Other assets	3,895,456	3,051,909	-	723	-	-	-	-	-	-	6,948,088
<b>Total assets</b>	<b>28,888,566</b>	<b>30,688,571</b>	<b>140,361</b>	<b>38,869</b>	<b>506,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>60,257,659</b>
<b>Liabilities</b>											
Deposits from customers	19,504,482	30,562,025	140,334	-	504,531	-	-	-	-	-	50,711,372
Other liabilities	238,260	119,464	-	34,966	-	-	-	-	-	-	392,690
Lease liabilities	-	-	-	5,999	-	-	-	-	-	-	5,999
<b>Total liabilities</b>	<b>19,742,742</b>	<b>30,681,489</b>	<b>140,334</b>	<b>40,965</b>	<b>504,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,110,061</b>
<b>Net on-balance sheet position</b>	<b>9,145,824</b>	<b>7,082</b>	<b>27</b>	<b>(7,505)</b>	<b>2,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>9,147,598</b>

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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 2021	USD	EUR	CHF	MUR	GBP	CAD	MXN	JPY	NOK	ZAR	Total
	USD equivalent										
<b>Assets</b>											
Cash and cash equivalents	6,639,557	24,640,455	124,051	30,834	1,183,261	-	-	-	-	74	32,618,232
Placements with an overseas bank	-	-	-	-	809,867	-	-	-	-	-	809,867
Loans and advances	14,582,897	24,579,982	-	-	739,369	-	-	-	-	4,958,288	44,860,536
Other assets	5,356,278	4,482,380	-	8,035	-	-	-	-	-	-	9,846,693
<b>Total assets</b>	<b>26,578,732</b>	<b>53,702,817</b>	<b>124,051</b>	<b>38,869</b>	<b>2,732,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,958,362</b>	<b>88,135,328</b>
<b>Liabilities</b>											
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	16,514	16,514
Deposits from customers	20,861,740	53,646,251	123,825	-	2,732,436	-	-	-	-	29	77,364,281
Other liabilities	161,257	207,188	-	-	-	-	-	-	-	-	368,445
Lease liabilities	-	-	-	101,067	-	-	-	-	-	-	101,067
<b>Total liabilities</b>	<b>21,022,997</b>	<b>53,853,439</b>	<b>123,825</b>	<b>101,067</b>	<b>2,732,436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,543</b>	<b>77,850,307</b>
<b>Net on-balance sheet position</b>	<b>5,555,735</b>	<b>(150,622)</b>	<b>226</b>	<b>(62,198)</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,941,819</b>	<b>10,285,021</b>

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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	CAD	MXN	JPY	NOK	ZAR	Total
	USD equivalent										
<b>Assets</b>											
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	5,267,554	16,856,222	-	20	-	-	-	-	-	-	22,123,796
<b>Total assets</b>	<b>54,344,301</b>	<b>49,619,502</b>	<b>559,314</b>	<b>93,773</b>	<b>4,358,523</b>	<b>317</b>	<b>128</b>	<b>46</b>	<b>20</b>	<b>5,341,029</b>	<b>114,316,953</b>
<b>Liabilities</b>											
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
Other liabilities	221,919	251,473	-	67,432	-	-	-	-	-	-	540,824
Lease liabilities	-	-	-	155,306	-	-	-	-	-	-	155,306
<b>Total liabilities</b>	<b>32,796,828</b>	<b>66,362,678</b>	<b>505,644</b>	<b>222,738</b>	<b>4,429,624</b>	<b>-</b>	<b>1,524</b>	<b>-</b>	<b>-</b>	<b>16,099</b>	<b>104,335,135</b>
<b>Net on-balance sheet position</b>	<b>21,547,473</b>	<b>(16,743,176)</b>	<b>53,670</b>	<b>(128,965)</b>	<b>(71,101)</b>	<b>317</b>	<b>(1,396)</b>	<b>46</b>	<b>20</b>	<b>5,324,930</b>	<b>9,981,818</b>

# Notes to the financial statements

For the year ended 31 December 2022

## 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), Mauritian Rupee (MUR), Great Britain Pound Sterling (GBP) 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, MUR/USD, GBP/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 2022, 31 December 2021 and 31 December 2020:

	% Change		
	2022	2021	2020
EUR	<b>6%</b>	8%	10%
MUR	<b>1%</b>	11%	8%
GBP	<b>11%</b>	1%	4%
ZAR	<b>7%</b>	9%	4%

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.

# Notes to the financial statements

For the year ended 31 December 2022

## 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:

	2022		2021		2020	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	425	425	(12,050)	(12,050)	(1,688,952)	(1,688,952)
MUR	(75)	(75)	(6,842)	(6,842)	(10,708)	(10,708)
GBP	236	236	1	1	(2,844)	(2,844)
ZAR	1	1	444,764	444,764	212,997	212,997

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

	2022		2021		2020	
	Profit	Equity	Profit	Equity	Profit	Equity
	USD	USD	USD	USD	USD	USD
EUR	(425)	(425)	12,050	12,050	1,688,952	1,688,952
MUR	75	75	6,842	6,842	10,708	10,708
GBP	(236)	(236)	(1)	(1)	2,844	2,844
ZAR	(1)	(1)	(444,764)	(444,764)	(212,997)	(212,997)

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## Financial instrument risk (Cont'd)

### Risk management objectives and policies (Cont'd)

#### 4.1 Market risk analysis (Cont'd)

##### 4.1.3 Interest rate sensitivity

The Bank has interest bearing financial assets in the form of loans and advances and placements which are at fixed rates as well as floating rates and has interest bearing financial liabilities in the form of term deposits and borrowings which are also at fixed rates and floating rates. Hence, the Bank is exposed to interest rate risk on these financial assets and liabilities with floating rates.

	2022	2021	2020
	USD	USD	USD
Impact on Earnings	<b>313,221</b>	618,377	286,508

#### Interest sensitivity of assets and liabilities – repricing analysis

31 December 2022	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-interest bearing	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	<b>20,256,164</b>	-	-	-	-	-	<b>9,056,767</b>	<b>29,312,931</b>
Placements with an overseas bank	-	<b>1,336,399</b>	<b>534,556</b>	-	-	-	-	<b>1,870,955</b>
Loans and advances	<b>7,717,633</b>	<b>1,291,401</b>	<b>4,782,789</b>	<b>940,726</b>	<b>1,095,887</b>	<b>6,394,139</b>	-	<b>22,222,575</b>
Other assets	-	-	-	-	-	-	<b>6,966,410</b>	<b>6,966,410</b>
	<b>27,973,797</b>	<b>2,627,800</b>	<b>5,317,345</b>	<b>940,726</b>	<b>1,095,887</b>	<b>6,394,139</b>	<b>16,023,177</b>	<b>60,372,871</b>
Less allowance for credit impairment	-	-	-	-	-	-	<b>(115,210)</b>	<b>(115,210)</b>
<b>Total assets</b>	<b>27,973,797</b>	<b>2,627,800</b>	<b>5,317,345</b>	<b>940,726</b>	<b>1,095,887</b>	<b>6,394,139</b>	<b>15,907,967</b>	<b>60,257,661</b>
Deposits from customers	<b>1,159,941</b>	<b>2,292,653</b>	<b>4,491,466</b>	<b>671,517</b>	<b>1,111,122</b>	<b>698,616</b>	<b>40,286,057</b>	<b>50,711,372</b>
Lease liabilities	-	-	-	-	-	-	<b>5,999</b>	<b>5,999</b>
Other liabilities	-	-	-	-	-	-	<b>392,690</b>	<b>392,690</b>
<b>Total liabilities</b>	<b>1,159,941</b>	<b>2,292,653</b>	<b>4,491,466</b>	<b>671,517</b>	<b>1,111,122</b>	<b>698,616</b>	<b>40,684,746</b>	<b>51,110,061</b>
<b>Net on-balance sheet interest sensitivity gap</b>	<b>26,813,856</b>	<b>335,147</b>	<b>825,879</b>	<b>269,209</b>	<b>(15,235)</b>	<b>5,695,523</b>	<b>(24,776,778)</b>	<b>9,147,600</b>

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 4. Financial instrument risk (Cont'd)

### Risk management objectives and policies (Cont'd)

#### 4.1 Market risk analysis (Cont'd)

##### 4.1.3 Interest rate sensitivity (Cont'd)

#### Interest sensitivity of assets and liabilities – repricing analysis

31 December 2021	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-interest bearing USD	Total USD
Cash and cash equivalents	15,710,607	-	-	-	-	-	16,907,625	32,618,232
Placements with an overseas bank	-	809,867	-	-	-	-	-	809,867
Loans and advances	28,783,564	3,309,579	6,435,217	2,592,824	706,074	3,118,400	-	44,945,658
Other assets	-	-	-	-	-	-	9,869,527	9,869,527
	44,494,171	4,119,446	6,435,217	2,592,824	706,074	3,118,400	26,777,152	88,243,284
Less allowance for credit impairment	-	-	-	-	-	-	(107,956)	(107,956)
<b>Total assets</b>	44,494,171	4,119,446	6,435,217	2,592,824	706,074	3,118,400	26,669,196	88,135,328
Deposits from customers	-	805,596	4,356,223	-	-	3,113,424	69,089,038	77,364,281
Derivative financial liabilities	-	-	-	-	-	-	16,514	16,514
Other liabilities	-	-	-	-	-	-	368,445	368,445
Lease liabilities	-	-	-	-	-	-	101,067	101,067
<b>Total liabilities</b>	-	805,596	4,356,223	-	-	3,113,424	69,575,064	77,850,307
<b>Net on-balance sheet interest sensitivity gap</b>	44,494,171	3,313,850	2,078,994	2,592,824	706,074	4,976	(42,905,868)	10,285,021

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 4. Financial instrument risk (Cont'd)

### Risk management objectives and policies (Cont'd)

#### 4.1 Market risk analysis (Cont'd)

##### 4.1.3 Interest rate sensitivity (Cont'd)

#### Interest sensitivity of assets and liabilities – repricing analysis

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-interest bearing USD	Total USD
Cash and cash equivalents	44,958,062	-	-	-	-	-	8,582,793	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	10,775,019	1,797,790	4,816,088	5,947,233	7,216,859	5,646,768	-	36,199,757
Other assets	-	-	-	-	-	-	22,180,203	22,180,203
	55,733,081	2,681,838	4,816,088	6,707,381	8,026,570	5,646,768	30,782,260	114,393,986
Less allowance for credit impairment	-	-	-	-	-	-	(77,033)	(77,033)
<b>Total assets</b>	55,733,081	2,681,838	4,816,088	6,707,381	8,026,570	5,646,768	30,705,227	114,316,953
Deposits from customers	-	881,460	4,732,775	759,959	4,436,002	5,634,549	87,176,637	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
<b>Total liabilities</b>	130,135	1,176,952	4,894,123	789,163	4,533,576	5,634,549	87,176,637	104,335,135
<b>Net on-balance sheet interest sensitivity gap</b>	55,602,946	1,504,886	(78,035)	5,918,218	3,492,994	12,219	(56,471,410)	9,981,818



## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 4. Financial instrument risk (Cont'd)

### Risk management objectives and policies (Cont'd)

#### 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.

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 collateralised; and
- High risk – If the loan is not cash collateralised 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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)

- 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.

#### 4.2.2.1 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 in cases of debit balances;
- 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:

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

# Notes to the financial statements

For the year ended 31 December 2022

## 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:

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

#### 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 Bank has applied 1% for loan and advances as general provision for 31 December 2022 (2021: 1% and 2020: 1%).

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

Staging	Probability of Default		
	2022	2021	2020
Stage 1	12-month PD – 0.25% (related party) and 0.82% (non-related party) for Other Financial Assets and 1% for loan and advances.	12-month PD – 0.25% (related party) and 0.82% (non-related party) for Other Financial Assets and 1% for loan and advances.	12-month PD – 0.25% (related party) and 0.82% (non-related party) for Other Financial Assets and 1% for loan and advances.
Stage 2	1% Lifetime PD	1% Lifetime PD	1% Lifetime PD
Stage 3	100%	100%	100%

# Notes to the financial statements

For the year ended 31 December 2022

## 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 2022, some 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. Other Lombard loan were collateralised by portfolio of quoted and unquoted securities with low LTV or by personal guarantee. 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); (2021: 0.25% (related party) and 0.82% (non-related party); (2020: 0.25% (related party) and 0.82% (non-related party) for other financial assets. For loan and advances, the value is 1% (2021: 1% and 2020: 1%). 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.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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:

	2022			Total	2021	2020
	Stage 1	Stage 2	Stage 3		Total	Total
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL			
	USD	USD	USD	USD	USD	
<b>Loans and advances</b>						
<b>Credit Grade</b>						
Low risk	7,898,602	-	-	7,898,602	29,578,840	23,605,006
Medium risk	14,323,971	-	-	14,323,971	15,366,818	12,594,751
High risk	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>22,222,573</b>	-	-	<b>22,222,573</b>	44,945,658	36,199,757
Allowance for credit impairment (Note 10)	(96,888)	-	-	(96,888)	(85,122)	(20,626)
<b>Carrying amount</b>	<b>22,125,685</b>	-	-	<b>22,125,685</b>	44,860,536	36,179,131
<b>Other assets</b>						
<b>Credit Grade</b>						
Low risk	6,966,410	-	-	6,966,410	9,869,527	22,180,203
Medium risk	-	-	-	-	-	-
High risk	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>6,966,410</b>	-	-	<b>6,966,410</b>	9,869,527	22,180,203
Allowance for credit impairment (Note 12)	(18,322)	-	-	(18,322)	(22,834)	(56,407)
<b>Carrying amount</b>	<b>6,948,088</b>	-	-	<b>6,948,088</b>	9,846,693	22,123,796

No change in category for other assets

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 4. Financial instrument risk (Cont'd)

#### Risk management objectives and policies (Cont'd)

### 4.2 Credit risk analysis (Cont'd)

#### 4.2.4 Credit risk exposure

##### 4.2.4.1 Maximum exposure to credit risk – Financial instruments subject to impairment

The following tables explain the changes in the loss allowance in loans and advances and other assets between the beginning and the end of the year due to these factors: -

Loans	2022			Total
	Stage 1	Stage 2	Stage 3	
	12month	Lifetime	Lifetime	
	ECL performing	ECL Special mention	ECL impaired	
Balance at 1 January 2022	84,469		653	85,122
<b>Movement with P&amp;L impact</b>				-
Transfers:				
Transfer from Stage 3 to Stage 1	653		(653)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchases	24,134	-	-	24,134
Change in existing	(6,431)	-	-	(6,431)
<b>Other movements with no P&amp;L impact</b>				
Repayments/matured loans	(5,937)	-	-	(5,937)
Balance at 31 December	96,888	-	-	96,888

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

Loans	2022			Total
	Stage 1	Stage 2	Stage 3	
	12month	Lifetime	Lifetime	
	ECL performing	ECL Special mention	ECL impaired	
Gross carrying amount as at 1 January 2022	44,880,308	-	65,350	44,945,658
<b>Movement with P&amp;L impact</b>				
Transfers:				
Transfer from Stage 3 to Stage 1	65,350	-	(65,350)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchases	408,675	-	-	408,675
Change in existing	-	-	-	-
<b>FX and other movements</b>	(1,168,119)	-	-	(1,168,119)
Repayments/matured loans	(21,963,641)	-	-	(21,963,641)
Gross carrying amount as at 31 December 2022	22,222,573	-	-	22,222,573

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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)

#### 4.2.3.1 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.

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Construction	<b>1,204,597</b>	1,449,897	1,574,512
Wholesale and retail trade	<b>975,934</b>	1,247,249	561,537
Financial and business services	<b>17,300,422</b>	36,905,062	21,591,150
Personal	<b>2,741,620</b>	5,343,450	12,472,558
Total (Note 10(c))	<b>22,222,573</b>	44,945,658	36,199,757
Less allowance for credit impairment (Note 10(b))	<b>(96,888)</b>	(85,122)	(20,626)
<b>Net balance</b>	<b>22,125,685</b>	44,860,536	36,179,131

The breakdown for loans and advances categorised by domestic and international clients is set out in Note 10.

#### 4.2.3.2 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.

#### 4.2.3.3 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.



# Notes to the financial statements

For the year ended 31 December 2022

## 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 fulfil 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 2022, 37% of the risk weighted exposures were in "A" rated countries, 29% in "B" rated countries and the remaining 34% were with "C" and unrated countries (source from Moody's – Credit ratings). The highest exposures were in France (Aa2) represented by 37%. "B" rated countries comprised of Baa2 - Croatia 1% and Baa3 - Mauritius 28%.

#### 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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. The amounts disclosed for financial year 2022 are undiscounted.

31 December 2022	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
<b>Assets</b>								
Cash and cash equivalents	29,328,908	-	-	-	-	-	-	29,328,908
Placements with an overseas bank	-	1,338,779	538,765	-	-	-	-	1,877,544
Loans and advances	7,755,875	1,302,475	4,847,247	1,025,774	1,407,288	6,773,366	-	23,112,025
Other assets	3,071,041	382,502	-	-	3,200,000	-	312,867	6,966,410
	40,155,824	3,023,756	5,386,012	1,025,774	4,607,288	6,773,366	312,867	61,284,887
Less allowance for credit impairment	(42,281)	(736)	(2,401)	(2,655)	(8,000)	(56,613)	(2,524)	(115,210)
<b>Total assets</b>	<b>40,113,543</b>	<b>3,023,020</b>	<b>5,383,611</b>	<b>1,023,119</b>	<b>4,599,288</b>	<b>6,716,753</b>	<b>310,343</b>	<b>61,169,677</b>
<b>Liabilities</b>								
Deposits from customers	41,447,459	2,311,681	4,500,796	672,316	1,145,301	730,858	-	50,808,411
Lease liabilities	2,419	3,626	-	-	-	-	-	6,045
Other liabilities	163,806	21,270	207,614	-	-	-	-	392,690
<b>Total liabilities</b>	<b>41,613,684</b>	<b>2,336,577</b>	<b>4,708,410</b>	<b>672,316</b>	<b>1,145,301</b>	<b>730,858</b>	<b>-</b>	<b>51,207,146</b>
<b>Net on-balance sheet liquidity gap</b>	<b>(1,500,141)</b>	<b>686,443</b>	<b>675,201</b>	<b>350,803</b>	<b>3,453,987</b>	<b>5,985,895</b>	<b>310,343</b>	<b>9,962,531</b>

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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:

<b>31 December 2021</b>	<b>Up to 1 month USD</b>	<b>1-3 months USD</b>	<b>3-6 months USD</b>	<b>6-12 months USD</b>	<b>1-3 years USD</b>	<b>Over 3 years USD</b>	<b>Non-Maturity items USD</b>	<b>Total USD</b>
<b>Assets</b>								
Cash and cash equivalents	32,618,232	-	-	-	-	-	-	32,618,232
Placements with an overseas bank	-	815,795	-	-	-	-	-	815,795
Loans and advances	5,656,419	2,263,015	6,001,313	21,251,303	2,018,909	9,252,430	-	46,443,389
Other assets	4,501,028	1,352,745	-	-	3,706,341	-	309,413	9,869,527
	42,775,679	4,431,555	6,001,313	21,251,303	5,725,250	9,252,430	309,413	89,746,943
Less allowance for credit impairment	(11,267)	(5,540)	(5,936)	(8,081)	(21,087)	(56,045)	-	(107,956)
<b>Total assets</b>	<b>42,764,412</b>	<b>4,426,015</b>	<b>5,995,377</b>	<b>21,243,222</b>	<b>5,704,163</b>	<b>9,196,385</b>	<b>309,413</b>	<b>89,638,987</b>
<b>Liabilities</b>								
Deposits from customers	44,372,654	3,343,717	4,392,707	22,254,326	84,829	3,218,252	-	77,666,485
Derivative financial liabilities	16,514	-	-	-	-	-	-	16,514
Other liabilities	207,188	161,257	-	-	-	-	-	368,445
Lease liabilities	5,891	11,781	17,672	31,810	37,749	-	-	104,903
<b>Total liabilities</b>	<b>44,602,247</b>	<b>3,516,755</b>	<b>4,410,379</b>	<b>22,286,136</b>	<b>122,578</b>	<b>3,218,252</b>	<b>-</b>	<b>78,156,347</b>
<b>Net on-balance sheet liquidity gap</b>	<b>(1,837,835)</b>	<b>909,260</b>	<b>1,584,998</b>	<b>(1,042,914)</b>	<b>5,581,585</b>	<b>5,978,133</b>	<b>309,413</b>	<b>11,482,640</b>

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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
<b>Assets</b>								
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	16,900,692	194,656	-	1,068,628	3,706,341	-	309,886	22,180,203
	75,724,808	2,566,290	4,816,088	8,424,441	16,905,705	5,646,768	309,886	114,393,986
Less allowance for credit impairment	(45,222)	-	-	(5,760)	(25,896)	(155)	-	(77,033)
<b>Total assets</b>	<b>75,679,586</b>	<b>2,566,290</b>	<b>4,816,088</b>	<b>8,418,681</b>	<b>16,879,809</b>	<b>5,646,613</b>	<b>309,886</b>	<b>114,316,953</b>
<b>Liabilities</b>								
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
<b>Total liabilities</b>	<b>83,020,902</b>	<b>1,668,892</b>	<b>4,961,524</b>	<b>3,039,789</b>	<b>6,009,479</b>	<b>5,634,549</b>	<b>-</b>	<b>104,335,135</b>
<b>Net on-balance sheet liquidity gap</b>	<b>(7,341,316)</b>	<b>897,398</b>	<b>(145,436)</b>	<b>5,378,892</b>	<b>10,870,330</b>	<b>12,064</b>	<b>309,886</b>	<b>9,981,818</b>

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

## 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:

	<b>2022</b>	2021	2020
	<b>TOTAL WEIGHTED</b>	TOTAL WEIGHTED	TOTAL WEIGHTED
	<b>VALUE (quarterly average of</b>	VALUE (quarterly	VALUE (quarterly
	<b>bi-monthly</b>	average of monthly	average of monthly
	<b>observation)</b>	observation)	observation)
	<b>USD</b>	USD	USD
<b>HIGH-QUALITY LIQUID ASSETS</b>			
Total high-quality liquid assets (HQLA)	<b>1,826,499</b>	4,517,271	4,837,850
<b>CASH OUTFLOW</b>			
Retail deposits and deposits from small business customers, of which:			
Stable deposits	-	-	-
Less stable deposits	<b>900,156</b>	1,675,565	2,306,460
Term deposit with residual maturity greater than 30 days	-	-	-
Unsecured wholesale funding, of which:			
Operational deposits (all counterparties)	<b>2,436,081</b>	5,148,510	5,776,567
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	-	-	-
<b>TOTAL CASH OUTFLOWS</b>	<b>3,336,237</b>	<b>6,824,075</b>	<b>8,083,027</b>

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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)

	<b>2022</b>	2021	2020
	<b>TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observation) USD</b>	TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD	TOTAL WEIGHTED VALUE (quarterly average of monthly observation) USD
<b>CASH INFLOWS</b>			
Other cash inflows:	<b>11,105,306</b>	3,763,829	24,912,351
<b>TOTAL CASH INFLOWS</b>	<b>11,105,306</b>	3,763,829	24,912,351
	<b>TOTAL ADJUSTED VALUES 2022</b>	TOTAL ADJUSTED VALUES 2021	TOTAL ADJUSTED VALUES 2020
TOTAL HQLA	<b>1,826,499</b>	4,517,271	4,837,850
TOTAL NET CASH OUTFLOWS	<b>834,059</b>	3,320,319	2,020,757
LIQUIDITY COVERAGE RATIO (%)	<b>219%</b>	136%	239%

During the years ended 31 December 2022, 31 December 2021 and 31 December 2020, 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 2022.

## 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.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 4.6 Interest Rate Benchmark Reform

#### *a) overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank has exposure to certain IBORs on its financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

The Bank established a project management team to manage its transition to alternative rates. The objectives of the project management team include evaluating the extent to which loans advanced, loan commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The project management team reports to the Risk Management Committee quarterly and collaborates with other business functions as needed.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the project management team has established amended terms to the contracts which included replacement of the IBOR rate with an alternative benchmark rate.

As at 31 December 2021, the IBOR reform in respect of currencies to which the Bank has exposure has been largely completed.

#### *b) Non-derivative financial assets and loan commitments*

During 2020 and 2021, the Bank had the following principal IBOR exposures in respect of non-derivative financial assets and loan commitments subject to the reform:

- floating-rate loans and advances to customers: Euribor throughout its operations, GBP LIBOR primarily at Bank of England and USD LIBOR at Federal Reserve Bank;
- loan commitments indexed to Euribor, GBP LIBOR and USD LIBOR held throughout its operations; and

As at 31 December 2021, the Bank amended existing contracts indexed to IBOR to incorporate new benchmark rates for contracts originally indexed to GBP LIBOR and SONIA.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 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 12.50%, a Common Equity Tier 1 (CET1) CAR plus a Conservation Buffer of at least 10.5% and a Tier 1 CAR of at least 10% as per Basel III for the financial year 2022.

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 2022.
    - a. 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.



**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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 2022, 31 December 2021 and 31 December 2020 respectively. During the years ended 31 December 2022, 31 December 2021 and 31 December 2020, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	<b>2022</b>	2021	2020
	<b>Audited</b>	Audited	Audited
	<b>USD</b>	USD	USD
<b>Tier 1 Capital</b>			
<b>Common Equity Tier 1 Capital: instruments and reserves</b>			
Paid up share capital	<b>13,200,000</b>	13,200,000	13,200,000
Retained earnings	<b>87,506</b>	584,064	905,129
Accumulated other comprehensive income and other disclosed reserves (excluding revaluation surpluses on land and building assets)	<b>2,092,389</b>	2,092,389	2,092,389
<b>Common equity Tier 1 Capital before regulatory adjustments</b>	<b>15,379,895</b>	15,876,453	16,197,518
Common equity Tier 1 Capital: regulatory adjustments	<b>(1,092,119)</b>	(260,560)	(452,685)
<b>Total regulatory adjustments to Common equity Tier 1 Capital</b>	<b>(1,092,119)</b>	(260,560)	(452,685)
<b>Common equity Tier 1 Capital</b>	<b>14,287,776</b>	15,615,893	15,744,833
<b>Additional Tier 1 capital:</b>	-	-	-
<b>Tier 1 Capital</b>	<b>14,287,776</b>	15,615,893	15,744,833
<b>Tier 2 Capital</b>			
<b>Tier 2 Capital: instruments and provisions</b>			
Provisions and loan loss reserves	<b>115,210</b>	107,956	77,033
<b>Tier 2 Capital before regulatory adjustments</b>	<b>115,210</b>	107,956	77,033
Tier 2 Capital: regulatory adjustments	-	-	-
<b>Tier 2 Capital</b>	<b>115,210</b>	107,956	77,033
<b>Total Regulatory Capital (USD)</b>	<b>14,402,986</b>	15,723,849	15,821,866
<b>Risk Weighted Assets (USD) (Note 5(i))</b>	<b>37,098,814</b>	45,323,480	63,825,972
<b>Common Equity Tier 1 Capital Adequacy Ratio (%)</b>	<b>38.51%</b>	34.45%	24.67%
<b>Tier 1 Capital Adequacy Ratio (%)</b>	<b>38.51%</b>	34.45%	24.67%
<b>Capital Adequacy Ratio (%)</b>	<b>38.82%</b>	34.69%	24.79%
(i) The Risk Weighted Assets are made up of the following: -			
- Total on-balance sheet risk-weighted credit exposures	<b>32,307,087</b>	36,515,635	51,422,925
- Risk weighted assets for operational risk	<b>4,782,445</b>	8,741,828	10,940,406
- Aggregate net open foreign exchange position	<b>9,282</b>	66,017	1,462,641
<b>Total Risk Weighted Assets</b>	<b>37,098,814</b>	45,323,480	63,825,972

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 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 2022	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative financial assets	-	-	-	-
<b>Liabilities</b>				
Derivative financial liabilities	-	-	-	-
<hr/>				
31 December 2021	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative financial assets	-	-	-	-
<b>Liabilities</b>				
Derivative financial liabilities	-	16,514	-	16,514
<hr/>				
31 December 2020	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative financial assets	-	19,264	-	19,264
<b>Liabilities</b>				
Derivative financial liabilities	-	17,623	-	17,623

#### Measurement of fair value – Level 2

##### *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 estimations of forward currency rates as determined based on interest rates.

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**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 and deferred tax assets and non-financial liabilities consist of deferred tax liabilities and retirement benefit obligations. 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**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Cash in hand	<b>261</b>	635	712
Cash with banks in Mauritius	<b>2,126,116</b>	5,282,648	3,403,055
Cash with foreign banks	<b>6,930,390</b>	26,659,948	29,104,878
Placements (Note 7(i))	<b>20,256,164</b>	675,001	21,032,210
<b>Total</b>	<b>29,312,931</b>	32,618,232	53,540,855

- (i) The placements represent short term fixed deposits having an original maturity period less than three months.

## Warwyck Private Bank Ltd

## Notes to the financial statements

For the year ended 31 December 2022

## 8(a). 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
<b>Cost</b>							
<b>At 1 January 2020</b>	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)	-
<b>At 31 December 2020</b>	4,952,033	375,501	669,688	405,758	822,648	-	7,225,628
Additions	6,014	-	61,800	-	1,516	-	69,330
Disposals	-	(56,132)	-	-	-	-	(56,132)
<b>At 31 December 2021</b>	4,958,047	319,369	731,488	405,758	824,164	-	7,238,826
Additions	-	-	<b>148,568</b>	<b>1,969</b>	<b>844</b>	-	<b>151,381</b>
<b>At 31 December 2022</b>	<b>4,958,047</b>	<b>319,369</b>	<b>880,056</b>	<b>407,727</b>	<b>825,008</b>	-	<b>7,390,207</b>
<b>Depreciation</b>							
<b>At 1 January 2020</b>	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
<b>At 31 December 2020</b>	204,835	114,395	497,839	302,004	657,484	-	1,776,557
Charge for the year	45,783	46,688	73,444	69,841	134,302	-	370,058
Disposals	-	(15,717)	-	-	-	-	(15,717)
<b>At 31 December 2021</b>	250,618	145,366	571,283	371,845	791,786	-	2,130,898
Charge for the year	<b>45,854</b>	<b>44,051</b>	<b>89,111</b>	<b>27,771</b>	<b>31,433</b>	-	<b>238,220</b>
<b>At 31 December 2022</b>	<b>296,472</b>	<b>189,417</b>	<b>660,394</b>	<b>399,616</b>	<b>823,219</b>	-	<b>2,369,118</b>
<b>Net book values</b>							
<b>At 31 December 2022</b>	<b>4,661,575</b>	<b>129,952</b>	<b>219,662</b>	<b>8,111</b>	<b>1,789</b>	-	<b>5,021,089</b>
At 31 December 2021	4,707,429	174,003	160,205	33,913	32,378	-	5,107,928
At 31 December 2020	4,747,198	261,106	171,849	103,754	165,164	-	5,449,071

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**8(b). Right of use assets**

	2022	2021	2020
<b>Right of use assets (Buildings)</b>	<b>USD</b>	USD	USD
<b>Cost</b>			
At 01 January	184,661	177,744	23,773
Additions	-	6,917	177,744
Write - off	(32,539)	-	-
Disposals	-	-	(23,773)
<b>At 31 December</b>	<b>152,122</b>	184,661	177,744
<b>Depreciation</b>			
At 01 January	86,563	23,855	19,018
Charge for the year	92,534	62,708	28,610
Write - off	(32,539)	-	-
Disposals	-	-	(23,773)
<b>At 31 December</b>	<b>146,558</b>	86,563	23,855
<b>Net book values</b>			
At 31 December	5,564	98,098	153,889

**8(c). Lease liabilities**

	2022	2021	2020
<b>Lease liabilities (Buildings)</b>	<b>USD</b>	USD	USD
At 01 January	101,067	155,306	4,853
Additions	-	6,917	177,744
Interest expense	3,050	5,997	3,695
Cancellation	(34,586)	-	-
Lease payments	(63,532)	(67,153)	(30,986)
<b>At 31 December</b>	<b>5,999</b>	101,067	155,306
<b>Non-current</b>	-	37,077	97,574
<b>Current</b>	<b>5,999</b>	63,990	57,732

**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
<b>31 December 2022</b>			
Property leases with payments linked to inflation	1	100%	300
	1	100%	300
<b>31 December 2021</b>			
Property lease with payments linked to inflation	3	100%	5,053
	3	100%	5,053

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**8(c). Lease liabilities (Cont'd)**
**Variable lease payments**

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

**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**

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. An additional lease was contracted in July 2021 for the Bank's DR Site for a period of 1 year. The current lease contract for the CEO's residence was terminated in November 2022.

**9. Intangible assets**

	Softwares USD	Work in progress USD	Total USD
<b>Cost</b>			
<b>At 01 January 2020</b>	1,639,091	-	1,639,091
Additions	99,762	-	99,762
<b>At 31 December 2020</b>	1,738,853	-	1,738,853
Additions	-	-	-
<b>At 31 December 2021</b>	1,738,853	-	1,738,853
Additions	<b>945,111</b>	-	945,111
<b>At 31 December 2022</b>	<b>2,683,964</b>	-	<b>2,683,964</b>
<b>Amortisation</b>			
<b>At 01 January 2020</b>	1,233,322	-	1,233,322
Charge for the year	205,539	-	205,539
<b>At 31 December 2020</b>	1,438,861	-	1,438,861
Charge for the year	209,385	-	209,385
<b>At 31 December 2021</b>	1,648,246	-	1,648,246
Charge for the year	<b>135,755</b>	-	135,755
<b>At 31 December 2022</b>	<b>1,784,001</b>	-	<b>1,784,001</b>
<b>Net book values</b>			
<b>At 31 December 2022</b>	<b>899,963</b>	-	<b>899,963</b>
At 31 December 2021	90,607	-	90,607
At 31 December 2020	299,992	-	299,992

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 10. Loans and advances

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Entities outside Mauritius	<b>16,026,122</b>	21,997,475	30,045,556
Entities in Mauritius – Global business companies	<b>6,196,451</b>	22,948,183	6,154,201
	<b>22,222,573</b>	44,945,658	36,199,757
Less allowance for credit impairment (Note 10(b)):			
Entities outside Mauritius	<b>(73,019)</b>	(85,045)	(20,494)
Entities in Mauritius – Global business companies	<b>(23,869)</b>	(77)	(132)
<b>Net balance</b>	<b>22,125,685</b>	44,860,536	36,179,131

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>(a) Remaining term to maturity:</b>			
Up to 6 months	<b>13,791,821</b>	13,787,652	11,567,671
Over 6 months and up to 12 months	<b>940,726</b>	21,014,939	6,595,665
Over 1 and up to 3 years	<b>1,095,887</b>	1,434,862	12,389,653
Over 3 and up to 5 years	<b>3,041,525</b>	3,424,447	3,612,977
Over 5 years	<b>3,352,614</b>	5,283,758	2,033,791
	<b>22,222,573</b>	44,945,658	36,199,757
Less allowance for credit impairment (Note 10(b))	<b>(96,888)</b>	(85,122)	(20,626)
<b>Net balance</b>	<b>22,125,685</b>	44,860,536	36,179,131

- (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 of quoted and unquoted securities, except for temporary overdrafts.

### (b) Allowance for credit impairment

	<b>Allowance for credit impairment</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
At 01 January	<b>85,122</b>	20,626	791
Allowance for credit impairment for the year	<b>11,766</b>	64,496	19,835
<b>At 31 December</b>	<b>96,888</b>	85,122	20,626

### (c) Allowance for credit impairment by industry sectors

	<b>Gross amount of loans and advances</b>			<b>Allowance for credit impairment</b>		
	<b>2022</b>	2021	2020	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD	<b>USD</b>	USD	USD
Construction	<b>1,204,597</b>	1,449,897	1,574,512	-	32	34
Wholesale and retail trade	<b>975,934</b>	1,247,249	561,537	<b>9,571</b>	12,475	5,589
Financial and Business Services	<b>17,300,422</b>	36,905,062	21,591,150	<b>61,056</b>	41,247	14,059
Personal	<b>2,741,620</b>	5,343,450	12,472,558	<b>26,261</b>	31,368	944
	<b>22,222,573</b>	44,945,658	36,199,757	<b>96,888</b>	85,122	20,626

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**10. Loans and advances (Cont'd)****(d) 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% (2021: 0.25% and 2020: 0.25%) for related parties and 0.82% (2021: 0.82% and 2020: 0.82%) 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.

**(e) 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 2022, no allowance for credit impairment was made for stage 3. (2021: USD 653 for stage 3 and no loans and advances were considered to be non-performing as at 31 December 2020, thus no specific provision was provided).

**11. Placements with an overseas bank**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Placements	<b>1,870,955</b>	809,867	2,453,907
<b>Remaining term to maturity</b>			
- Within 3 months	<b>1,336,399</b>	809,867	884,048
- Over 3 and up to 6 months	<b>534,556</b>	-	-
- Over 6 months	-	-	1,569,859
	<b>1,870,955</b>	809,867	2,453,907



**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 12. Other assets

	2022 USD	2021 USD	2020 USD
Other receivables	618,365	733,688	695,360
Cash Reserve Requirements*	28,904	-	-
Deposit Margin	-	-	1,792,458
Receivables from related parties (Note 12(i))	2,957,798	4,245,000	14,917,416
Due from the shareholder (Note 12(ii))	3,361,343	4,888,208	4,774,969
<b>Gross financial assets</b>	<b>6,966,410</b>	<b>9,866,896</b>	<b>22,180,203</b>
Allowance for credit impairment	(18,322)	(22,834)	(56,407)
<b>Net financial assets</b>	<b>6,948,088</b>	<b>9,844,062</b>	<b>22,123,796</b>
Other receivables	-	2,631	-
Prepayments	126,356	122,399	151,001
<b>Non-financial assets</b>	<b>126,356</b>	<b>125,030</b>	<b>151,001</b>
<b>Total</b>	<b>7,074,444</b>	<b>9,969,092</b>	<b>22,274,797</b>

\* Balances to be maintained with Central Bank as cash reserve requirement

During the financial year 2020, the Bank has recognised a set-up fee income of USD 547,946.

- (i) The receivables from the related parties are interest free, unsecured and receivable on demand. As at 31 December 2022, the allowance for credit impairment amounted to USD 7,395 (2021: USD 10,613 and 2020: USD 37,293).
- (ii) The amount due from the shareholder relates mainly to the consideration arising on the sale of the Bank's subsidiaries. As at 31 December 2022, the allowance for credit impairment amounted to USD 8,403 (2021: USD 12,221 and 2020: USD 11,937).

	2022 USD	2021 USD	2020 USD
At 01 January	4,888,208	4,774,969	4,083,418
Recharged during the year	28,626	113,239	1,842,762
Payment received during the year	(1,555,491)	-	(1,151,211)
At 31 December	3,361,343	4,888,208	4,774,969
Allowance for credit impairment	(8,403)	(12,221)	(11,937)
Net balance	3,352,940	4,875,987	4,763,032

- (iii) As at 31 December 2022, the allowance for credit impairment for other receivables amounted to USD 2,524 (2021 and 2020: Nil)
- (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.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**12. Other assets (Cont'd)**

- (v) The Directors have carried out an impairment assessment of the receivables from Warwyck Investments and Warwyck Investment Holdings Ltd. The Directors considers that the credit risk of the receivables from related parties and the amount due from shareholder have not increased significantly since initial recognition. As part of the impairment assessment, the Directors have relied on a letter of comfort provided by the main shareholder which confirms the financial support and assistance to ensure that Warwyck Investments and Warwyck Investment Holdings Ltd meet their obligations towards the Bank.

**13. Deposits from customers**

	2022	2021	2020
	USD	USD	USD
<b>Retail customers:</b>			
Current accounts	<b>8,341,005</b>	17,080,692	22,642,504
Time deposits with remaining term to maturity:			
- Up to 3 months	<b>1,770,754</b>	-	-
- Over 3 months and up to 6 months	<b>389,571</b>	-	-
- Over 6 months and up to 12 months	-	-	759,960
- Over 1 year and up to 5 years	<b>456,624</b>	483,776	4,028,912
- Over 5 years	-	1,197,617	1,321,341
<b>Corporate customers:</b>			
Current accounts	<b>34,085,051</b>	52,008,346	64,534,133
Time deposits with remaining term to maturity:			
- Up to 3 months	<b>213,359</b>	805,596	881,460
- Over 3 months and up to 6 months	<b>4,101,896</b>	4,356,223	4,732,775
- Over 6 months and up to 12 months	-	-	-
- Over 1 year and up to 5 years	<b>1,246,136</b>	808,848	4,024,066
- Over 5 years	<b>106,976</b>	623,183	696,231
	<b>50,711,372</b>	77,364,281	103,621,382

**14. Other liabilities**

	2022	2021	2020
	USD	USD	USD
Other accruals	<b>228,800</b>	161,257	200,825
Other liabilities	<b>163,890</b>	207,188	339,999
	<b>392,690</b>	368,445	540,824

\*Other liabilities consist mainly of prepaid cards.

**15. Derivative financial instruments**

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

	2022	2021	2020
	USD	USD	USD
Swap contracts	-	-	19,264
<b>Derivative financial assets</b>	<b>-</b>	<b>-</b>	<b>19,264</b>
Swap contracts	-	16,514	17,623
<b>Derivative financial liabilities</b>	<b>-</b>	<b>16,514</b>	<b>17,623</b>

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# Notes to the financial statements

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**16. Stated capital**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b><i>Authorised, issued and fully paid-up ordinary shares of no-par value:</i></b>			
At 31 December	<b>13,200,000</b>	13,200,000	13,200,000
<b><i>Issued and not yet paid ordinary shares of no-par value:</i></b>			
At 31 December	-	-	-
	<b>13,200,000</b>	13,200,000	13,200,000

Each ordinary share has one voting right, right to dividend and right to surplus of assets in a winding up.

<b>Reconciliation of number of shares</b>	<b>2022</b>	2021	2020
	<b>No. of shares</b>	No. of shares	No. of shares
At 01 January	<b>13,200,000</b>	13,200,000	11,700,000
Issue of new ordinary shares	-	-	1,500,000
Bonus issue of ordinary shares	-	-	-
	<b>13,200,000</b>	13,200,000	13,200,000

<b>Reconciliation of stated capital</b>	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
At 01 January	<b>13,200,000</b>	13,200,000	11,700,000
Capital injection (Note 16(ii))	-	-	1,500,000
	<b>13,200,000</b>	13,200,000	13,200,000

- (i) As per Section 102 of the Banking Act 2004, the Bank shall maintain an amount paid as stated capital of not less than MUR 400 million as from June 2019. The Bank is in compliance with the required stated capital at 31 December 2022.
- (ii) During FY 2020, the Bank has issued additional shares of 1,500,000 by injection of capital.

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**17. 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 in the year where the Bank reports a profit, until the balance in that reserve account is equal to the Bank's paid-up capital. This reserve is not distributable.

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
At 01 January	<b>2,092,389</b>	2,092,389	2,092,389
Transfer from retained earnings for the year	-	-	-
At 31 December	<b>2,092,389</b>	2,092,389	2,092,389

**18. Personnel expenses**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Salaries	<b>946,940</b>	830,535	1,223,807
Compulsory social security contributions	<b>62,652</b>	64,829	44,297
Pension	<b>137,689</b>	140,268	146,426
Other personnel expenses	<b>39,209</b>	29,144	122,361
	<b>1,186,490</b>	1,064,776	1,536,891
Number of employees	<b>33</b>	37	37

**19. Other expenses**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Legal and professional fees	<b>170,644</b>	116,462	178,419
Licence fees	<b>251,464</b>	338,646	380,349
General administration expenses	<b>20,752</b>	21,818	38,064
Utilities	<b>173,803</b>	181,426	203,608
Travel expenses	<b>55,054</b>	46,243	29,389
Bank charges	<b>182,306</b>	80,910	67,959
Stationeries	<b>5,362</b>	9,127	10,780
Swift expenses	<b>48,531</b>	50,180	45,448
Repairs and maintenance	<b>141,314</b>	170,029	207,169
Directors' fees	<b>180,763</b>	184,000	195,323
Business promotion and marketing expenses	<b>1,720</b>	1,739	4,109
Loss on disposal of property, plant and equipment	-	9,771	-
Others	<b>33,792</b>	38,563	45,715
	<b>1,265,505</b>	1,248,914	1,406,332

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**20. Taxation**
**(a) Income tax**

The applicable tax rate in the Republic of Mauritius is 5% for the Bank for the year ended 31 December 2022. Foreign tax credit cannot be claimed on foreign source income which has been subject to tax at the rate of 5%.

As at 31 December 2022, the Bank has a current tax asset of USD 8,775 (2021: USD 7,800 and 2020: USD 13,938).

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) 1.7 per cent on book profit and 0.5 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**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>Profit or loss:</b>			
Movement in deferred taxation (Note 20(b)(ii))	<b>22,032</b>	17,264	187,887
Income tax credit	<b>22,032</b>	17,264	187,887
<b>Other comprehensive income:</b>			
Deferred tax on remeasurements of post-employment benefit obligations	<b>171</b>	(4)	112

**(ii) Statement of financial position**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
<b>Current tax (assets)/liabilities</b>			
At 01 January	<b>(7,800)</b>	(13,938)	(6,138)
Tax paid during the year	-	-	-
Tax refunded during the year	<b>7,800</b>	13,938	-
TDS claimed	<b>(8,775)</b>	(7,800)	(7,800)
Special levy	-	-	-
At 31 December	<b>(8,775)</b>	(7,800)	(13,938)

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For the year ended 31 December 2022

**20. Taxation (Cont'd)****(a) Income tax (Cont'd)****(iii) Income tax reconciliation**

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Loss before tax	<b>(515,346)</b>	(338,408)	(785,094)
Tax at 5%	<b>(25,767)</b>	(16,920)	(39,255)
Non-allowable items	<b>27,733</b>	36,601	45,646
Exempt income	<b>(4,419)</b>	(5,464)	(52,022)
Capital allowance	<b>(41,294)</b>	(19,614)	(28,032)
Deferred taxation (Note 20(b)(ii))	<b>(22,032)</b>	(17,264)	(187,887)
Tax losses cumulated	<b>43,747</b>	5,397	73,663
Income tax credit	<b>(22,032)</b>	(17,264)	(187,887)

**(b) Deferred Taxation**

Deferred income tax is calculated on all temporary differences under the liability method at 5% (2021: 5% and 2020: 5%).

- (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:

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Deferred tax assets	<b>239,329</b>	199,158	194,882
Deferred tax liabilities	<b>(47,173)</b>	(29,205)	(42,189)
<b>Net deferred income tax assets</b>	<b>192,156</b>	169,953	152,693

At the end of the reporting period, the Bank had unused tax losses of USD 4,643,741 (2021: USD 3,768,810 and 2020: USD 3,660,430) available for offset against future profits. A deferred tax asset of USD 232,187 (2021: USD 188,441 and 2020: USD 183,021) has been recognised in respect of such losses. The tax losses expire on a rolling basis over 5 years.

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# Notes to the financial statements

For the year ended 31 December 2022

**20. Taxation (Cont'd)**
**(b) Deferred Taxation (Cont'd)**

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
At 01 January	<b>(169,953)</b>	(152,693)	35,306
(Credited)/charged to profit or loss (Note 20(a)(i))	<b>(22,032)</b>	(17,264)	(187,887)
Charged/(Credited) to other comprehensive income	<b>(171)</b>	4	(112)
<b>At 31 December</b>	<b>(192,156)</b>	(169,953)	(152,693)

(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:

<b>Deferred tax liabilities</b>	<b>Accelerated tax depreciation</b>	<b>Right of use of assets</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
At 01 January, 2020	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
Credited to profit or loss	(10,195)	(2,789)	(12,984)
At 31 December, 2021	24,300	4,905	29,205
Credited to profit or loss	22,595	(4,627)	17,968
<b>At 31 December 2022</b>	<b>46,895</b>	<b>278</b>	<b>47,173</b>

<b>Deferred tax assets</b>	<b>Impairment losses</b>	<b>Tax losses</b>	<b>Retirement benefit obligations</b>	<b>Lease liabilities</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
At 01 January, 2020	-	(66,948)	-	-	(66,948)
Credited to profit or loss	(3,852)	(116,073)	(132)	(7,765)	(127,822)
Charged to profit or loss	-	-	(112)	-	(112)
At 31 December, 2020	(3,852)	(183,021)	(244)	(7,765)	(194,882)
(Credited)/ Charged to profit or loss	(1,544)	(5,420)	(28)	2,712	(4,280)
Charged to other comprehensive income	-	-	4	-	4
At 31 December, 2021	(5,396)	(188,441)	(268)	(5,053)	(199,158)
(Credited)/ Charged to profit or loss	(365)	(43,746)	(642)	4,753	(40,000)
Charged to other comprehensive income	-	-	(171)	-	(171)
<b>At 31 December 2022</b>	<b>(5,761)</b>	<b>(232,187)</b>	<b>(1,081)</b>	<b>(300)</b>	<b>(239,329)</b>

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**21. Net interest income**

	2022	2021	2020
	USD	USD	USD
<b>Interest income</b>			
Loans and advances	<b>1,016,938</b>	910,524	470,814
Investment securities	-	-	317,499
Placement and others	<b>140,288</b>	27,295	114,211
	<b>1,157,226</b>	937,819	902,524
<b>Interest expense</b>			
Deposits from customers	<b>(50,984)</b>	(92,696)	(139,114)
Lease liabilities	<b>(3,050)</b>	(5,997)	(3,695)
Cash at Bank (Note21(i))	<b>(25,049)</b>	(21,358)	(29,478)
	<b>(79,083)</b>	(120,051)	(172,287)
<b>Net interest income</b>	<b>1,078,143</b>	817,768	730,237

- (i) Interest expense on cash at bank represents the interest paid on nostro accounts which is mainly on EUR denominated currency and debit interest on USD, GBP and CHF nostro accounts.

**22. Net fee and commission income**

	2022	2021	2020
	USD	USD	USD
<b>Fee and commission income</b>			
Account service fees	<b>396,149</b>	494,982	682,143
Advisory fees	<b>192,285</b>	304,304	443,701
Set up fees	-	-	547,946
Commission on card	<b>47,477</b>	56,775	43,904
Other fees	<b>191,272</b>	564,503	128,357
	<b>827,183</b>	1,420,564	1,846,051
<b>Fee and commission expense</b>			
Administration fee expense	<b>(42,029)</b>	(72,465)	(65,102)
Retrocession	<b>(19,436)</b>	(15,197)	(187,062)
Card expenses	<b>(306,615)</b>	(206,650)	(207,043)
	<b>(368,080)</b>	(294,312)	(459,207)
<b>Net fee and commission income</b>	<b>459,103</b>	1,126,252	1,386,844

**23. Other income**

	2022	2021	2020
	USD	USD	USD
Cost recharged to related companies (Note 26)	<b>687,700</b>	800,700	800,700
Other income	<b>1,308</b>	-	-
<b>Total</b>	<b>689,008</b>	800,700	800,700

- (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 such as compliance review, preparation of accounts IT support and internal audit. During 2022, the SLA for one related party was amended.



**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**24. Retirement Benefit Obligations**

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD

**Amount recognised in the statement of financial position**

- Other post-retirement benefits (Note 24(a)(i))	<b>21,606</b>	5,353	4,884
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	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD

**Analysed as follows:**

- Current liabilities	-	-	-
- Non-current liabilities	<b>21,606</b>	5,353	4,884
<b>Total</b>	<b>21,606</b>	5,353	4,884

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD

**Amount charged to profit or loss**

- Other post-retirement benefits (Note 24(a)(iv))	<b>12,838</b>	552	2,643
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	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD

**Amount charged to other comprehensive income**

- Other post-retirement benefits (Note 24(a)(v))	<b>3,415</b>	(83)	2,241
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**(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:

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Present value of unfunded defined benefit obligations	<b>21,606</b>	5,353	4,884

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
At January 01	<b>5,353</b>	4,884	-
Charged to profit or loss	<b>731</b>	1,033	2,643
Past service cost	<b>12,136</b>	-	-
Effect of foreign exchange translation	<b>(29)</b>	(481)	-
Charged to other comprehensive income	<b>3,415</b>	(83)	2,241
<b>At December 31</b>	<b>21,606</b>	5,353	4,884

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**24. Retirement Benefit Obligations (Cont'd)**
**(a) Other post-retirement benefits (Cont'd)**

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
At January 01	<b>5,353</b>	4,884	-
Current service cost	<b>502</b>	896	263
Interest Expense	<b>229</b>	137	227
Effect of foreign exchange translation	<b>(29)</b>	(481)	-
Past service cost	<b>12,136</b>	-	2,153
<b>Remeasurements:</b>			
Actuarial (gain) / loss arising from:			
Experience adjustments	<b>5,172</b>	(1,113)	(1,801)
Changes in assumptions	<b>(1,757)</b>	1,030	4,042
<b>At December 31</b>	<b>21,606</b>	5,353	4,884

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Current service cost	<b>502</b>	896	263
Net interest cost	<b>229</b>	137	227
Effect of foreign exchange translation	<b>(29)</b>	(481)	-
Past service cost	<b>12,136</b>	-	2,153
<b>Total</b>	<b>12,838</b>	552	2,643

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Remeasurement on the net defined benefit liability	-	-	-
Liability experience gain	<b>5,172</b>	(1,113)	(1,801)
Actuarial losses arising from changes in assumptions	<b>(1,757)</b>	1,030	4,042
<b>Total</b>	<b>3,415</b>	(83)	2,241

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Discount rate	<b>6.90%</b>	4.30%	3.10%
Future salary increases	<b>5.00%</b>	3.00%	2.00%
<b>Average retirement age (ARA)</b>	<b>65</b>	65	65

**Warwyck Private Bank Ltd****Notes to the financial statements**

For the year ended 31 December 2022

**24. Retirement Benefit Obligations (Cont'd)****(a) Other post-retirement benefits (Cont'd)**

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
- Increase due to 1% decrease in discount rate	<b>21,328</b>	16,689	15,773
- Decrease due to 1% increase in discount rate	<b>11,527</b>	3,672	3,686
- Increase due to 1% increase in future long-term salary assumption	<b>21,532</b>	16,753	15,793
- Decrease due to 1% decrease in future long-term salary assumption	<b>11,684</b>	3,681	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.

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

## 25. Notes to the statement of cash flows

### (a) Non-cash transactions

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Acquisition of right of use assets	-	6,917	177,744
Acquisition of software	<b>945,111</b>	-	-
Set-off of receivable	<b>(945,111)</b>	-	-
	<b>-</b>	<b>6,917</b>	<b>177,744</b>

### (b) Reconciliation of liabilities arising from financing activities

	2021	Cash flows	Non-Cash changes		2022
			Acquisition	Foreign exchange movement/ Cancellation	
	USD	USD	USD	USD	USD
Lease liabilities	101,067	(63,532)	-	(31,536)	5,999
Total liabilities from financing activities	101,067	(63,532)	-	(31,536)	5,999

	2020	Cash flows	Non-Cash changes		2021
			Acquisition	Foreign exchange movement	
	USD	USD	USD	USD	USD
Lease liabilities	155,306	(65,511)	6,917	4,355	101,067
Total liabilities from financing activities	155,306	(65,511)	6,917	4,355	101,067

	2019	Recognised on adoption of IFRS 16	Cash flows	Non-Cash changes		2020
				Foreign exchange movement		
	USD	USD	USD	USD	USD	USD
Lease liabilities	4,853	(29,044)	177,744	1,753	155,306	155,306
Total liabilities from financing activities	4,853	(29,044)	177,744	1,753	155,306	155,306

### (c) Cash and cash equivalents

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

	<b>2022</b>	2021	2020
	<b>USD</b>	USD	USD
Cash in hand and at banks (Note 7)	<b>29,312,931</b>	32,618,232	53,540,855
<b>Cash and cash equivalents</b>	<b>29,312,931</b>	<b>32,618,232</b>	<b>53,540,855</b>

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 2022

### 26. Related party transactions

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

	2022 USD	2021 USD	2020 USD
<b>Loans and advances (Note 26(iv))</b>			
Directors and key management personnel	-	928,185	729,824
Entities holding at least 10% interest in the Bank	-	851,873	838,497
Related parties with common shareholders /promoters	<b>12,451,436</b>	31,062,737	20,862,086
	<b>12,451,436</b>	32,842,795	22,430,407
<b>Deposits from customers</b>			
Directors and key management personnel	<b>2,689,840</b>	1,075,368	2,685,520
Parent	<b>322,035</b>	413,438	1,811,307
Entities holding at least 10% interest in the Bank	<b>1,220,826</b>	6,079,349	3,513,150
Related parties with common shareholders /promoters	<b>17,631,559</b>	45,288,785	52,021,691
	<b>21,864,260</b>	52,856,940	60,031,668
<b>Other assets (Note 26(v))</b>			
Parent	<b>3,352,940</b>	4,875,987	4,763,032
Related parties with common shareholders /promoters	<b>2,950,403</b>	4,234,387	16,193,435
	<b>6,303,343</b>	9,110,374	20,956,467
<b>Interest income</b>			
Directors and key management personnel	<b>4,249</b>	15,111	8,661
Entities holding at least 10% interest in the Bank	<b>5,178</b>	23,238	19,505
Related parties with common shareholders /promoters	<b>776,202</b>	538,398	193,944
	<b>785,629</b>	576,747	222,110
<b>Interest expense</b>			
Directors and key management personnel	<b>625</b>	-	-
Entities holding at least 10% interest in the Bank	<b>5,973</b>	23,107	23,044
Related parties with common shareholders /promoters	<b>21,577</b>	19,061	57,247
	<b>28,175</b>	42,168	80,291
<b>Management fees and other income</b>			
Directors and key management personnel	<b>11,226</b>	16,438	19,464
Parent	<b>1,766</b>	6,781	11,166
Entities holding at least 10% interest in the Bank	<b>16,657</b>	15,654	7,525
Related parties with common shareholders /promoters	<b>480,920</b>	1,021,338	960,044
	<b>510,569</b>	1,060,211	998,199
<b>Salaries and emoluments (short-term benefits)</b>			
Directors and key management personnel	<b>619,528</b>	501,534	639,702
<b>Termination benefit</b>			
Directors and key management personnel	-	-	59,340
<b>Costs recharged</b>			
Related parties with common shareholders /promoters	<b>687,700</b>	800,700	800,700
<b>Software Purchase (Note 26(vi))</b>			
Parent	<b>945,111</b>	-	-
<b>Receivable set-off (Note 26(vi))</b>			
Parent	<b>(945,111)</b>	-	-

**Warwyck Private Bank Ltd**

# Notes to the financial statements

For the year ended 31 December 2022

**26. Related party transactions (Cont'd)**

- (i) The loans and advances are secured by either cash or portfolio collaterals (consisting of quoted and unquoted shares), 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) As at 31 December 2022, the Bank has recorded an impairment of loans and receivables amounting to USD 46,375 (2021: USD 35,939 and 2020: USD 64,164) relating to amounts owed by related parties.
- (v) The net impairment loss on related party loans and receivables for the year ended 31 December 2022 amounted to USD 10,346 (2021: Gain USD 28,225 and 2020: Loss USD 55,420).
- (vi) USD 945,111 relating to purchase of software from Warwyck Investment Holdings Ltd was set off against receivables from Warwyck Investment Holdings Ltd in year ended 31 December 2022.

**27. Guarantees**

At 31 December 2022, 2021 and 2020, the Bank had no bank guarantees in favour of third parties.

**28. Litigations**

The Bank has one ongoing litigation as at 31 December 2022, for which the outcome is not known to date. Thus, no provision was made to the accounts.

## Warwyck Private Bank Ltd

# Notes to the financial statements

For the year ended 31 December 2022

### 29. Derivative financial instruments

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

<b>As at 31 December 2022</b>				
<b>Type of instruments</b>	<b>EUR</b>	<b>MXN</b>	<b>USD</b>	<b>ZAR</b>
Swap with clients	-	-	-	-
Swap with foreign banks	-	-	-	-

<b>As at 31 December 2021</b>				
Type of instruments	EUR	MXN	USD	ZAR
Swap with clients	-	-	-	-
Swap with foreign banks	-	-	(4,945,506)	79,000,000

<b>As at 31 December 2020</b>				
Type of instruments	EUR	MXN	USD	ZAR
Swap with clients	-	-	-	-
Swap with foreign banks	(13,000,000)	(13,498,551)	-	75,377,100

- (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 2022

### 30. Segmental information

The Bank operates mainly in segment B activity. The proportion of Segment A operations in relation to its total operations (Segment A and Segment B) was not significant:

	Interest income			Deposits			Loans and advances			Interest expense		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Segment A	-	-	-	489,474	623,099	2,238,092	-	-	-	-	-	-
Segment B	<b>1,157,226</b>	937,819	902,524	<b>50,221,898</b>	76,741,182	103,383,290	<b>22,125,685</b>	44,860,536	36,179,131	<b>79,083</b>	120,051	172,287
Total (Segment A and B)	<b>1,157,226</b>	937,819	902,524	<b>50,711,372</b>	77,364,281	103,621,382	<b>22,125,685</b>	44,860,536	36,179,131	<b>79,083</b>	120,051	172,287
% of total	<b>0%</b>	0%	0%	<b>0.97%</b>	0.81%	2.16%	<b>0%</b>	0%	0%	<b>0%</b>	0%	0%

### 31. Holding company

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

### 32. Event after reporting date

Following the recent crash of Credit Suisse Group, Signature Bank and Silicon Valley Bank, the Bank is not impacted since it does not have any relationship with them or any entities related to them.

There have been no other material events after the end of the reporting date which would require disclosures of adjustments to the financial statements for the year ended 31 December 2022.



## Warwyck Private Bank Ltd

### Management Discussion and Analysis

#### Financial Review

#### Key Financial Indicators

	<b>Year ended 31 December 2022 USD</b>	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD	<b>Change %</b>
<b><u>Key financial highlights</u></b>				
Interest income	<b>1,157,226</b>	937,819	902,524	24%
Interest expense	<b>79,083</b>	120,051	172,287	-34%
Net interest income	<b>1,078,143</b>	817,768	730,237	32%
Net commission and other income	<b>1,148,111</b>	1,926,952	2,187,544	-40%
Total income	<b>2,673,417</b>	3,159,083	3,549,275	-15%
Non-interest expenses	<b>2,741,600</b>	3,083,128	3,702,875	-11%
Total expenses	<b>3,188,763</b>	3,497,491	4,334,369	-9%
(Loss)/profit for the year	<b>(493,314)</b>	(321,144)	(597,207)	-256%
Total assets	<b>66,511,562</b>	93,732,113	120,537,537	-29%
Stated capital and reserves	<b>15,379,895</b>	15,876,453	16,197,518	-3%
Total loans and advances	<b>22,125,685</b>	44,860,536	36,179,131	-51%
Total deposits	<b>50,711,372</b>	77,364,281	103,621,382	-34%
Total liabilities	<b>51,131,667</b>	77,855,660	104,340,019	-34%
Total regulatory capital	<b>14,402,986</b>	15,723,849	15,821,866	-8%
Total interest earnings assets	<b>53,309,571</b>	78,288,635	92,173,181	-32%
Average total assets	<b>73,485,894</b>	97,193,409	131,844,120	-24%
Average total interest earnings assets	<b>59,250,498</b>	74,679,485	97,062,343	-21%
Allowance for credit impairment	<b>(96,888)</b>	(85,122)	(20,626)	
<b><u>Ratios</u></b>				
Operating expenses/Total income	<b>77.6%</b>	70.2%	72.5%	
Return on equity	<b>(3.2%)</b>	(2.0%)	(3.7%)	
Return on total assets	<b>(0.7%)</b>	(0.3%)	(0.5%)	
Return on average assets	<b>(0.7%)</b>	(0.3%)	(0.5%)	
Loans/Deposits ratio	<b>43.6%</b>	58.0%	34.9%	
(Loss)/earnings per share	<b>(0.04)</b>	(0.02)	(0.05)	
Net interest income to average total assets	<b>1.5%</b>	0.8%	0.6%	
Net interest income to average total interest earnings assets	<b>1.8%</b>	1.1%	0.8%	
Productivity ratio	<b>119.3%</b>	110.7%	122.1%	
Credit impairment over total loans	<b>(0.4%)</b>	(0.2%)	(0.1%)	

The Bank reported a loss of USD 497k for the year ended 31 December 2022 compared to a loss of USD 321k for 2021. The loss is mainly attributable to lower income received during the year as compared to the expenses incurred.

The income comprised mainly of interest income, fees and commission and other income whereas expenses comprised mainly of interest expenses, personnel expenses, licenses and permits and depreciation and amortisation.

## Warwyck Private Bank Ltd

### Management Discussion and Analysis (Cont'd)

#### Financial Review (Cont'd)

##### Net Interest Income

Interest income earned stood at USD 1.16m for the year ended 31 December 2022. This represents an increase of USD 219k as compared to the same period in 2021. Interest income on loan stood at USD 380k, declining by USD 80k compared to same period last year and is attributable to lower loan portfolio as at 31 December 2022 (USD 19.33m) as compared to 31 December 2021 (USD 25.88m). Conversely, interest received on overdrafts, which stood at USD 637k as at 31 December 2022, witnessed an increase of USD 186k compared to December 2021 and is mainly due to increase in interest rates compared to last year. Other interest income witnessed an increase of USD 113k as compared to same period last year due to significant increase in interest rate from 0.05% to 4.72% for USD placements & new EUR placements at interest rate of 0.98% to 2.17%.

The total interest expense for the twelve months ended 31 December 2022 stood at USD 79k compared to USD 120k for same period in 2021. It comprised of interest paid on fixed deposits (December 2022: USD 51k and December 2021: USD 93k), negative interest bearing nostro accounts (December 2022: USD 25k and December 2021: USD 21k) and lease interest (December 2022: USD 3k and December 2021: USD 6k). This is mainly due to lower fixed deposit portfolio as compared to the previous year.

Thus, the net interest income stood at USD 1.08m for the twelve months period ended 31 December 2022 as compared to USD 818k for the same period last year.

##### Net Fees and Commission Income

Fees and commission income stood at USD 827k for the year ended 31 December 2022, representing a decline of USD 593k compared to same period in 2021 which stood at USD 1.42m. This decrease is mainly due to lower net commission income of USD 361k received on structured products as compared to last year (Net FX Option December 2022: USD 130k vs December 2021: USD 491k). Additionally, advisory fees and account service fees also witnessed a fall during the reporting period, both resulting from a lower clients' portfolio value. For the year ended 31 December 2022, advisory fees stood at USD 192k (December 2021: USD 304k) and account service fees stood at USD 396k (December 2021: USD 495k). Other fee income amounted to USD 108k for the twelve months ended 31 December 2022 and was lower than the same period last year which stood at USD 130k. This is mainly due to lower card and other fee income received during the reporting period.

Fees and commission expense stood at USD 368k for the year ended 31 December 2022 and witnessed an increase of USD 74k as compared to same period last year. Fees and commission expense comprises of card expenses of USD 307k (inclusive of USD 75k for new credit card project in FY 2022 (December 2021 – USD 207k), administration fees expense of USD 42k (December 2021 – USD 72k) and retrocession fees of USD 19k (December 2021 – USD 15k).

As a result, the net commission income for the year ended 31 December 2022 amounted to USD 459k against a net commission income of USD 1.13m for the same period last year. For the year period ended 31 December 2022, FX option income was USD 1.22m and FX option charge was USD 1.09m compared to USD 4.45m as income and USD 3.95m as expense respectively for same period last year.

##### Operating Expense

Operating expense stood at USD 2.74m for the year ended 31 December 2022 representing a decrease of USD 342k (11.1%) against 2021. Non-interest expenses include mainly: personnel expenses of USD 1.19m (USD 122k more than 2021), depreciation and amortisation of USD 434k (USD 208k less than 2021), FX gain of USD 152k (compared to forex loss USD 96k in 2021) and Other Expenses USD 1.27m (USD 17k less than 2021). The main components of other expenses are Licence fees of USD 252k (USD 87k less than 2021), legal and professional fees of USD 351k (USD 51k more than 2021), Utilities of USD 174k (USD 8k less than 2021), repairs and maintenance of USD 141k (USD 29k less than 2021) and Bank charges of USD 182k (USD 101k more than 2021).

## **Warwyck Private Bank Ltd**

### **Management Discussion and Analysis (Cont'd)**

#### **Financial Review (Cont'd)**

##### **Assets**

Total assets amounted to USD 66.51m as at 31 December 2022 which represents a decrease of 29.0% as compared to USD 93.73m as at 31 December 2021. Total assets consist mainly of cash at bank of USD 29.31m, placements with overseas bank of USD 1.87m, loans and advances of USD 22.13m, fixed assets and intangible assets of USD 5.93m, and other assets of USD 7.07m.

The major variances in total assets were explained mainly by a decrease in cash and cash equivalent of USD 3.31m (10.1%) as compared to same period last year, higher placement with overseas bank of USD 1.87m (131.0%), a fall in other assets by USD 2.88m (29.0%) and coupled with a decrease in loan and advances of USD 22.73m (50.7%).

##### **Loans and advances**

Total loans and advances stood at USD 22.13m as at 31 December 2022 compared to USD 44.86m as at 31 December 2021 representing a decrease of USD 22.73m (50.7%). The loans to deposit ratio decreased from 57.99% as at 31 December 2021 to 43.63% as at 31 December 2022. This downfall is explained by a drop in overdraft during the reporting year which is also coupled with repayment of a few loans.

##### **Liabilities**

The Bank's liabilities amounted to USD 51.13m as at 31 December 2022, out of which USD 50.71m were clients' deposits, Lease liabilities stood at USD 6k and other liabilities were USD 392k. It represented a decrease of 34.3% as compared to total liabilities of USD 77.86m as at 31 December 2021.

##### **Deposits**

Deposits from customers amounting to USD 50.71m, decreased by USD 26.65m during the year under review as compared to USD 77.36m as at 31 December 2021. This comprised of current accounts of USD 42.43m (out of which USD 2.14m is blocked for loan/overdraft collaterals and credit cards) and fixed deposits of USD 8.29m held mainly as collaterals for loans.

##### **Shareholder's Equity**

Shareholder's funds decreased from USD 15.88m as at 31 December 2021 to USD 15.38m as at 31 December 2022. The Statutory Reserves stood at USD 2.09m and Retained Earnings was USD 88k.

##### **Capital Adequacy Ratio**

The capital adequacy ratio was well above the required minimum limit of 12.5% and stood at 38.82% as at 31 December 2022 compared to 34.69% in 2021 (2020: 24.79%). As from 1st January 2021 the minimum required limit rose to 12.5%.

##### **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 2022.

The breakdown for loans and advances categorised by domestic and international clients is set out in Note 10.

##### **Risk management policies and controls**

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

## **Warwyck Private Bank Ltd**

### **Management Discussion and Analysis (Cont'd)**

#### **Financial Review (Cont'd)**

##### **Concentration of risk policy**

Credit concentration risk is disclosed in Note 4 to these financial statements as per the Guideline on Credit Concentration. The four most significant exposures of the Bank represent 63% 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 page 36 of the annual report and are as per Guideline on Related Party Transactions. The five related parties with the highest exposures of Tier 1 Capital are 70%.

##### **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 43 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 2022, the Bank had a capital base of USD 14.40 based on the audited figures and the Bank's capital adequacy ratio stood at 38.82% (Dec 2021: 34.69% and Dec 2020: 24.79%).

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 2022, 31 December 2021 and 31 December 2020.