Standard Bank

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Standard Bank (Mauritius) Limited

ANNUAL REPORT 2020

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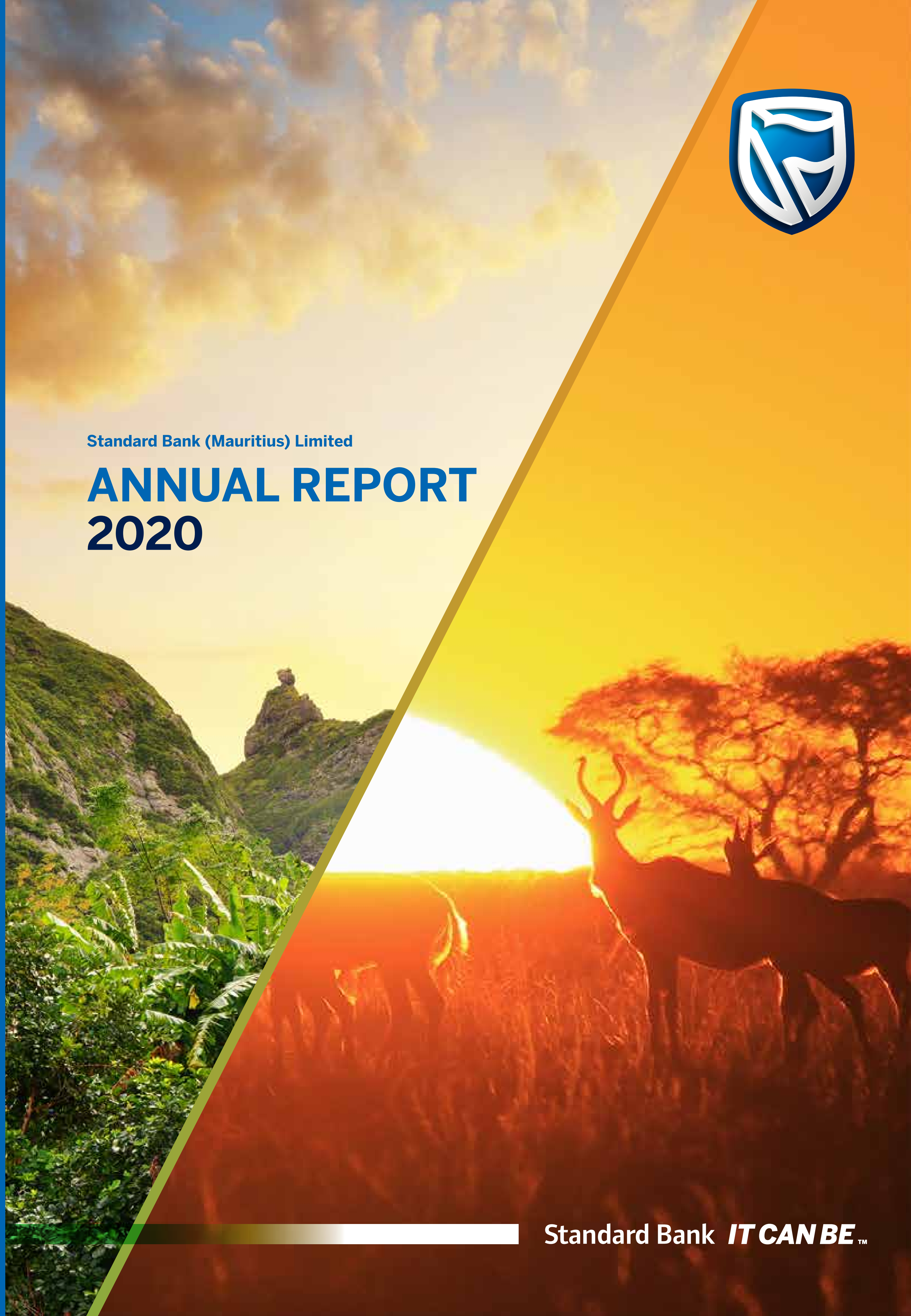
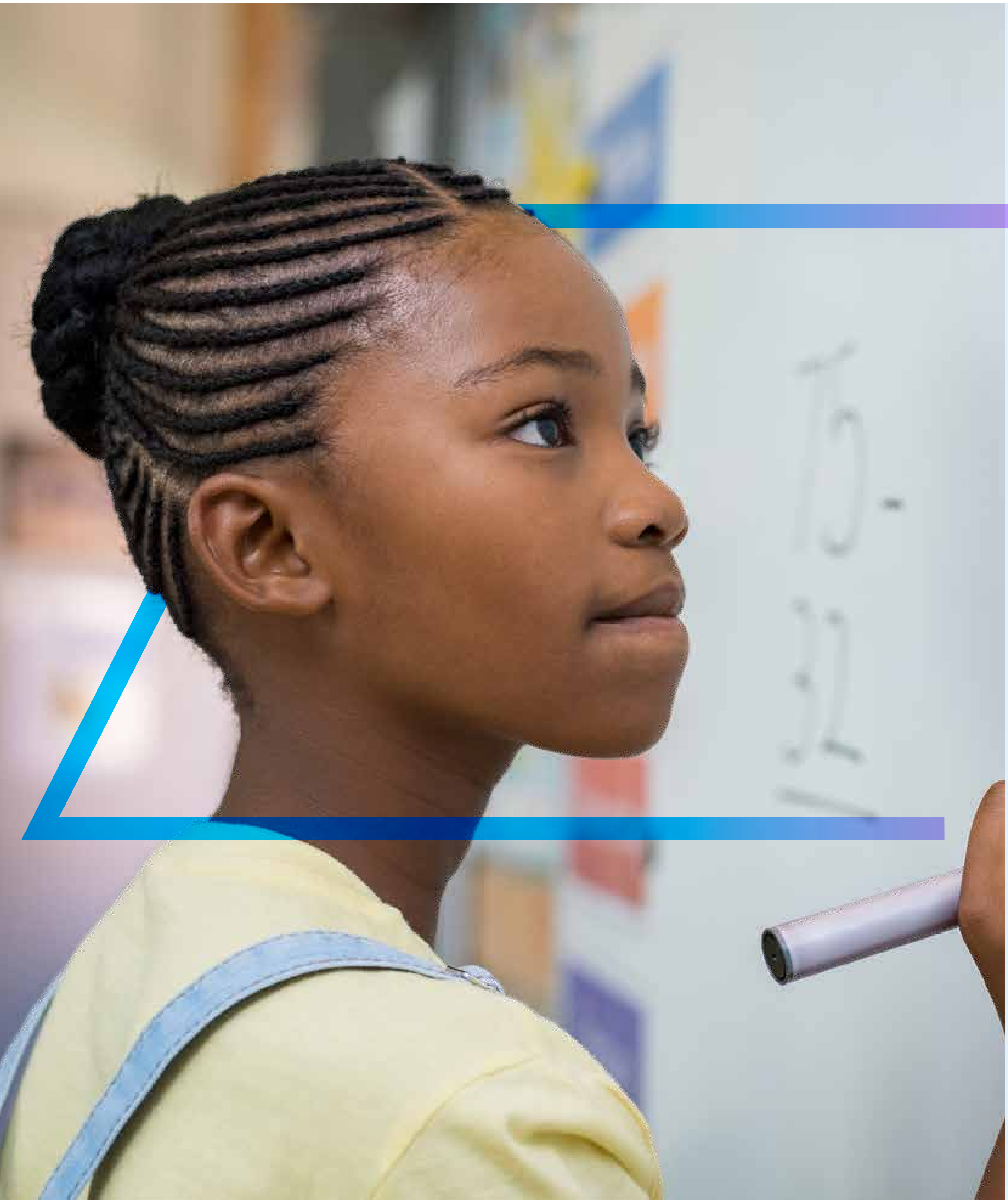


Standard Bank IT CAN BE™



Contents

About this report

Reporting boundary

This report evaluates the financial and non-financial performance of Standard Bank (Mauritius) Limited (the "Bank") during the financial year ended 31 December 2020. It highlights the trends and challenges facing our business (p. 10), our long-term strategy (p. 8); and the risks we face (p. 30). It also assesses the performance of our business lines over the year (p. 16-17).

It includes material information up to the date of board approval on 17 March 2021.

The financial information complies with the standards set out in the Mauritius Companies Act 2001 and has been prepared on an International Financial Reporting Standards (IFRS) basis, unless otherwise specified.
Any restatements of comparable information are noted.

Forward-looking statements

This report contains a number of projections relating to Standard Bank's strategy, the future demand for our products and services and the operating environment in which we operate. Our actual results may differ materially from these forecasts. The Bank has no plan to update any forward-looking statements periodically. Readers are therefore advised not to place undue reliance on this information.


BUSINESS
REVIEW
Standard Bank IT CAN BE™

About Standard Bank Mauritius

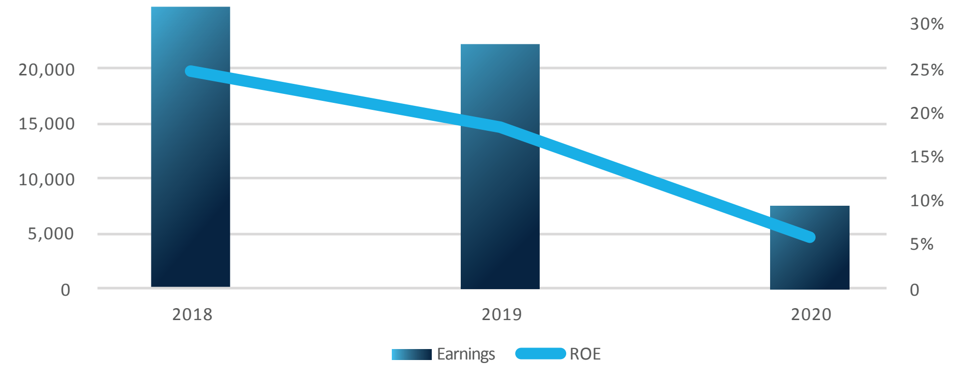
The Bank, a wholly owned subsidiary of Standard Bank Group, distinguishes itself from the fiercely competitive banking landscape in Mauritius by focusing on global corporations with operations across the African continent, as well as African corporations that operate on the continent and offshore.

Our footprint across 20 countries in Africa, combined with our expertise of the Mauritian jurisdiction and extensive global network, puts us in the unique position to support corporations in their ambitious African strategies. The extensive knowledge we have of our markets, gained through our on-the-ground presence, and our deep understanding of our clients' businesses allows us to continuously assess and define opportunity, country, sector and client risk. This enables us to respond quickly and appropriately to changes in our operating context. We remain focused on key sectors where we have a deep sector-specific knowledge and expertise, while sufficiently diversified across geographies and markets to reduce our exposure to risk and show resilience in the face of an ever-changing operating environment.

Financial Highlights

	Dec-20 USD'000	Dec-19 USD'000	Dec-18 USD'000
Earnings attributable to shareholder	**7,481**	22,254	25,573
Statement of Financial Position			
Gross Loans to Customers	**206,349**	235,128	232,248
Total Assets	**1,750,166**	1,446,356	1,587,170
Total Deposits	**1,604,722**	1,299,500	1,422,348
Shareholder's Funds	**129,750**	127,857	115,791
Common Equity Tier 1 / Tier 1 Capital before regulatory adjustment	**112,980**	109,241	97,524
Risk weighted assets	**350,753**	422,285	380,950
Performance Ratios (%)			
Return on average total assets	**0.5%**	1.5%	1.8%
Return on average equity	**5.8%**	18.3%	24.7%
Return on average Tier I Capital	**6.7%**	21.5%	30.3%
Cost to Income Ratio	**48.3%**	39.7%	39.4%
Non interest income to total income	**34.6%**	30.8%	39.5%
Loan to Deposit Ratio	**13.7%**	19.8%	16.0%
Capital Adequacy Ratio			
Common Equity Tier 1 / Tier 1 Capital Ratio	**32.2%**	25.9%	24.1%
Capital to risk weighted assets	**33.0%**	26.1%	25.0%
Asset Quality			
Non-performing loans (NPL)	**22,442**	21,909	812
NPL Ratio (%)	**9.3%**	9.3%	0.4%
Allowance for loan impairment losses	**18,331**	8,479	4,286
Credit loss ratio (CLR)	**3.8%**	1.9%	1.0%
Number of employees	**127**	134	136

Earnings attributable to shareholder



Non-Financial Performance

KPI

Return of Equity	Cost to income	PAT	Deposits	Diversity Score	No. of hours training delivered
5.8%	48.3%	USD 7.5m	USD 1.6bn	46%	1,426

Our new brand positioning

IT CAN BE™

In 2020, Standard Bank Mauritius unveiled a refreshed slogan with our new brand promise being 'Finding New Ways to Make Dreams Possible' with our new brand slogan being 'It Can Be'.

These reinforced the Bank's strategic positioning as the ideal partner for clients wishing to establish or expand a presence in Africa from Mauritius. They are intended to communicate our confidence in Africa's future and the possibilities that exist on the continent, while also showcasing Standard Bank's client-centric and inventive solutions. 'It Can Be' reflects Standard Bank's efforts to put our clients at the centre of everything we do, invest in new digital capabilities and new skills for our employees and find new ways to make our client's dreams possible.

Sponsorships

Sponsorships are an opportunity to support causes and organisations that Standard Bank believes in and that align with our values. They also provide us with a platform through which to engage with our stakeholders. They are essential to building our brand and creating relevance in the markets in which we operate.

Given the exceptional context in 2020, with the Covid-19 pandemic having resulted in many events being cancelled or postponed, Standard Bank Mauritius sponsored a single event last year. The Bank was the title sponsor of the Royal Raid Special Edition 2020, which took place in November 2020. The Standard Bank Royal Raid was the first trail ever to be organised in Mauritius and remains one of the most popular trail-running events on the island. It epitomises all the qualities that Standard Bank stands for: hard work, dedication, endurance and the desire to succeed.

Michele Ah See
Acting Chief Executive

Duncan Westcott
Chairman

Chairman's and Acting Chief Executive's Message

The Board of the Standard Bank (Mauritius) Limited is pleased to present its eighteenth Annual Report for the year ended 31 December 2020.

Dear Shareholder,

It gives us great pleasure on behalf of the Board of Directors to present Standard Bank (Mauritius) Limited's Annual Report for the financial year ended 31 December 2020.

Covid–19

Similar to the rest of the world, Mauritius had to go through strict lockdown, whereby the economic life of the country came to a standstill. Governments across the world have implemented a variety of fiscal measures to minimise business impact, preventing retrenchments, expanding social assistance, injecting equity into businesses. The Bank of Mauritius and the Mauritian Government undertook swift action to help contain the pandemic and limit the damage on the Mauritian economy by introducing several monetary and fiscal measures.

We are very pleased and commend Management on the way the Bank quickly reacted to the challenges that Covid-19 brought along. As the country went into lockdown on 20th March 2020, the Bank reacted swiftly to enable Work from Home (WFH) arrangements, with the main objective to keep the workforce safe while ensuring client service was not impacted. Within a week, a 100% WFH workforce was enabled with amended processes to ensure continuous management of risks. A crisis committee was set up and met daily online to stay connected with each other and support our employees and clients during this difficult time. Our staff remained resilient and were able to ensure seamless continuity of service to our clients remotely, with no incidents to report.

Our overall performance

The events unfolding in 2020 were unprecedented in that Covid-19 impacted the whole world which triggered a worsening of the global economic environment. The effects of which are expected to linger over the next few years before any expectations of a full recovery. With a view to counter the slowdown in their economies, most countries embarked on a reduction of their benchmark rates, with almost all rates for the major currencies converging towards zero. This turn of events as well as the slowdown in business activity has undermined our financial objectives assumptions and led our financial performance to underperform against the goals set. Our operating income witnessed a decrease across all revenue lines primarily due to the impact of the declining interest rate environment and margin contraction. Our Balance Sheet, however, remained strong with our deposit base not impacted by these unforeseen circumstances which has led to an outperformance of 6.1% against our deposit targets. As a result of the prevailing economic conditions, one of our existing non-performing asset indicated further signs of distress and required that we adopt a prudent approach to credit risk by increasing the level of credit impairment charges by USD8.5m. This along with the difficult operating environment has adversely impacted our financial performance, with profit after tax closing at USD7.5m (-66.4% against prior year).

Transforming our organisation for long-term growth

Our strategy of driving Africa's growth remains unchanged. However, to win in this digital age, we recognise the need to have a deep understanding of our customers, otherwise we risk losing the attention of our customers as they migrate away from traditional financial services. As such, the Bank has been gearing up to be a Future Ready platform business implying that we will understand each client better and offer them far more than just financial products and services. We will aim to provide complete solutions, and increasingly rely on trusted partner organisations in our ecosystems. The Bank also embarked on a people's promise journey, which is the Bank's commitment to create a better work environment where people can give the best of themselves.

Our five key value drivers

We continued to focus on our five key value drivers which we consider essential to remain relevant in our markets:

Client focus

As a Bank, we are committed to deliver exceptional client service. Being client-centric is one of our key focus areas following customers' expectations of quality, speed, convenience and security. Demand for value has been intensifying in the banking industry, with customers' ability to negotiate pricing and quality of service as banks and financial institutions competing among themselves to offer better customer experience and digital channels for service delivery.

Brilliant Basics has enabled the Bank to meet the client promise in terms of value, consistent quality customer service and security across channels and putting the clients at the centre of everything we do. We will continue to strive to better understand and serve our clients.

Employee engagement

The Bank is indebted to its employees who have shown great resilience in this difficult year and who have strived to assist and advise our customers and support the communities amidst the challenges and virus threats.
Our focus remains on upskilling our people to deliver on our transformation into the digital world. Throughout 2020, a number of initiatives were undertaken to prepare our teams for our Future-Ready transformation.

Risk and Conduct

The Bank's risk management approach provides for a consistent and effective management of risk through appropriate accountability and oversight structures. In this rapidly changing world, it is crucial that we equip ourselves with the necessary knowledge and skills to effectively recognise and manage the risks faced not only by the Bank but our customers as well in a timely manner. This year the Bank re-assessed the risks arising out of the 'new ways of work' and realigned processes and controls accordingly. We also worked out several stress scenarios which we believe could threaten the organisation and this was factored as part of the bank's stress testing and recovery and resolution planning process.

Financial Outcome

Our results are reflective of the unforeseen events which unfolded in 2020, with the business bearing the brunt of reduced activities. However, our Balance Sheet remained resilient. Some key reporting metrics are as follows:-

• Headline Earnings	: USD7.5m – (2019: USD22.3m)
• Customer Deposits	: USD1.5bn – (2019: USD1.2bn)
• Gross Customer Loans	: USD206.3m – (2019: USD235.1m)

Our Social, Economic and Environmental (SEE) impact

Our Corporate Social Responsibility approach remained focused on three core areas, namely, education, environment and health. Education remains one of the most important drivers of growth and sustainable development. We continued our scholarship scheme for the University of Mauritius, internships and development opportunities to new graduates to equip them with the skills required to thrive in the workplace. We also partnered effectively with the Mauritius Wildlife Foundation on various key projects and assisted them in mitigating the impact of the Wakashio oil spill in our lagoons, on endangered species. Finally, we contributed to the Covid-19 Solidarity Fund, which was set up by the Government to provide support to the population and the community at large who have been affected by the Covid-19 pandemic.

Looking ahead

We expect in 2021 for the economy to rebound, underpinned by the wider use of the vaccine, though we expect a slowdown in recovery across the African jurisdictions, on account of renewed restrictions. Our immediate priority is to manage uncertainties prevailing from a potential resurgence of a new wave of infection, by continuously supporting our clients and facilitating business as they recover, rebuild and explore new opportunities. In such a fast-changing environment, we will need to adapt quickly to evolving risks and optimise our resource allocation. We acknowledge it will take a while to revert back to prior year headline earnings levels and we remain steadfast in growing our Balance Sheet.

Acknowledgements

The Bank's Chief Executive, Lakshman Bheenick, resigned from the Bank on 30 November 2020. We thank him for his contribution and commitment over the past ten years in driving the Bank's strategy. On behalf of the Board members, we wish him all the very best for the future.

The Board of Directors has been actively involved in identifying and appointing a replacement for Lakshman Bheenick since early December and hopes to make an appointment in this regard shortly. In the meantime, the Board has appointed Mrs. Michele Ah See, Executive Director, to stand in as Acting Chief Executive in the interim.

We are grateful to our Board of Directors for their guidance. We thank our clients, regulators, management, business partners and shareholders for their ongoing support to the Bank and remain positive and confident about 2021 as we adapt and enter a post Covid-19 environment.

Michele Ah See
Acting Chief Executive

Duncan Westcott
Chairman

17 March 2021

Management Discussion and Analysis

Strategy

Standard Bank Mauritius positions itself as the go-to financial partner for clients wishing to establish or strengthen their African presence via the Mauritius International Financial Centre and to benefit our Group's extensive coverage, expertise and integrated financial services offer across the continent.

We remain committed to our Group purpose which is "Africa is our home; we drive her growth".

Our Group vision is to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

The Bank has three **strategic focus points** which are core in achieving its commercial goals. These focus areas and related strategic priorities have been cascaded to each of our business lines and corporate functions for execution.

Client Centricity

Deliver exceptional client experiences.

Digitalisation

Leveraging digital to improve how we meet our clients' and employees' needs / deliver secure, personalised and relevant experiences to our clients and employees.

Integration and collaboration

Transform into an integrated, platform-based financial services organisation that delivers complete solutions to our clients.

New Group architecture standards

In 2019, Standard Bank Group communicated a new Group operational architecture to support the delivery of our strategy and the structural blueprint was released in 2020 for implementation.

The objective is to improve collaboration and ensuing that teams work seamlessly together, enabled by our ongoing digitalisation, in order to anticipate and meet our clients' changing needs. Aligned to this, we continue to invest in Standard Bank's human capital to future-proof our people's skillsets as evidenced by our People's Promise.

This will enable our move towards becoming an integrated financial services organisation and enabling our adoption of digital platforms.

We place our clients at the centre of everything we do and in so doing the Bank entered into a future-ready transformation journey, which is a further evolution and acceleration of the Bank's strategy. This is important in order to remain relevant and profitable to our stakeholders. This year our short-term objectives were as follows:

1 Adopting the new Group architecture framework across each of our teams, allowing them to become more agile and work seamlessly together, in order to transform the Bank into an integrated financial services organisation.

2 Continue to pursue a Bank-wide client acquisition strategy in partnership with Standard Bank affiliates throughout the African continent. The strategy targeted existing Group clients with a potential need for an offshore presence in the Mauritius International Financial Centre, to enable them to invest in African markets. The aim is to diversify our portfolio across sectors, geographies and ecosystems, minimising our concentration risks, while leveraging the Standard Bank Group's Africa-wide presence, sector-specific contacts and integrated delivery capabilities.

3 Accelerate our speed of execution and operational excellence and continue to offer clients relevant, targeted products across an increasing range of channels.

4 Continue to improve the quality of our digital offerings by streamlining existing processes, leveraging data and analytics to personalise our offerings and delivering new products and services that improve the user experience for our clients and employees.

In the medium term, we aim to become...

TRULY HUMAN	Providing services, solutions and opportunities that our clients and employees need to achieve growth, prosperity and fulfilment.
TRULY DIGITAL	Serving clients predominantly online, processing in the cloud, embracing open innovation underpinned by data and insights.

Five **strategic value drivers** have been defined to help focus our efforts and measure our progress on delivering our strategy. Standard Bank Mauritius uses these value drivers to evaluate our performance at every level, from how our bank is performing overall to assessing the progress of individual teams and their team members.

SEE: Social, Economic and Environmental

CLIENT FOCUS	By placing the client at the heart of everything we do, we ensure the continued relevance and sustainability of our organisation.
EMPLOYEE ENGAGEMENT	Our biggest asset is our people. Our organisation's growth is directly correlated to the wellbeing and engagement of our team members.
RISK AND CONDUCT	Supporting our clients by doing business the right way, in compliance with relevant laws and regulations.
FINANCIAL OUTCOME	Creating value for our shareholders, as measured by our financial outcomes.
SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT	Creating and maintaining shared value by contributing to the social, economic and environmental wellbeing of the communities in which we operate.

The impact of Covid-19 on our strategy

- On 11 March 2020, the World Health Organisation declared a global pandemic arising from the outbreak of Covid-19. This has required us to adopt new practices and to prioritise certain activities, it has notably speeded up our digitalisation processes both client-facing and internally and initiated new ways of working. Refer to p. 15 for information about our Covid-19 response.

Operating Environment

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
Covid-19 pandemic and global economic slowdown				
The 2020 financial year was dominated by the outbreak of the Covid-19 pandemic, resulting in lockdowns worldwide. Global economic performance remained under the spell of uncertainty. As a result, a global contraction of 3.5% is forecasted in growth worldwide (IMF).	Overall, Standard Bank witnessed a decline in trade finance transactions due to the impact of the Covid-19 pandemic and worldwide lockdowns. On the other hand, the deposit base has not been adversely impacted during Covid-19 and has actually grown by 24.2%, in view of the conservative stance taken by the depositors to park their funds.	The Bank swiftly began monitoring and managing its liquidity and credit position.	Liquidity and Credit Risk	Risk and Conduct
Mauritius was locked down for three months with a phased reopening of our borders to prevent further transmission of the Covid-19 virus. Government had to put various measures in place to prevent widespread bankruptcies, to maintain employment levels, guaranteeing credit and injecting funds into core sectors of the economy. As a result a 15.2% GDP contraction is forecasted for 2020.	The Bank's portfolio is relatively diversified with a focus on the global business sector. Covid-19 had a mixed impact on our clients, with some sectors being more exposed than others, whilst other sectors (such as pharmaceuticals and mining) were not adversely impacted by the pandemic.	We reached out to existing clients during the lockdown to ensure that we could anticipate their needs and provide the right support at a difficult time for many businesses.		Client Centricity
The pandemic brought certain sectors, namely tourism and textiles, largest purveyors of foreign currencies to a standstill. This created a shortage in foreign currencies and an 11% drop in the value of the Mauritian Rupee against the US Dollar was noted since December 2019. The Bank of Mauritius (BoM) intervened in a sustained manner since March 2020 to contain volatility in the local currency pair and ensure stability in foreign exchange liquidity in the domestic market. This is expected to persist over 2021. The Key Repo Rate (KRR) was cut by 100 basis points to 1.85% on 16 April 2020 and has remained flat ever since. The Bank of Mauritius has ensured that there is enough liquidity in the banking system to support impacted economic operators.	The Bank has limited exposure to Mauritian corporates/sectors that were hard-hit by the pandemic, such as tourism. As a result, the Bank was not substantially impacted by BoM measures concerning the local economy.	We continued to accelerate our speed of execution and operational excellence to offer clients relevant, targeted products across a range of channels. We diversified our business through the client acquisition plan, in partnership with the Group targeting existing and new opportunities.		Client Centricity Client Centricity

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
The Bank of Mauritius has implemented several measures encompassing monetary, liquidity and quantitative easing to support the local economy during the pandemic, including:				
• Reducing the Cash Reserve Ratio applicable to banks from 9% to 8% to support banks to further assist businesses directly impacted by Covid-19.	The amount released through this cut was held in a special account at the Bank of Mauritius to allow banks to use these particular balances for any facility to be granted to any impacted economic operator.	As the Bank was not involved on the local market, these funds have not been used in the granting of any facility to any impacted economic operator.	Liquidity Risk	Risk and Conduct
• Putting on hold the Guideline on Credit Impairment Measurement and Income Recognition, to allow banks to continue supporting enterprises facing cash flow and working capital difficulties in the context of Covid-19.	The Bank applied its IFRS 9 methodology to assess the credit viability of its exposures and as a result an uplift in the level of credit provisioning was noted.	The impact of Covid-19 on our IFRS 9 impairment assessment was factored in, following an ongoing re-rating exercise being performed during the year.	Credit Risk	Risk and Conduct
• A transitional arrangement for the regulatory capital treatment of IFRS 9 provisions was introduced. The aim is to alleviate the impact of Covid-19 on the provisioning levels of banks. The transitional arrangements will allow banks to add back a portion of their IFRS 9 provisions to their regulatory capital. These arrangements, will start as from Year 2021, and will phase out over a 4-year period.	The Bank proactively managed its credit risk through various initiatives taken and onboarded the required level of credit provisioning in line with IFRS 9.	The Bank has elected not to apply the transitional arrangement.	Credit Risk	Risk and Conduct
• The capital conservation buffer was reviewed and its increase to 2.5% was deferred to 1st Jan 2021 such that banks will be allowed to maintain a capital conservation of 1.875% until 31st Dec 2020.	No major impact.	The Bank adopted the revised capital conservation buffer.		
• Advising Banks to refrain from paying dividends or making other transfers from profit until the end of 2020.				

Operating Environment (continued)

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
A near-zero US Federal Reserve interest rate				
US interest rates hit rock bottom in 2020 as the Federal Reserve Bank (FED) cut rates twice in a bid to shield the US economy from the impact of the Covid-19 pandemic.	As a USD liability-driven business, positioned for a rising interest rate environment, the drop in US interest rates has driven a steep decline in our net interest income.	To protect and preserve earnings, Balance Sheet optimisation was performed where the duration of the tenor was extended. However, this was not enough to mitigate the shortfall in revenue driven by the low yields witnessed.	Business Risk Interest Rate Risk	Financial Outcome
Industry environment				
Mauritius has been placed on the Financial Action Task Force (FATF) watchlist as well as the EU blacklist, potentially impacting its competitiveness and its reputation as a credible International Financial Centre. It is also likely to make dealings with EU banks and customers and the receipt of foreign direct investment more difficult.	The Bank has not yet felt the impact of the EU blacklisting and FATF greylisting, with existing clients appearing confident that Mauritius will exit the lists in due course. However, if the situation is not quickly addressed, it may discourage new clients from banking in the jurisdiction.	We continue to work closely with the Banking Industry to provide our contribution to the authorities to ensure that Mauritius is removed from the FATF grey list.	Business Risk	Financial Outcomes
Increased pace of digital transformation				
The Covid-19 pandemic has radically accelerated digital transformation across multiple sectors, including banking.	Standard Bank has seen a substantial increase in digital uptake among our clients, whose expectation nowadays is to bank online with ease and convenience.	Digitalisation and customer-centricity are core to Standard Bank's strategy. The Bank has onboarded a wide range of new digital assets this year while maintaining our cybersecurity posture and transitioning to working from home. We are also well-placed to take advantage of the opportunities that digital transformation offers. (Refer to Digitalisation and IT on p.20)	Information Risk, Cyber Risk	Digitalisation Client Centricity Risk and Conduct
Changes to how credit exposure is reviewed				
The Covid-19 pandemic has had an adverse impact on credit quality and is increasing the cost and time required for credit management.	The Bank is dealing with increased credit risk among its corporate and retail clients, requiring ongoing monitoring and evaluation of our credit portfolio.	Standard Bank's main priority is to continually monitor our existing credit portfolio. This implies keeping in close contact with clients, our deal team and country teams to understand changes in various jurisdictions where our clients operate. We also engaged in ongoing risk grading based on feedback received from clients and deal teams. Our credit lending remains governed by the Group's Portfolio Risk Management Committee guidelines, which review sectoral appetite indicators by sector and country.	Credit Risk	Risk and Conduct

Source: IMF, Standard Bank Research, Bank of Mauritius and Statistics Mauritius

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
		Our Credit and Business team has: • Engaged with our client coordinators, relationship managers, relevant sector experts and Group Credit Managers to obtain their insights into clients' operations. • Reassessed the risk grades of counterparties, informed by their latest financial statements received and/ or engagement with counterparties, deal teams and sector experts. The risk rating exercise being an ongoing process. • Conducted scenarios to understand the impact of provisioning of counterparties in base case and worst-case scenarios. • Carried out a deep drill rapid risk review ("RRR") using a sectoral approach to understand Covid-19's sectoral impact on our credit portfolio and to identify and closely monitor potentially vulnerable clients. • Discussed names from the close monitoring forum, watchlist and non-performing loans in monthly forums attended by executives from Business, Credit and Business Support & Resolution Team.		
Regulatory Changes implemented by the Bank of Mauritius				
The guideline on dividend payment was finalised, setting out the minimum criteria and requirements for banks prior to declaring dividend payments or other transfers from profits.	No major impact.	The guideline was embedded		
The guideline on cross border exposures was revisited and provided a set of minimum standards that would need to be followed by banks in respect of their cross-border exposures to counterparties other than banks.	There is a direct impact on the Bank while doing cross-border activities as the Bank has an obligation in respect of the identification, measurement, management and mitigation of credit risk.	The Bank has: • an adequate knowledge of its overseas markets including counterparties, products, legal and regulatory framework and recovery processes; • expertise and experience in dealing with overseas counterparties;		

Operating Environment (continued)

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
		• credit history information on counterparties; • to assess the additional risks which are not present in the domestic environment; • a comprehensive board-approved policy on cross-border exposure, either on a stand-alone basis or integrated within relevant existing policies.		
A new guideline on the implementation of Targeted Financial Sanctions whose purpose is to assist reporting persons, with the implementation of the restrictive measures, in particular the financial prohibitions prescribed under the Act.	Limited impact on the Bank.	The Bank has already applied financial sanctions screening prior to the roll out of the guidelines as per the Group Financial Sanctions Policy.	Reputational Risk	Risk and Conduct
The Guideline on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation of Arms was revised. It was more prescriptive in terms of risk-based approach to be applied when conducting client due diligence, enterprise-wide risk assessments to be performed by financial institutions as well as exclusion of exemptions on listed entities, due diligence applied on entities in equivalent jurisdictions.	This has a direct impact on the Bank as it affects its operational activities.	A gap assessment was carried out and our processes and procedures were updated accordingly.	Reputational Risk	Risk and Conduct
The Guideline on Liquidity Risk Management has been revised in September 2020 to provide additional flexibility to the banking sector in this COVID-19 period of uncertainty.	No major impact.	The guideline was embedded.	Liquidity Risk	Risk and Conduct
The Guideline on outsourcing was amended in October 2020. Banks have been called upon to adhere to the Data Protection Act and also ensure compliance with the Banking Act including amongst others confidentiality provisions set out under Section 64 thereof, when storing customers' information on the cloud.	Minimal impact to the Bank.	The Bank was already complying with the Data Protection Act.		

Major market trends	Impact on our business	How we are responding	Link to main risks	Link to strategic objectives
Legislative Changes				
In September 2020, the National Pensions Fund was abolished and replaced by the Contribution Sociale Généralisée (CSG). Under the CSG, employers are required to deduct, where applicable, the employee's contribution from his wage or salary at the applicable prescribed rate and pay that contribution together with the employer's contribution to the Mauritius Revenue Authority.	Significant increase in Employers' contribution of USD 51k compared to the National Pension Fund. This was not budgeted for.	The Bank has accordingly amended its processes to cater for these changes.		
Employees of the Bank will be liable to a Solidarity levy where their total income exceeds MUR 3m annually. Solidarity levy is calculated at the lower of either 10% of the net income of the individual (including dividends) or 25% of the leviable income of the employee in excess of MUR 3m. Solidarity levy is applicable in addition to tax under the Pay As You Earn (PAYE) of 15%.	No impact to the Bank.	The Bank has accordingly amended its processes to cater for these changes. The solidarity levy was computed on behalf of employees and remitted to the Revenue Authorities.		
The Workers' Rights Act has been amended to provide that no employer may reduce the number of employees, temporarily or permanently, or terminating the employment of any of its employees during the period 1 June 2020 to 31 December 2020.	Financial impact on the 13th cheque payments amounting to USD 53k.	The Bank has accordingly amended its processes to cater for these changes.		

Our Covid-19 Response

From the outset of the Covid-19 pandemic, the Bank was acutely aware of its potential impact on our teams, clients and ways of working. We therefore took immediate measures to ensure our business continuity and to keep our teams, clients and other stakeholders safe and well. We had rigorous business continuity processes and practices in place and quickly transitioned to remote working seamlessly during the lockdown.

While business continuity was of great importance to the bank, the health and wellbeing of our employees and clients was of utmost importance. Our focus was not on profitability but rather on ensuring that our teams and clients were safe, and on making ourselves available to our clients to support them in this very difficult period.

Keeping our people safe	Swiftly adapting our business to the new normal	Supporting our community	Supporting our clients
• Immediately implemented work-from-home guidelines and provided regular communication to staff on the Covid-19 pandemic, as well as tips on how to remain safe and productive while working from home.	• Immediately activated our business continuity processes and practices and transitioned near-seamlessly to working from home.	• Standard Bank donated MUR 4.3m to the Covid-19 Solidarity Fund.	• Actively reaching out to clients to ensure that we could anticipate their needs and provide support during this difficult time.

Our Covid-19 Response (continued)

Keeping our people safe	Swiftly adapting our business to the new normal	Supporting our community	Supporting our clients
• During the first few weeks of the lockdown, the security of our staff was of prime importance and we supported our staff by supplying food hampers delivered by our transport partner to their homes. • During the lockdown, we enforced personal sanitary and social distancing guidelines including mandatory mask wearing, temperature-taking prior to staff entering the workspace, hand sanitisers provided as well as gloves (where needed), etc. We also implemented a wide range of cleaning and hygiene protocols measures to minimise the risks of the virus transmission. • With the end of the lockdown, we implemented a phased in approach to returning to normal operations to ensure everyone's safety, with reinforced hygiene, cleaning, sanitary and social distancing protocols remaining in place at all times. • Throughout the Covid-19 lockdown, the Human Capital team stayed very close to staff, facilitating a number of programmes to ensure employee engagement and wellbeing.	• Adopted remote tools and new protocols including the Microsoft Office 365 suite to facilitate business continuity while working from home during lockdown. (Refer to Digitalisation and IT on p.20) • Continued to provide clients with all the products and services we offer under normal conditions (except where it required physical despatch of documents as all courier services were suspended). • Swift mobilisation of the Credit and Business team to monitoring existing credit portfolio on an ongoing basis, keeping in close contact with clients, deal teams and country teams.	• Provided the Mauritian Government with continued support to ensure a sustained effort to contain Covid-19 and protect the most vulnerable within our society. • We also encouraged our staff to volunteer in the fight against Covid-19 and contribute generously to the Covid-19 Solidarity Fund.	• Rapid deployment of new digital platforms and processes to provide clients with convenient new services, available remotely. (Refer to Digitalisation and IT on p.20) • In line with our wider client acquisition strategy, we pursued our client acquisition plan to target new clients with a potential need for a presence in Mauritius.

Business Lines Review

The Bank provides a full range of banking, trading, transactional, investment and advisory services to clients including multinational, local and regional businesses as well as financial institutions, governments and parastatals. Our value proposition is underpinned by three product areas namely: Transactional Products and Services, Investment Banking and Global Markets. With expertise in all of the Bank's products, the Client Coverage team provides comprehensive strategic, capital raising and risk management support tailored to clients' unique requirements, enabling them to develop a sustainable competitive advantage. As trusted strategic partners, they are well positioned to enhance their understanding of customers, anticipate their future needs, provide unbiased insights and offer omnichannel service.

Transactional Products and Services (TPS)

TPS provides the Bank's corporate clients with transactional solutions across most jurisdictions with specifically our deep knowledge in Africa. These include access to short-term finance facilities, cash management activities, trade finance solutions and support on complex transactions. TPS accounts for over 35% of the Bank's client revenue and hosts its liability base.

Our clients' businesses have been severely impacted during the pandemic and our prime objective as a client-centric Bank was to be available to our clients and servicing them in these difficult times. With rigorous business continuity processes and practices in place, we seamlessly managed to operate remotely. During the lockdown, we provided all the products and services we offer under normal conditions and our processes were reviewed and simplified to be able to accommodate our client's requests digitally. The fact that we have automated processes such as Straight Through Processing (STP) for outward payments and the Transforming Cross Border Payments – SWIFT GPI has facilitated this process.

Business Lines Review (continued)

Priorities/objectives for 2020	Delivery on strategic objectives	2020 Performance	Outlook and priorities for 2021
Enhance our client value proposition and grow both our assets and funding base, in line with the Bank's ongoing focus on growing its client base.	Financial Outcomes	The Covid-19 pandemic made it challenging to achieve the strategic objectives that were set for 2020. Our clients' businesses have been severely impacted, which in turn lowered TPS' profitability.	Business volumes are expected to continue to be impacted by the effect of the pandemic at least for the first half of 2021.
		Total income for the year was 47.2% down from 2019, driven by NII which was severely impacted by the aggressive rate cuts by the FEDs in March 2020. This culminated in the USD interest rate evolving close to 0% as compared to levels of over 2% in 2019.	We do not foresee any hikes in the US interest rates for the next few years and this will adversely weigh on our net interest income, being a liability-driven balance sheet. The excess funds will have to be deployed optimally to protect earnings.
		On the other hand, the drop in NIR was not as severe as expected but was still down 15.7% compared to 2019. Trade finance activities was heavily challenged, with many clients having to significantly slow down their business activities. However, a pick-up in activities was noted as from August onwards, though still not at the same level as in 2019.	In the future, we expect the volume of client's online interactions to increase. In 2021, we will further digitalise our processes and services, to continue to provide an exceptional client experience and ensure a seamless experience for clients across our processes and channels. Our aim to increase usage of electronic channels to above 90% in the coming years.
		Our short-term loans and advances average balances contracted by 31.3% as compared to prior year attributable to lower utilisation of our facilities as a result of Covid 19.	Through our ongoing client acquisition strategy, we expect to grow the short-term book within risk appetite, whilst diversifying our credit exposures.
		The average balances of our deposit book shore up by 10.7% as compared to 2019, driven by the new client acquisition strategy which brought in fresh deposits. A few large one-off clients deposits received late in the year are expected to flow out in the first quarter of 2021.	We remained focused on diversifying our book and increasing our deposit base, which will also enable the payment value chain.
Particular focus on Tier 1 clients with the aim to accompany the Group's large Multinational clients in their African ventures.	Client Centricity	As Mauritius went into lockdown, the Bank reached out to existing clients to understand their needs and support them. Alongside this, we actively reached out to selected Tier 1 clients as part of the Bank's wider client acquisition strategy.	Aimed to diversify our product offering to new and existing clients through our client acquisition strategy.
Continued focus on digitalisation of processes, to improve our client experience and free up internal resources.	Digitalisation	The pandemic also sped up our digitalisation process with a large number of processes being reviewed and simplified to accommodate clients' requests digitally. In so doing we were able to provide uninterrupted service throughout the lockdown period. Continuous inroads on our digitalisation journey was made with 87% of all our customer payments being received through electronic platforms, of which over 67% are processed through Straight Through Processing (STP), a commendable achievement. These ratios are among the highest in the industry and have resulted in increased efficiency and improved the client experience as part of our client centricity journey. Efficiencies derived consequently have allowed us, for our clients' convenience, to extend the cut-off time for outward US Dollar payments till 5:00pm.	We aim to further increase usage of electronic channels to above 90% in the coming years.

Investment Banking (IB)

Our Investment Banking team leverages insights from our local, regional and international footprint to deliver financial solutions to multinational corporations with a strong presence in Africa. Our expertise alongside our global strategic relationships and unparalleled network enables us to identify unique opportunities and deliver growth through debt capital market solutions, innovative debt solutions and flexible primary financing solutions.

Priorities/objectives for 2020	Delivery on strategic objectives	2020 Performance	Outlook and priorities for 2021
Build the asset book, notably via focused collaboration with Client Coverage to generate additional opportunities across our target sectors. Accelerate our speed of execution and operational excellence. Continue to diversify our exposure and build resilience against the net effect of credit impairment events.	Client Centricity	With the global impact of Covid-19 early in the year, many clients took a more introspective stance and a far more cautious approach to any material corporate finance activity, including taking on leverage. This slowed down the pace of existing deals in execution and liquidity was closely monitored as globally it was observed that some clients opted to defensively draw available facilities. Furthermore, intense focus was placed on monitoring and managing existing exposures to clients in sectors that are vulnerable to the macroeconomic effects of Covid-19. We proactively sought to anticipate and manage client needs given the variable impact of the pandemic on their businesses. As a result, it has been a subdued year in terms of ability to build pipeline beyond those transactions already at a sufficiently advanced stage of completion early in the year. While corporate activity began to recover somewhat from mid-year, this was inconsistent between sectors and geographies. Overall, we ended the year at a moderate deficit to our 2019 asset book size. IB has no exposure to the Mauritian industries that were hardest hit, namely tourism and travel. Our exposure has been relatively diversified, both in terms of sector and geography. Certain of these exposures required greater attention, such as exposure to certain real estate assets, and jurisdictions such as Zambia.	Business volumes are expected to continue to be impacted by the effects of the pandemic until at least the second half of 2021. This will likely have an impact on the Investment Banking team's ability to originate quality new pipeline and may require continued focus on defensive loan management depending on the degree to which certain sectors and geographies continue to be affected. We will continue to work closely with Client Coverage to proactively develop solutions for our target clients.
Deploy an upgraded loan management system that will boost efficiencies, reduce operational risks and increase security.	Digitalisation	The second half of the year saw substantial efforts to implement a new loan booking system called ACBS, with an expectation of system go-live in early 2021. ACBS will enable the business to offer more structured debt products and mitigate operational risk relating to the system that is currently in use. Use of the system will also involve the outsourcing of transaction management and loan administration tasks to a centralised team in South Africa.	We aim to migrate all existing loans to ACBS and go live in early 2021. This system will provide a platform for IB to further digitalise our processes and offer new tools and services to our clients.
Procure a Corporate Finance Advisory Licence, which would enable us to market a more comprehensive set of services (namely Capital Markets and Advisory) which are fully aligned with the global IB value proposition. Our ambition is to provide clients with the same services and experience as in the rest of the Standard Bank Group.		Given the focus on managing credit risk and defending the balance sheet, among other projects, the procurement of a corporate finance advisory licence was deferred to 2021.	Submit the application to the FSC for the corporate finance advisory licence and initiate business development efforts in partnership with the Group's Capital Markets and Advisory teams.

Global Markets (GM)

Global Markets provide clients with access to the market for their foreign exchange and interest rate requirements. It offers structured and innovative solutions using risk mitigation and yield enhancement strategies. Its income consists of two streams: Net Interest Income and trading revenue. NII is generated primarily by bank placements while trading revenue is driven by client flows.

Priorities/objectives for 2020	Delivery on strategic objectives	2020 Performance	Outlook and priorities for 2021
Improve our client value proposition.	Financial Outcomes	Overall, trading revenue declined by 17.7% due to lower flows from key clients and margin compression witnessed. Global Markets had locked in their excess funds at fixed rates in anticipation of the falling US interest rates. This contributed positively to GM's NII this year. Our performance was also supported by a rise in placement volumes led by an increase in the deposit base as well as the Bank's continued efforts to optimise its balance sheet.	While most economists are predicting a recovery in 2021, the environment remains very uncertain. We expect the US interest rate environment to remain low until the jobs market turns a corner and inflation shows signs of rising.
Enhance yields on our excess funds.		The pandemic and declining US interest rate environment has made it challenging to improve yields on our high-quality liquid assets. Given the interest rate environment and the deterioration of the credit environment, we were not able to pursue this objective in 2020.	Our focus remains to optimise and deploy our excess funds in an efficient manner.
Active involvement in diversifying our client portfolio across sectors, geographies and ecosystems, in order to reduce concentration risks in the medium to long term.	Client Centricity	During 2020, we stepped up the client engagements and stayed close to our clients to assist them with the impact of the Covid-19. The pandemic has a mixed impact on our client base depending on the industry they operate in. Overall, flows proved to be resilient with our biggest challenge being margin erosion. As part of a bank-wide initiative to diversify our client base, we worked with sector heads and relationship managers from the Group to identify entities that would find our value proposition of interest. These engagements are bearing fruit and new clients have been acquired during the year.	Client engagement will remain our key priority next year. Our objective is to deepen and broaden our relationships with our clients with a view to adding more value to their businesses. We aim to continue our efforts to acquire new clients to reduce risk and revenue concentration.
Step up engagements with existing clients with the objective of deepening our understanding of and adding greater value to their businesses.	Digitalisation	We continued to promote our e-market trading platform to our clients in our drive to improve efficiency in the dealing room and deliver real-time pricing and trade execution on a single, integrated platform. We successfully upgraded our Global Markets booking system, migrating our systems to a new version of the Calypso booking platform in November 2020 and broadening the range of products available to clients.	We will launch the African Market Tracker, the mobile version of e-Market Trader, to provide clients with convenient access to information.

Underpinning and supporting these product areas to execute our strategic objectives are the following:

Digitalisation and IT

Digitalisation and IT are key enablers of our Group's transformation into a platform-based services organisation, allowing us to provide a client experience that is as fluid, seamless and consistent as possible. Each of our digitalisation and IT projects and deliverables supported our long-term ambition to become a truly digital and truly human bank. The Covid-19 pandemic has also geared up the implementation of a number of digital banking initiatives that were already underway, while providing the opportunity for further innovation.

Throughout the year, we continued to invest significant resources into automating and streamlining our processes, particularly with regard to financial document management and internal reporting. This not only reduced processing time and errors, improved client service, but also freed up our staff's time and resources, allowing them to focus on value-added activities rather than on labour-intensive, routine tasks.

We have also increasingly migrated tools to our new platform as a service, notably using cloud computing. By 2024, we aim to have 85% of all of our IT workloads located in the cloud, using platforms such as Amazon Web Services and Microsoft Azure. Agreements are already in place and we have engaged with regulators to obtain approval for this strategy, both in Mauritius and at a Group level.

Concurrently, we have adopted ever more agile ways of working, underpinned by extensive training to develop future-ready skills and cultivate a digital-first mindset among our staff. (Refer to People and Culture on p. 21 for information about training provided to our teams).

Key deliverables:

- We decommissioned a number of legacy systems to reduce point of failures and increase systems availability to clients.
- We adopted technology standards as defined by the Group architecture initiative.
- We implemented straight-through processing (STP) for several different teams.
- We implemented safe settlement, minimising the risk of failed inward transactions and allowing us to substantially increase the number and value of transactions being put through Straight Through Processing queue.
- We closed on our first robotics solution which will be implemented in January 2021, automating the processing of tax payments from client accounts to the Mauritius Revenue Authority and removing the need for human intervention in the majority of these transactions.
- We invested considerable resources into ensuring the integrity of our KYC records, with a dedicated taskforce drilling down into our records to ensure that no information was missing. This is important from both a regulatory perspective and is aligned to our values and our commitment to doing business the right way.

A swift and agile transition to working from home

- In January 2020, prior to the emergence of the Covid-19 pandemic, the Bank implemented protocols to allow staff to remotely connect to our systems and work from home part-time.
- Having extensively tested these capabilities ahead of time, we were able to swiftly shift our entire workforce to working from home when the Covid-19 lockdown was announced in March 2020 by:
    - Quickly enabling secure remote access for all of our users;
    - Procuring secondary screens, desktops and Wi-Fi devices delivered to key staff across the island;
    - Implementing the ability to execute daily core banking End of Day system processes remotely.
- We have embedded a new work-from-home policy, having replaced desktops with laptops, and having a fully mobile workforce. This has allowed us to provide a reliable, convenient service to clients anywhere, at any time and represents the value-added for our employees. It has also substantially strengthened our business resilience and continuity plans.

Improving our IT security posture

As a result of the increases in both digital transactions and the proportion of employees working from home, cybersecurity has been a major focus throughout 2020.

Throughout the lockdown, we were able to maintain our security posture without any interruptions, by implementing processes to ensure that this could remain the case.

- New security features and solutions were implemented this year to strengthen our cyber-resilience and assist with the detection of cyber-threats. We also removed all of our legacy operating systems to eliminate a number of legacy weaknesses.
- A month-long, in-country disaster recovery test was carried out in August 2020, while a Cyber Security Incident Response Simulation was conducted by F-Secure, a well-known cyber-security operator, with positive results. We ranked third out of the Standard Bank Group's 19 entities.
- A cyber simulation was also successfully carried out by a well-known cyber-security operator, with strong positive results. The simulation consisted of a rigorous set of IT Security tests to assess our IT team's ability to adequately manage a cyber security incident.
- We onboarded an access management tool that assists in hardening Data Leakage Prevention (DLP), to more effectively protect our systems from external access. This guaranteed a better, safer and more consistent service to our clients. The Bank currently has the highest-rated security posture in the Standard Bank Group.

People and Culture

In 2020, Human Capital (HC) assisted with the Culture roll out as part of the Standard Bank transformation journey. The team continued to work closely with each of the Bank's business units, enabling a shift towards more collaborative and cross-functional ways of working, in helping to deliver the Bank's main strategy. There were various initiatives which were deployed to accompany our people in the transformation journey, and these were:

Leadership Circle

In 2020, the setup of the Leadership Coaching as part of the Culture Journey was initiated to the top management tier of Standard Bank, Mauritius. The aim of the programme was to ensure alignment of values and behaviours across the leadership team, which would drive the strategic initiatives of the Bank. It is expected that the learnings of the leadership team be cascaded homogenously across the Bank going forward. The Human Capital team assisted in the development and customisation of the programme to ensure its relevance to the country. The programme is ongoing and expected to be completed towards the later part of 2021. The programme is centred on the 8 leadership identities embraced by the Group, which is depicted hereunder:

Preparing our people for the future

Our transition into a digitally enabled, platform-based financial services organisation and to becoming truly digital and truly human requires a culture journey and a change of mindset among our people. There has been deployment of organisation-wide training programme, consisting of workshops and training sessions, to communicate and embed key behaviours and attitudes that align with the Group strategy.

- The Executive Committee and Board participated to specific leadership programmes as rolled out by the Group.
- Online training through enhanced learning management systems, namely Salesforce & Degreed to all our people across the Bank.
- The Standard Bank Group also delivered awareness training about Cyber Security to the Board of Directors.

Enabling the delivery of the Group's new architecture

A change in the group's architecture was announced in 2019 and is currently in progress of being deployed to the Bank. Some of the guiding principles have already been implemented and were socialised with the Board and executive committee members. The framework in which the decision rights will be applied has been clarified and will be embedded in 2021. The Key Strategic levers which will enable the new operating model are:

- Corporate Strategy
- Budgeting
- Job Description
- Appointment
- Termination
- Performance Contracting
- Performance Review & Evaluation
- Annual Review Reward

The new architecture will have implications on how the Bank's team will be structured. Over the next coming years, the HC team will continue to work closely with the Group and Bank to devise a structure for each function that reflects Group-level guidelines, while remaining tailored to each team's needs.

A human capital hub for the region

As part of the wider Group strategy to maximise our efficiency and leverage capabilities in different countries, transforming the Group into an integrated, agile workforce, we started planning in 2020 to make Mauritius a shared service hub for human capital. We are now providing services such as payroll management to Standard Bank in the Democratic Republic of Congo and aim to roll out our operational support capabilities to other Group entities in the future.

Employee engagement

Employee engagement is one of our Bank's core strategic drivers. The Bank places strong emphasis on collaboration and seeks to ensure that its people feel empowered to offer up new ideas and engage with colleagues across different business units and at every level of seniority. This is monitored via Office Vibe, a digital feedback portal and the annual 'Are you a fan' survey. Key concerns from the survey remain training and learning opportunities, compensation and benefits and work-life balance.

Looking Forward

The economic context will remain challenging in 2021 with the operating environment remaining subdued as business continue to be impacted by Covid-19. We will remain resilient and remain committed in supporting our customers, employees and communities during this difficult time. We will continue to deepen our existing client relationships and continue on our client acquisition plan.

Our future-ready transformation journey has been initiated this year and 2021 will see the implementation and embedment thereof. Our business transformation will be geared towards a relentless focus on offering the right solutions to our clients, anticipating their needs, while delivering exceptional service, through our people. As a result, our priorities remain unchanged in the delivery of the future-ready transformation journey, namely:

- Maintaining growth momentum of target client segments in Africa with service excellence and embed a market-based ecosystem approach;
- Improve client experience and increase the Digitisation momentum;
- Allocating resources to growth opportunities, within risk appetite, aligned to clear sector focus;
- Maintaining disciplined cost management;
- Adopt the Group architecture framework and create an agile workforce.

Financial Review

Table 1: Performance against Objectives by key areas

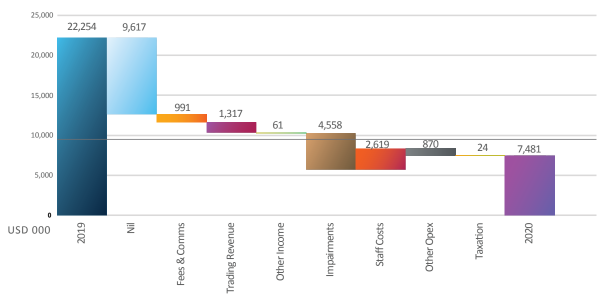
	Objectives 2020	Performance 2020	Objectives 2021
Return on Equity (ROE)	ROE expected to hover around 16.0%.	ROE was at 5.8% following decrease in operating income and the impact of increased levels of credit provisioning raised this year.	ROE expected to be around 13.5%.
Return on Average Assets (ROA)	ROA estimated to reduce to 1.4% on account of lower profitability.	Return on average asset decreased to 0.5% as a result of lower earnings.	ROA estimated to 0.8%.
Operating Income	NII is expected to decrease by 9% on account of lower margins. Non-interest income is expected to increase by 6%, driven by additional fees.	Operating income was down on target by 27.2% as a result of a lower net interest income driven by a declining interest rate environment, reduced yields and decreasing non-interest revenue due to lower volumes and margin contractions.	NII is expected to decrease by 1.1% on account of lower margins. Non-interest income is expected to increase by 13.2%, driven by additional fees and trading income.
Operating expenses	Operating cost is expected to increase by 9%, on account of additional IT support costs earmarked.	Operating costs improved against target by 23.5% following a rigorous cost containment.	Operating cost is expected to increase by 5.26%, on account of annual inflation rate increases and higher IT support costs.
Cost to Income	The cost to income ratio is expected to increase to 46% as a result of the lower budgeted operating income.	Cost to income closed at 48.3% in view of the lower income generated.	The cost to income ratio is expected to increase to 49%.
Loans & Advances Growth	The loan book growth expectation is 39%, on account of anticipated growth in client base.	Expected term disbursements took longer to materialise coupled with stricter lending environment resulted in the term asset book to be behind target by 39.0%.	The loan book growth expectation is 33%, on account of anticipated growth in client base.
Deposit Growth	Deposits are expected to increase by 19% from existing and new business.	Customer deposits was above target by 6.1%.	Deposits are expected to increase by 11.0% from existing and new business.
Portfolio Quality	NPL ratio is expected to be within the threshold of 2.8% to 3.7%.	The ratio of non-performing loans to gross loans has increased to 9.3%, following the deterioration of a credit facility.	NPL ratio is not expected to deteriorate further.
Capital Management	Capital adequacy ratio is targeted at 24.7% with CET 1 to be at 23.5%.	The capital adequacy ratio closed at 33.0%, with CET Tier I ratio at 32.2%.	Capital adequacy ratio is targeted at 25.4% with CET 1 to be at 24.8%.

Financial Review

With the onslaught of the Covid-19 pandemic, the impact was felt across all the economies in which the Bank operates. As part of measures to alleviate businesses and boost economies, interest rates have been slashed across all the major currencies. The first quarter saw the federal reserve ("FED") cut its interest rate by 150bps, bringing the fed rate at an all-time low, ranging from 0-0.25% and this has adversely impacted the Bank's earnings. The impact of Covid-19 on our IFRS 9 impairment assessment was also factored in, with an ongoing re-rating exercise being performed, which led to an additional credit impairment of USD9.7m. This translated into the Bank's delivering a subdued financial performance with profit after tax of USD7.5m for the financial year 2020, a drop of 66.4% compared to prior year. This led to a lower annualised return on equity closing at 5.8% against 18.3% in 2019, whilst cost to income deteriorated from 39.7% in 2019 to 48.3% for the same period, attributable to lower revenues.

With the onset of Covid-19 and the resultant economic context, clients have adopted a prudent approach to investments, resulting in a lower loan book. However, the deposit book grew by 23.5% highlighting a strong funding and liquidity positions. The Bank remain well capitalised with a capital adequacy ratio closing at 33.0%, with CET Tier I ratio at 32.2%.

The waterfall hereunder details a summary of changes compared to prior year:



Analysis of Results

Revenue

Total operating income decreased by 25.6%, with income declining across all revenue lines.

Net Interest Income (NII)

Being principally a USD liability driven balance sheet, the Bank has remained highly exposed to a falling USD interest rate environment.

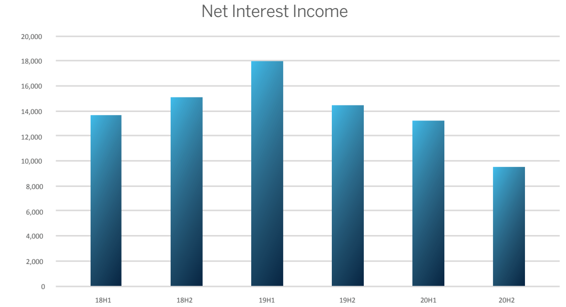
This was evidenced throughout the year, where a sharp reduction in the Bank's net interest income ("NII") of 29.7% from USD32.4m in 2019 to reach USD22.8m in December 2020 was witnessed. Earnings protection continued through the endowment hedge entered in the middle of last year, allowing the Bank to lock USD92m in US treasuries at higher yielding rates.

The market has been flushed with liquidity with many banks sitting on excess liquidity. Given the increased demand for money market placements from group entities, the rates associated with these instruments have dropped significantly over the course of the year. Even though the bank has seen increased volumes of deposit inflows, this pick-up was not reflected in the NII given the significant drop in the placement rates. To alleviate further dilution in earnings, the Bank extended long-term money market placements to tenors of up to 2 years at fixed interest rates.

Earnings dilution remained a concern during the year as higher yielding placements gradually matured and replaced by lower interest-bearing placements, translating into an adverse impact on NII.

Interest income from short term facilities fell as a result of early repayment of some term facilities and downward adjustment of interest rate, following the repricing of the loan advances. Lower utilisation of facilities was also witnessed as some clients had minimal levels of operations during the lockdown period. A reduced appetite for term advances was noted as clients adopted a prudent approach before committing to credit facilities.

As a result, the bank was severely impacted by the drop in yields with the net interest margin falling from 2.2% in 2019 to 1.42% in 2020.

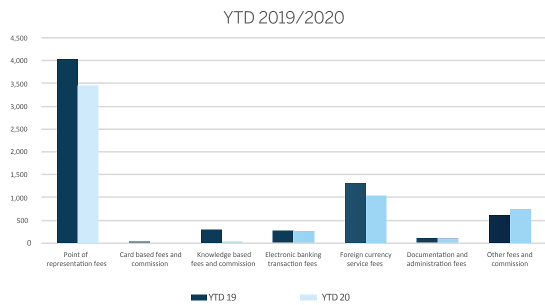


Non-interest Revenue (NIR)

Non-interest revenue reduced by 16.5% to USD12.0m, spurred by a decrease of 15.0% on net fees and commissions revenue, with trading income declining by 17.7%, and other income by 18.2%.

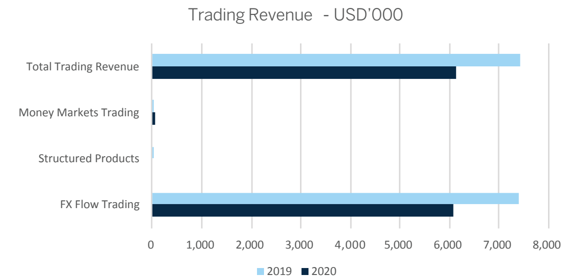
The 15% drop in net fees and commission witnessed was driven by lower transactional flows and reduced trade finance activities. Both transactional volumes and trade finance activities were adversely impacted by the lockdowns imposed by the Covid-19 pandemic. Trade activities came to a standstill on account of lockdowns implemented in jurisdictions where the Bank operates, which hampered the movement of documents as well as customers flows. As countries gradually came out of the lockdowns and business resumptions occurring, a slight pick-up was noted in the trade finance activities.

A pick-up in commitment fees was noted in light of the lower utilisation of credit facilities lines.



Trading Income

Trading revenue fell by 17.7% from prior year to reach USD6.1m. The decline in revenue is mainly attributable to a drop in FX flows from key clients, coupled by margin compression emanating from a more competitive FX environment. Clients' demand for hedging solution and structured products was significantly lower than prior year. The money market trading desk reported a positive growth of 70% on the back of higher level of client swap activities. Given the market conditions and volatility prevailing, there was no demand for structured products this year.



Other revenue: The 18.2% reduction in other revenue is mainly due to devaluation of MUR against the USD and relate to recharges to the Standard Bank (Trust) Co Ltd.

Credit Impairment

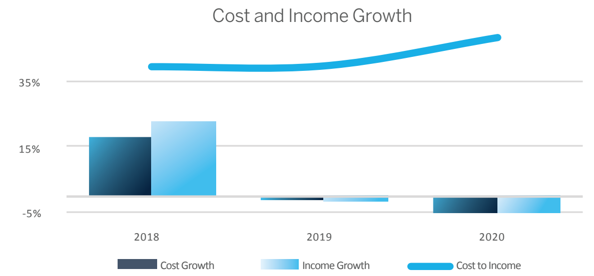
Credit impairment charges increased substantially by USD4.6m year-on-year, explained mainly by the increase in the non-performing loan portfolio and a general increase in provision levels on the performing book, as a result of heightened risks arising from Covid-19 impact. Provisions for credit impairments had a key impact on headline earnings this year. Substantial stage 3 provisions of USD 8.6m were raised on one group entity's credit exposures during the year. Managing those particular assets and maintaining a high standard of prudence and pragmatism in our origination efforts going forward will remain critical.

During the year, one exposure amounting to USD0.3m impacted by Covid-19 had been restructured but was settled without any losses before year end 2020.

A detailed analysis of performing and non-performing loans is provided in the financial risk management report on page 121.

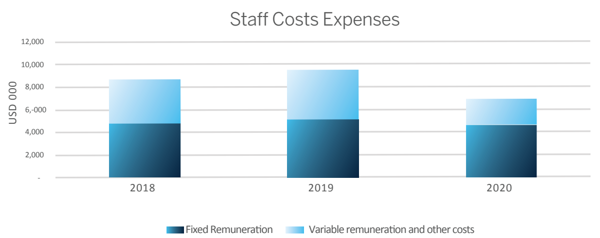
Operating Expenses

Cost was well contained in 2020, as the Bank revisited its cost base with the advent of Covid-19, where further cost management was embedded, translating into operating costs improving by 9.4% year on year. In addition, the Bank beneficiated from a 11% depreciation on the Rupee rate against the US Dollar, as all the Bank's expenses are US Dollar denominated.



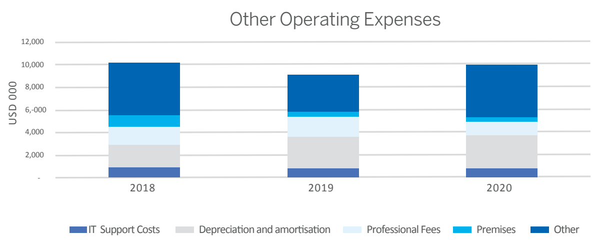
Cost to income ratio deteriorated from 39.7% in 2019 to 48.3% this year fuelled by low revenue growth noted.

A key contributor to the Operating Costs was staff costs which constitute 41.1% of the total operating expenses. Staff costs dropped by 27.5% on account of lower incentives paid to sustain the difficult economic climate arising from Covid-19.



Other Operating Expenses

Following the Covid-19 pandemic, savings were realised on travel overseas, training and conference abroad. The Bank also experienced savings on entertainment and marketing due to the postponement of diarised activities. However, heightened IT expenses were witnessed attributable to the continued development in technology. The increase was driven by a rise in Finacle cloud hosting and IT security. This led Other Operating Expenses to grow by 9.6%.



Tax

The tax charge for the year remained comparable to prior year, despite the drop in headline earnings. This was supported by the change in Bank's tax rate effective as from 01 January 2020, where a single corporate tax rate of 5% was applicable to the bank, in addition to the 2% CSR and Special levy on segment A activities. On an overall basis, the Bank's tax rate is higher at 5% compared to prior years being at 3% on segment B activities. The Bank's segment A activities are insignificant.

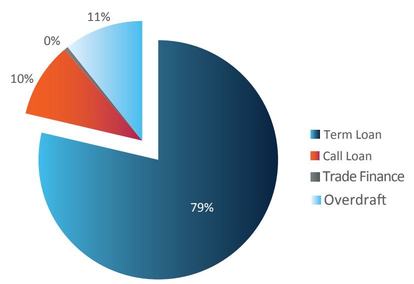
Dividends

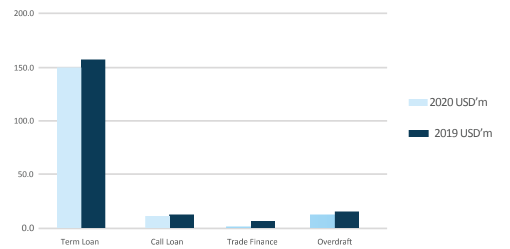
A dividend of USD 5.0m was paid in 2020 to the sole shareholder.

The Bank remains particularly focused on its core activities relating to multinationals with an African footprint as well as local corporates with an interest into Africa. A decrease in credit exposures was witnessed year over year with the gross loan and advances to customers shrinking from USD235m in 2019 to USD206m in 2020. The drop was predominantly driven by the repayment of both short-term assets as well as the early repayment of term loans. The slowdown in our client business operations remains prevalent due to Covid-19.

The asset book remained skewed towards Segment B activities, in line with our business operating model.

Composition of gross loans and advances





There was a drop in the overall exposures mainly driven by the term loans and trade finance portfolios aggregating USD26m. This originated from the repayment of loans coupled with a lower utilisation of the trade finance lines.

Overall, the product mix showed a higher weightage on the term loans product which represented around 79% of our loan and advances book, while both overdraft and call loans have decreased by 9% and 6% respectively.

As at 31 December 2020, the loan to deposit ratio stood at 13.7%. (2019: 19.8%).

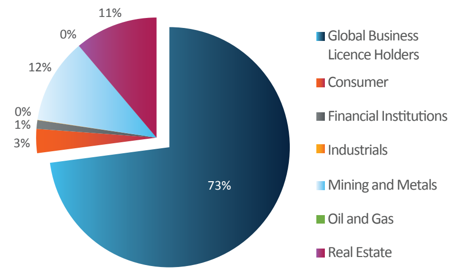
Credit Exposure Portfolio

As at end of December 2020, the Bank exposures to the Global Business Licence (GBL), Mining & Metals and Real Estate sectors were 72.9%, 11.5% and 11.1% respectively. Exposure within the GBL sectors remained well diversified and in line with our sector appetite.

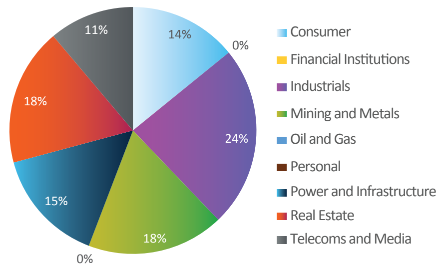
The Bank continues to trade with the established Tier 1 domestic counterparties, where working capital and short-term requirements are being financed, whilst continuing to service mainly the multinational corporates through the Segment B counterparties.

The Bank's credit appetite is constantly being reviewed in relation to any sector challenges and macroeconomic changes and caution is exercised as and when appropriate. The sector appetite is a yardstick to manage our appetite and exposure on each sector based on the individual sector outlook. The strategy is to ensure a well-balanced and diversified risk profile of our entire assets book based on insightful sector information.

Credit Exposure portfolio mix (%)



Global Business Licence Holders portfolio mix (%)



Credit Concentration

A large credit exposure is defined by the Bank of Mauritius as the aggregate of credit exposure to one customer or group of closely related customers for amounts exceeding 10% of the Tier 1 Capital. A regulatory limit has been set by Bank of Mauritius for the aggregate of such exposures not to exceed 800% of Tier 1 Capital for MUR-denominated exposures and 1200% of Tier 1 Capital for foreign currency denominated exposures. For all exposure above 25% of Tier 1 Capital, our parent company, Stanbic Africa Holdings Limited (SAHL) has been informed as prescribed in the guideline.

As at 31 December 2020, out of the top 18 customers or group of customers with large exposure, there were no single customer with above 25% and no single group of customers with exposure above 40% of Tier 1 capital base for MUR-denominated exposures and 75% of Tier 1 Capital for foreign currency denominated exposures. Relevant processes are in place to ensure compliance in respect of regulatory guidelines. Those exposures were from major customers with satisfactory credit risk rating.

The top 18 most significant concentrations in respect of customer or group of customers as at 31 December 2020 were as follows:

Sector	Exposure (USD'000)	Percentage of Tier 1 capital
Consumer (1 Client)	24,302	22%
GBL (13 Clients and 2 Groups of clients)	267,697	237%
Mining and Metals (1 Group of clients)	25,169	22%
Real Estate (1 Client)	23,003	20%
Total	**340,171**	**301%**

The Bank has in place an industry portfolio concentrations model and policy which regulates management of our sector concentration in an active manner. Limits have been set defining the Bank's credit appetite with particular attention paid to sectors with potential credit concerns.

Cash and cash equivalents and Financial Investments

The increase in the Bank's deposit base driven by the risk averseness of our client base, coupled with the reduction in the customer loan book has led to an excess liquidity, parked in bank placements. This evidenced the increase in cash and cash equivalents by 53.0%.

Financial investments consisting of MUR treasury bills and US treasuries increased by 11.6% to reach USD220.0m, stemming from the bank requirement to maintain an adequate stock of unencumbered high-quality liquid assets (HQLA). This consists of cash or assets that can be converted into cash at little or no loss of value, to meet the required Basel III Liquidity Coverage Ratio (LCR), as prescribed by the Bank of Mauritius.

The overall ratio of liquid assets as a percentage of deposits was 79.2% as opposed to 68.0% in the prior year.

Trading Assets

Trading assets consist of MUR treasury bills. The trading portfolio went down from USD 3.7m to USD1m due to a decline in client swap activities towards the end of year.

Derivative Assets and Liabilities

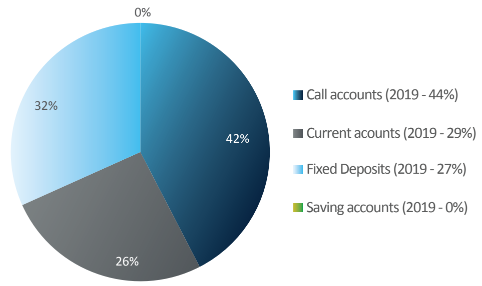
Derivative assets comprise of mark-to-market on foreign exchange derivatives. Due to an increase in the volume of foreign exchange forwards and swaps transactions, derivative assets increased from USD1.2m to USD2.6m.

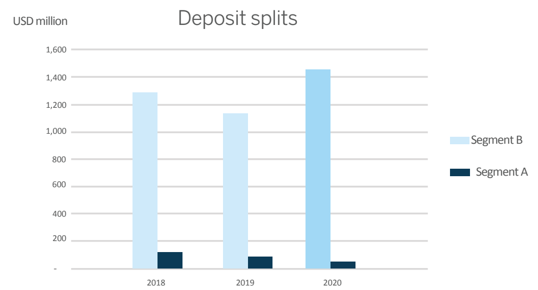
Derivatives liabilities consist of mark-to-market on foreign exchange derivatives which are held for trading and mark-to-market on interest rate derivatives which are held for hedging. Derivatives liabilities on derivatives held for trading increased from USD1.1m to USD2.5m, driven mainly by an increase in volumes of foreign exchange forwards and swaps transactions.

Deposits from customers

The Bank's response to the changes in the economic environments has been to reinforce the service quality and in so doing, did not witness any significant outflows during Covid-19, nor following the FATF grey listing of the jurisdiction or the South African downgrade. On the contrary, a growth of 24.2% was recorded as compared to prior year, with the Bank closing the year at USD1.5bn (2019: USD1.2bn). Total transferable deposits rose by 16.9%, and term deposits increased by 43.6% at year end.

Composition of Deposits from customers (%)





Deposits from banks

Deposits from banks increased by 13.5% to reach USD100.4m, driven by regional treasury activities and deposits from local banks.

Other borrowed funds

Other borrowed funds with Standard Bank of South Africa were repaid in June of this year, following the repayment of a term facility.

Off-Balance Sheet Items

Off Balance Sheet Exposure per sector

	2018 USD'000	2019 USD'000	**2020 USD'000**
Consumer	2,789	4,273	**2,871**
Financial Institutions	3,137	2,743	**605**
Industrials	19,506	9,722	**13,041**
Mining and Metals	1,840	289	**310**
Oil and Gas	-	2,100	**-**
Personal	8	6	**5**
Power and Infrastructure	8,912	9,829	**6,217**
Real Estate	-	739	**-**
Telecoms and Media	40	14	**60**
	36,232	**29,715**	**23,109**

Balance Sheet Items

Off-Balance Sheet exposure decreased from USD29.7m to USD23.1m in 2020 as a result of lower non-fund-based facilities to clients mainly in the Power & Infrastructure, Financial Institutions, Consumer and Oil & Gas sectors.

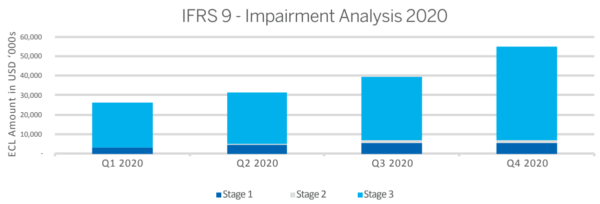
Off-Balance Sheet Exposure by geographical concentration

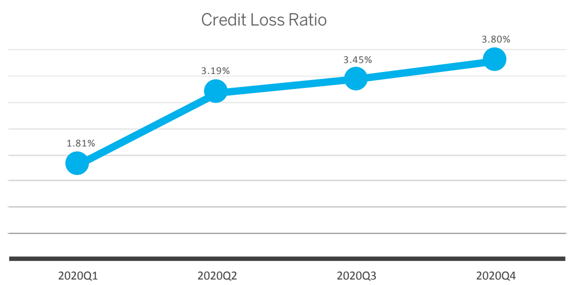
Country	2019 USD'000	2020 USD'000
Botswana	-	**123**
France	5,338	**-**
Ghana	-	**123**
Italy	128	**351**
Luxembourg	8,612	**6,043**
Mauritius	8,218	**13,635**
Netherlands	2,100	**-**
South Africa	4,318	**1,834**
UK	1,000	**1,000**
UAE	-	**-**
Grand Total	**29,714**	**23,109**

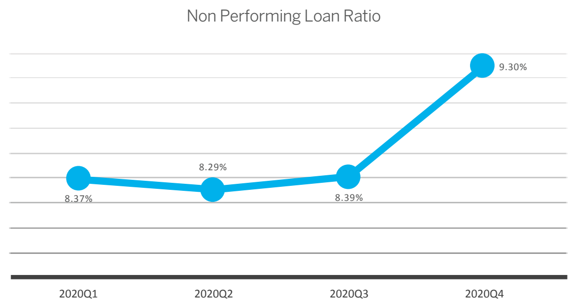
Credit Quality

With the advent of Covid-19 pandemic, the Bank has performed a deep drill exercise with the credit portfolio being reviewed using the latest available information on the counterparties and their respective sectors. Particular emphasis was given to sectors considered riskier, such as construction or retail. The ratings on counterparties having exposures fully cash secured, were kept unchanged given minimal impact from an IFRS9 perspective.

The difficult economic climate resulted in a deterioration in the probability of default, which translated in higher stage 1 and stage 2 credit impairment charges. As a result of the uncertainty around the timing of cash flows on a non- performing loan classified in December 2019, the bank adopted a prudent approach by elevating the provision to 100% for this exposure to USD11.1m, significantly impacting this year's bank's results.







The non-performing loans (NPLs) ratio to total loans remained at 9.3% as at end of December 2020. Stage 3 credit impairment provision at year end stood at USD16.0m. This in turn has driven the credit loss ratio to deteriorate further from 1.9% in 2019 to close at 3.8%. The total allowance for credit loan losses aggregated to USD18.3m under IFRS 9 for all financial assets subject to credit risk.

The level of provision on the performing book under IFRS 9 was lower than the 1% regulatory requirement provision, as per Bank of Mauritius Guideline on Credit Impairment and Income Recognition at year end. This required a provision of USD0.5m to be maintained under the statutory credit risk reserve.

A detailed analysis of performing and non-performing loans is provided in the financial risk management section on pages 118-129.

The quality of the lending book remains healthy despite the two credit exposures remaining classified as impaired, and duly provisioned for. Legal action is still in progress on the written-off client during the year. Our credit appetite on sector exposure is being managed within the Bank's approved framework to ensure acceptable level of concentration of risk and cross border activities are managed under our country risk management policy and going forward, also under the Bank of Mauritius Guideline on Cross Border Exposures. This policy is in line with regulatory requirement and our business strategic deliverables as far as asset buildup is concerned.

During the year, the exposures aggregating USD49.0m to five counterparties have been restructured with three exposures being under a distressed scenario. Out of the five counterparties, three were restructured due to Covid-19 impact. The corresponding provision amount of USD14.3m was held.

It is to be highlighted that one exposure aggregating to USD0.3m which had been restructured in quarter 1 of 2020 due to Covid-19, was settled late in quarter 4 2020 with the corresponding provision amount of USD11,271 being released.

ENSURING **OUR SUSTAINABILITY**

Risk & Capital Management Report

Introduction

Effective risk management is fundamental to the successful execution of the Bank's strategy, as it pursues its vision to build the leading financial organisation in, for and across Africa. The role of the risk management function is to ensure that the full spectrum of risks faced by the Bank are properly identified, assessed, managed, monitored, measured and reported in the pursuit of its goals.

The Bank's approach to managing risk is to adopt a risk and governance framework that enables management to maximise risk adjusted returns while remaining within the board-approved risk appetite and risk tolerance levels. This approach ultimately ensures the protection of the Bank's reputation and is consistent with its objective of increasing shareholder value. The material types of risks the Bank's faces are outlined below:

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk.

Reputational risk is the risk of potential or actual damage to the Bank's image which may impair the profitability and/or sustainability of its business.

Compliance risk is the risk of legal or regulatory sanction, financial loss or damage to reputation that the Bank may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standards of good practice applicable to its financial services activities.

Business risk is the risk of earnings variability, resulting in operating revenues not covering operating costs after excluding the effects of market risk, credit risk, structural interest rate risk and operational risk.

Country risk, also referred to as cross-border country risk, is the uncertainty that obligors will be able to fulfil obligations given political or economic conditions in the country.

Operational risk is the risk of loss suffered as a result of the inadequacy of, or failure in, internal processes, people and/or systems or from external events.

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

Risk Governance

The Bank's approach to managing risk and capital is set out in the Bank's risk management framework, which is endorsed by the Board of directors. The framework has two components:

GOVERNANCE DOCUMENTS

Governance documents compromise standards, frameworks and policies which set out the requirements for the identification, assessment, measurement, monitoring, managing and reporting of risks and the effective management of capital. Governance standards and framework are approved by the Board.

GOVERNANCE COMMITTEES

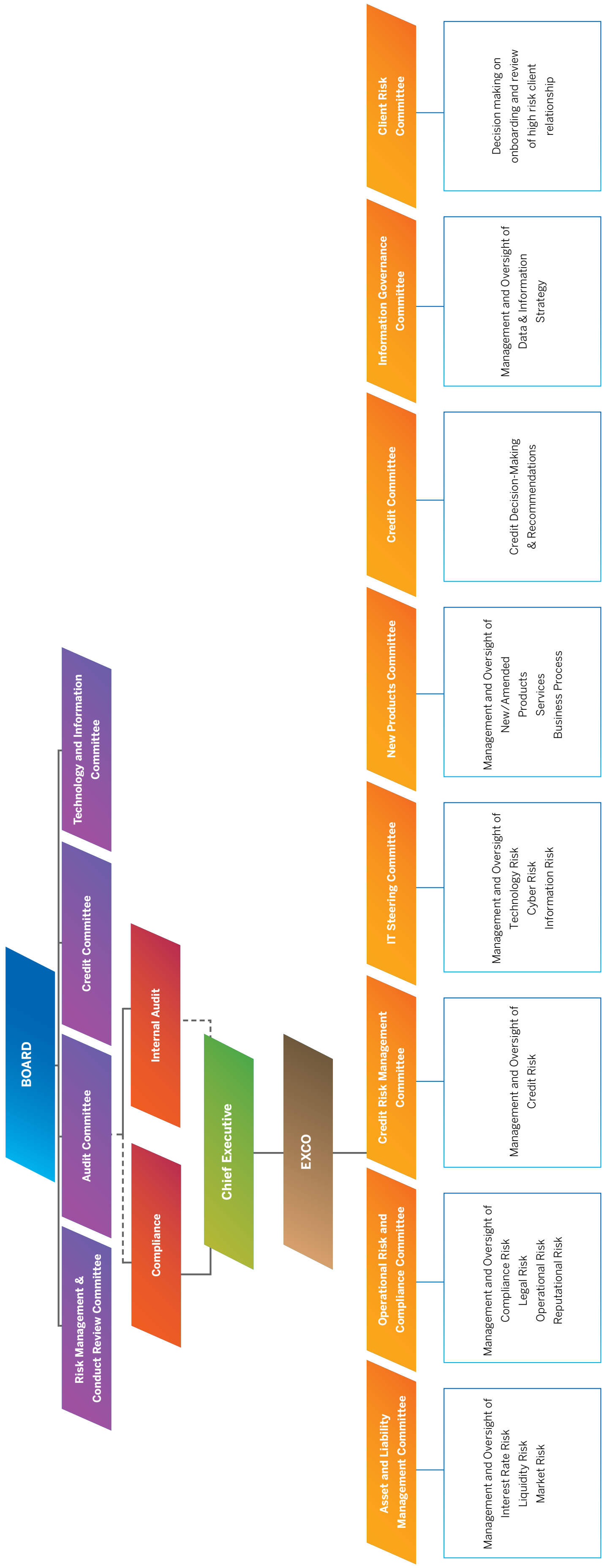
Governance committees are in place at both a board and management level. These committees have mandates and delegated authorities that are regularly reviewed.

Risk governance standards have been developed for all major risk types that the Bank is exposed to and ensure that all material risks to the Bank's strategic and financial objectives are identified and managed proactively. The risk governance standards are part of the Group's governance infrastructure, reflecting the expectations and requirements of the board and its committees in respect of key risk areas. The standards set out minimum control requirements and ensure alignment and consistency in the manner in which the major risk types and capital management metrics across the Group are dealt with, from identification to reporting.

Policies are developed where required on specific items as stated within the standards and are reviewed on a biennial basis or earlier if required. These policies are localised to recognise in-country laws and regulations.

Details with regards to the implementation of these policies within each particular business unit are set out in the processes and procedures manual. Compliance with the standards, policies and procedures is overseen by the risk management team through annual self-assessments by business units, backtesting and independent reviews by the third line of defence functions.

Risk Governance Structure



Board and Sub-Committees

The Board of Directors of Standard Bank Mauritius Limited has ultimate responsibility for the oversight of risk. The Bank's approach to managing risk is to adopt a risk and governance framework that enables Management to maximise risk adjusted returns while remaining within the Board-approved risk appetite and risk tolerance levels. As at 31 December 2020, the Board is satisfied that:

- The Bank's risk and capital management controls and processes generally operated effectively;
- The Bank's business activities have been managed within the board-approved risk appetite;
- The Bank is adequately funded and capitalised to support the execution of its strategy.

In the instances where gaps were identified or where the Bank incurred losses and breached risk appetite, the Board is satisfied that Management has taken appropriate remedial and timely action.

Executive Committees

Details of the Executive Committees are provided in the Corporate Governance Report section of this annual report. Other Executive Committees of the Bank are:

New Products Committee (NPC)

The purpose of the New Products Committee (NPC) is to facilitate the introduction of new products, services, businesses, legal entities systems or processes in a coordinated and effective manner which is consistent with our overall strategic, business and risk management focus.

The objectives of the NPC are:

- To ensure that any significant risks that could arise from the introduction or amendment of businesses, products or services, systems and processes are properly identified and appropriately addressed by the relevant parties;
- To achieve greater consistency in decision-making through standardising the requirements for the approval process of new products;
- To ensure that feasible and viable support and control processes and systems are in place to support the deployment of new products;
- To ensure that risks from interdependencies associated with the roll-out of products are properly identified and mitigated in a coherent manner; and
- To ensure adequate control and effective maintenance of the NPC process itself.

The NPC, a sub-committee of EXCO, is chaired by the Chief Finance Officer and consists of a minimum of five EXCO members depending on the type of product/service being introduced. The NPC meets as and when required.

Credit Committee

The Credit Committee is the senior management credit decision-making function with a defined delegated authority as determined by the Board of Directors through the Board Credit Committee from time to time. The purpose of the Credit Committee is:

- To exercise responsibility for the independent assessment, approval, review and monitoring of all credit risk assets relating to the Bank's business; and
- To ensure that the origination and management of the assets in the portfolio is done in terms of the Group's Credit Standard and any other guidance given to it by Group Governance Committees from time to time.

The Credit Committee, a sub-committee of EXCO, is chaired by the Head: Credit and comprises at least four core members. The Credit Committee meets at least monthly or more frequently as determined by business needs.

Information Governance Committee

The Information Governance Committee (iGovco) has been established as a sub-Committee of the in-country Executive Committee and is mandated to set, track, monitor and report on the effective implementation of the Bank's data and information strategy.

The main responsibilities of the Committee include, inter alia, the following:

- Setting the priorities and agreeing on the critical data and information scope for the Bank;
- Approving the Bank's operating model for Data and Information;
- Making investment decisions on key data and information programmes; and
- Overseeing and supporting the delivery of strategic data and information projects.

The iGovco is chaired by the Head: Operations and meets at least on a monthly basis.

Client Risk Committee

As a cornerstone of good practice and in line with regulatory requirements, the Bank is required to determine its appetite for establishing or continuing a business relationship with a potential or existing customer classified as high risk. The Client Risk Committee, a sub-committee of EXCO, serves to give effect to the governance and control requirements of the Bank and is responsible for approving client relationships where that relationship may have adverse reputational risk implications for the Bank. Potential reputational risk may span over a wide spectrum with various parameters, e.g. country of operation, nature of business activity, connection with Politically Exposed Persons, adverse information, amongst others. The Bank, through the Client Risk Committee, ensures that a review process is in place for all relevant clients falling within this category.

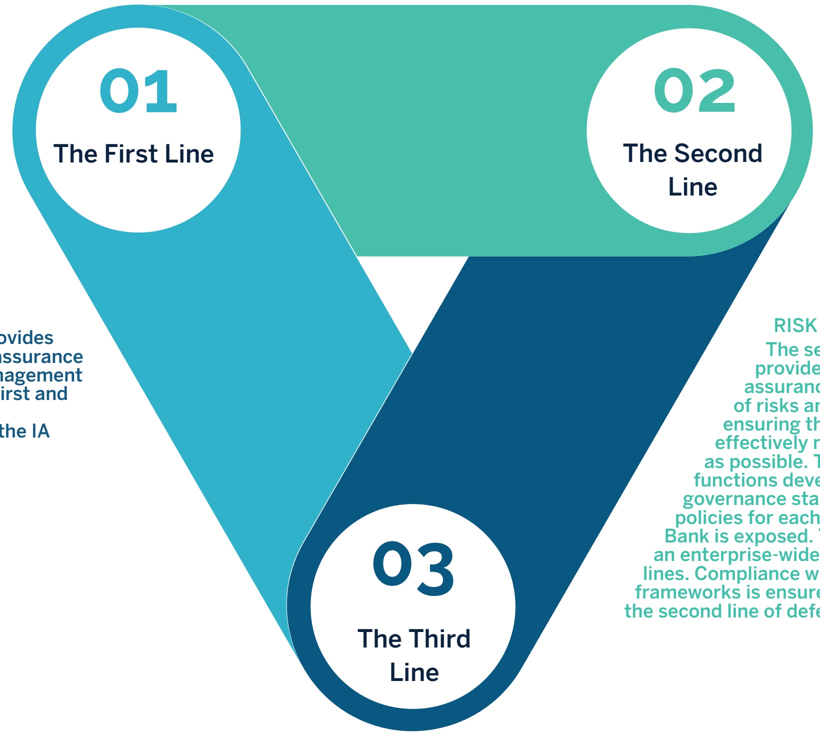
The Client Risk Committee is currently chaired by the Head: Client Coverage and comprises six other EXCO members. The Committee meets weekly or as required depending on business requirements.

Three Lines of Defense Model

BUSINESS LINES

The First Line of defence consists of the management of business lines. It is the responsibility of first line management to identify and manage risks. This includes, at an operational level, the day-to-day effective management of risk in accordance with agreed risk policies, appetite and controls. Effective first line management includes:

- the proactive self-identification of issues and including emerging risks
- the design, implementation and ownership of appropriate controls
- the associated operational control remediation
- a strong control culture of effective and transparent risk partnership



INTERNAL AUDIT (IA)

The Third line of defence provides independent and objective assurance to the Board and senior management on the effectiveness of the first and second lines of defence.
This responsibility lies with the IA function.

RISK MANAGEMENT & COMPLIANCE

The second line of defence functions provide independent oversight and assurance. Resources provide oversight of risks and support management in ensuring that their specific risks are effectively managed as close to the source as possible. The second line of defence functions develop, implement and integrate governance standards, frameworks and policies for each material risk type to which the Bank is exposed. This ensures consistency and an enterprise-wide approach across business lines. Compliance with the standards and frameworks is ensured through self-assessments by the second line of defence and reviews by IA.

Risk Culture

The Bank leverages on the three lines of defence model to build and maintain a strong risk culture, where resilience is a priority for the effective management of risk across the Bank. Focus is placed on multiple drivers to enhance risk culture, with emphasis on doing the right business, the right way. Employees are empowered to act with confidence, drive meaningful behavioural changes and place the customer at the centre of everything they do, through the embedment of the Bank's values and code of ethics, compliance training and whistle-blowing programmes.

Key components of the Bank's Risk culture include:

- **Tone from the Top** – Directors and Executive Management are required to consistently act professionally and ethically in line with the principles of integrity, accountability and transparency, thus leading by example and promoting and maintaining trust across the Bank.
- **Robust Risk Governance** – Executive Management continuously ensures that legal, regulatory and business requirements are fully embedded in the bank's policies, processes and governance frameworks supported by robust control mechanisms to comply with same.
- **Focus on Key and Emerging Risks** – Executive Management is accountable to proactively identify and manage principal and emerging risks.

Risk Management Team

The Risk Management Team provides the day to day oversight on management of risk and promotes a strong risk culture across the Bank. The function aims at reinforcing the Bank's resilience by encouraging a holistic approach to the management of risk and return throughout the bank as well as the effective management of the Bank's risk, capital and reputational profile. The following principles underpin the Bank's risk culture:

- Risk is taken within the defined risk appetite and approved risk management framework;
- Continuous monitoring and management of risks; and
- The Bank needs to be adequately compensated for risks taken.

The Risk Management Team is responsible to create and maintain the risk practices across the Bank as defined by Group Risk and to ensure that controls are in place for all risk categories.

The Risk Function is subject to periodic assurance reviews by Group Internal Audit where it is assessed by specialised teams for each of the different types of risk. Internal Audit provides an assessment on the adequacy and effectiveness of the Bank's processes for controlling its activities, managing its risks and ensuring good governance. It reports and provides recommendations on significant issues related to the risk management, control and governance processes within the Bank.

The Risk Management Team maintains its objectivity by being independent of operations. The Head: Risk has a direct reporting line into the Chief Executive and to Group Risk.

Risk Appetite and Stress Testing

Overview

The key to the Bank's long-term sustainable growth and profitability lies in ensuring that there is a strong link between its risk appetite and its strategy. Risk appetite is set and stress testing activities are undertaken at a risk type and legal entity level.

Governance

The primary management level governance committee overseeing risk appetite and stress testing is the Assets & Liabilities Committee. The principal governance documents are the risk appetite governance framework and the stress testing governance framework.

Risk Appetite Governance Framework

The risk appetite governance framework guides:

- the setting and cascading of risk appetite by risk type and legal entity;
- measurement and methodology;
- governance;
- monitoring and reporting of the risk profile; and
- escalation and resolution.

The Bank has adopted the following definitions:

Risk Appetite: an expression of the amount or type of risk the Bank is willing to take in pursuit of its financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations as they fall due, under both normal and a range of stress conditions.

Risk Appetite Trigger: an early warning trigger set at a level that accounts for the scope and nature of available management actions and ensures that corrective management action can take effect and prevent a risk tolerance limit breach.

Risk Tolerance: the maximum amount of risk the Bank is prepared to tolerate above risk appetite. The metric is referred to as a risk tolerance limit.

Risk Capacity: the maximum amount of risk the Bank is able to support within its available financial resources.

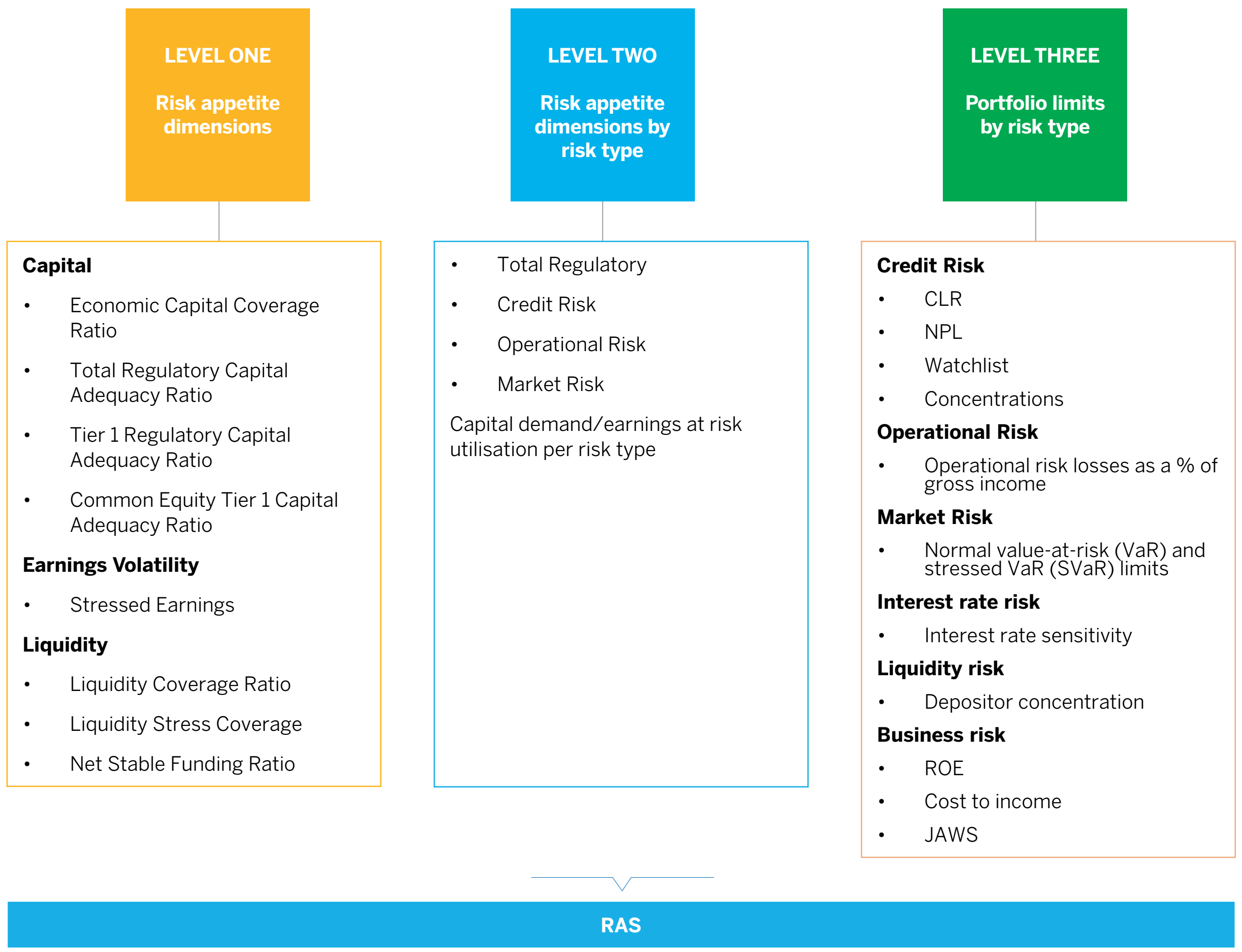
Risk Appetite Statement (RAS): the documented expression of risk appetite and risk tolerance which have been approved by the Board. The RAS is reviewed and revised, if necessary, on an annual basis.

Risk Profile: the risk profile is defined in terms of three dimensions, namely:

- current or forward risk profile;
- unstressed or stressed risk profile; and
- pre- or post-management actions.

The following diagram provides a schematic view of the three levels of risk appetite and the integral role that risk types play in the process of cascading risk appetite from dimensions such as regulatory capital, economic capital, stressed earnings and liquidity to more granular portfolio limits.

Risk Appetite



Risk Appetite Statement (RAS)

Executive Management and the Board Risk Management & Conduct Review Committee are responsible for recommending the RAS for approval by the Board. In developing the RAS, Executive Management considers the Bank's strategy and the desired balance between risk and return. The Board Risk Management & Conduct Review Committee reviews the Bank's current risk profile on a quarterly basis and forward risk profile (both stressed and unstressed) at least annually.

Level one risk appetite dimensions can be either quantitative or qualitative.

Quantitative level one risk appetite dimensions relate to available financial resources and earnings volatility. The standardised quantitative dimensions used by the Bank are:

- stressed earnings;
- economic capital;
- regulatory capital; and
- liquidity.

The Bank's qualitative RAS, set out below, serves as a guide for embedding the risk appetite framework to guide strategic and operational decision making across the Bank.

- **Capital position:** The Bank aims to have a strong capital adequacy position measured by regulatory and economic capital adequacy ratios. Capital levels are managed to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance.
- **Funding and liquidity management:** The Bank's approach to liquidity risk management is governed by prudence and is in accordance with the applicable laws, regulations and takes into account the competitive environment in which the bank operates. The Bank manages liquidity risk on a self-sufficient basis.
- **Earnings volatility:** The Bank aims to have sustainable and well diversified earning streams in order to minimise earnings volatility through business cycles.
- **Reputation:** The Bank has no appetite for compromising its legitimacy or for knowingly engaging in any business, activity or relationship which, in the absence of taking mitigating actions, could result in foreseeable reputational risk or damage to the Bank and Standard Bank Group.
- **Conduct:** The Bank has no appetite for unfair customer outcomes arising from inappropriate judgement and conduct in the execution of our business activities, or wilful breaches of regulatory requirements. The Bank strives to meet customers' expectations for efficient and fair engagements by doing the right business the right way, thereby upholding the trust of our stakeholders.

Level two risk appetite represents the allocation of level one risk appetite to risk types. Specifically, the contribution of individual risk types to earnings volatility and overall capital demand (both economic and regulatory) is controlled through triggers and limits.

Level three consists of key metrics used to monitor the portfolio. Portfolio triggers and limits are required to be broadly congruent with level one and level two triggers and limits. These metrics are regularly monitored at a risk type level and ensure proactive risk management.

Stress Testing

Stress Testing Governance Framework

Stress testing is a key management tool within the Bank and is used to evaluate the sensitivity of the current and forward risk profile relative to different levels of risk appetite. Stress testing supports a number of business processes, including:

- strategic and financial planning;
- the Internal Capital Adequacy Assessment Process and the Integrated Recovery Plan, including capital planning and management, and the setting of capital buffers;
- liquidity planning and management;
- informing the setting of risk appetite;
- identifying and proactively mitigating risks through actions such as reviewing and changing limits, limiting exposures, and hedging; and
- facilitating the development of risk mitigation or contingency plans, including recovery plans, across a range of stressed conditions.

Stress testing within the Bank is subject to the Bank's stress testing governance framework which sets out the responsibilities for and approaches to stress testing activities. Broadly aligned and fit-for-purpose stress testing programmes are implemented for the Bank to ensure appropriate coverage of the different risks.

Stress Testing Programme

The Bank's stress testing programme uses one or a combination of stress testing techniques, including scenario analysis and sensitivity analysis to perform stress testing for different purposes.

Macroeconomic Stress Testing

Macroeconomic stress testing is conducted across all major risk types on an integrated basis for a range of economic scenarios varying in severity from mild to very severe but plausible macroeconomic shocks. The impact, after consideration of mitigating actions, on the Bank's income statement, Statement of Financial Position and the Bank's capital demand and supply is measured against the Bank's risk appetite.

Macroeconomic stress testing for the Bank is performed, as a minimum, once a year for selected scenarios that are specifically designed to target the Bank's risk profile, geographical presence and strategy. In 2020, the impact of the Global Pandemic was simulated. The results indicated that the Bank is well capitalised and able to handle the stress.

Macroeconomic stress testing results are presented at a board level in order to consider whether the Bank's risk profile is consistent with the Bank's risk appetite buffer. Macroeconomic stress testing results are submitted as part of the annual ICAAP.

Additional Stress Testing

Bank-wide macroeconomic stress testing results are supplemented with additional ad hoc stress testing at the Bank, that may be required from time-to-time for risk management or planning purposes. The purpose of this stress testing is to inform management of risks that may not yet form part of routine stress testing or where the focus is on a specific portfolio or business unit. Additional stress testing can take the form of either scenario analysis or sensitivity analysis.

Integrated Recovery Planning (IRP)

Recovery and resolution planning is a global regulatory reform introduced to improve international financial stability and reduce the likelihood of the failure of systemically important financial institutions. The recovery plan identifies management actions which can be adopted during periods of severe stress to ensure the survival of our business and of the economy within which the Bank operates.

In 2020, the Bank kick-started its Integrated Recovery Plan in order to identify credible recovery options; that can be implemented in the short or medium term; under a range of idiosyncratic and market-wide stress scenarios, addressing both capital shortfalls and liquidity pressures.

Severe stress scenarios proposed were primarily chosen in line with the Bank's operating model and key target markets and also included top macroeconomic concerns on a global and country-specific level. Scenarios selected by the Bank were:

- Combined Stress: Extreme Covid-19 Impact
- Bank-Specific Stress: Impact of a cyber-attack on the Bank
- Systemic Stress: Impact of sanctions on Mauritius as a jurisdiction

The IRP highlighted circumstances in which capital and liquidity ratios and earnings may be impacted under severe stress conditions. A list of mitigating actions was identified and will be considered and activated as needed to recover financial strength and viability under severe stress.

Risk Type Stress Testing

Risk type stress tests apply to individual risk types. Risk type stress testing could take the form of scenario or sensitivity analysis.

(Refer to ICAAP section under Capital Management)

1. Credit Risk*

Overview and Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk.

Concentration Risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral.

Approach to Managing Credit Risk

Credit risk is managed in accordance with the Bank's comprehensive credit risk management control framework. The Credit Standard sets out the principles and minimum control requirements under which the Bank is prepared to assume credit risk and is supported by multiple underlying policies and procedures.

Credit risk is managed through:

- Setting the appetite for credit risk with respect to counterparty, sector and country concentrations with regular monitoring to proactively adjust to changes in client's economic environment. All countries to which the Bank is exposed are reviewed at least annually. Internal rating models are employed to determine ratings for jurisdiction, sovereign and transfer and convertibility risk;
- Maintaining a culture of responsible lending through a robust risk policy and control framework;
- Ensuring that there is expert scrutiny and approval of credit risk and its mitigation via a strong delegated authority framework, independently of the business functions;
- Identifying, assessing and measuring credit risk across the Bank, from an individual facility level through to an aggregate portfolio level;
- Monitoring the Bank's credit risk exposure relative to approved customer limits, risk appetites, changes in economic environment (countries, sectors) and client state of affairs to identify early signs of weaknesses in the exposure which will enable the Bank to take prompt action such as tightening of appetite for particular products, increase in collateral requirements or curtailing originations;
- Independent credit risk reviews by second and third lines of defence to assess quality of credit evaluation and adherence to credit risk standards;
- Defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions.

*Information in this section has been audited

Credit Risk Mitigation

Wherever warranted, the Bank will attempt to mitigate credit risk to any counterparty, transaction, sector, or geographic region, to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support and the distribution of risk.

In the case of collateral where the Bank has an unassailable legal title, the Bank's policy requires collateral to meet certain criteria including:

- being readily marketable and liquid;
- being legally perfected and enforceable;
- having a low valuation volatility;
- being readily realisable at minimum expense;
- having no material correlation to the obligor credit quality;
- having an active secondary market for resale.

The main types of collateral obtained by the Bank for its exposures include:

- cash collaterals;
- fixed charges over commercial and industrial properties;
- floating charges;
- pledges of receivables;
- corporate guarantees.

Classification of NPL accounts under sub-standard, doubtful and loss:

1. **Sub-standard credit**
   Credit that is currently performing but has weaknesses that throw doubt on the customer's ability to comply with the terms and conditions of the credit, may warrant to be classified as a sub-standard. However, when it is impaired and is past due between 90 and 180 days, it must, as a minimum, be classified as sub-standard.

2. **Doubtful credit**
   Credit that is not in arrears or in arrears in less than 180 days but has weaknesses that make collection in full highly improbable, may warrant to be classified to doubtful. However, when it is impaired and in past due for a period exceeding 180 days but less than one year, it must, as a minimum, be classified as doubtful.

3. **Loss**
   Credit classified as loss and uncollectible although there may be some salvage or recovery value of security available. Such credit should not be kept on the financial institution's book for the reason that there might be some recoveries in the long term. An impaired credit that is past due in excess of a year, must be classified as loss.

Managing Credit Risk in a Covid-19 driven environment

The Covid-19 outbreak was declared a Public Health Emergency of International Concern on 30 January 2020 by the World Health Organisation. The pandemic took a toll on human life and brought major disruption to economic activity across the world. Covid-19 hit the African continent in a context of persistently weak growth and investment and declining commodity prices with the hardest impact on the oil exporting countries due to the low oil prices.

On 20 March 2020, the Mauritian Government implemented a general lockdown, curfew order and closure of borders to curb the spread of the virus. The spread was contained and normal economic activity resumed on 01 June 2020.

The pandemic and its adverse economic impact have considerably affected the local economy in terms of general business activity and more particularly the tourism and airline industries. The Mauritian economy is forecasted to register its first contraction (at 15.2%) since more than 40 years. Primary impacted sectors include Tourism, Aviation, Logistics, Construction, Industrials and Property Holding with an indirect impact on other sectors.

Since the start of the Covid-19 outbreak in Mauritius and Africa, the Credit and Business Teams participated in various initiatives to understand the impact on clients' operations and take appropriate measures where required:

- Engagement with the Group Business teams (Client Coordinators/Relationship Managers), relevant sector experts and Group Credit Managers to get their latest insights.
- Reassessment of risk grades of counterparties informed by latest financial statements received and/or engagement with counterparties, Deal teams and sector experts. The risk rating exercise is an ongoing process that is triggered as and when new information, of financial and non-financial nature, comes in.
- Conduct scenarios to understand impact of provisioning of counterparties in base case and worst-case scenarios.
- A deep drill Rapid Risk Review was carried out by Business Support and Resolution team on the credit portfolio to identify potentially vulnerable clients and apply special focus on monitoring them closely.
- A further Rapid Risk Review exercise was performed using a sectoral approach in June and July 2020 to understand the sector angle of impact from Covid-19.
- On a monthly basis, feedback on the credit portfolio is provided in a portfolio review call within Regional Executives where updates are provided relative to macro-economic and sectoral challenges.
- Names under close monitoring and under watchlist and Non-Performing Loans are discussed at monthly forums which are attended by Executives from Business, Credit and Business Support and Resolution teams.

The primary focus remains monitoring the existing credit portfolio which implies staying close with clients, Deals Team and country teams to understand changes in various jurisdictions where our clients operate. Ongoing risk grading has been embedded based on feedback received from clients and Deal teams. Credit lending remains governed by the Group's Portfolio Risk Management Committee guidelines which review sectoral appetite indicators on sectors and countries.

Governance and Reporting

Credit risk is managed and reported through the Bank's governance committees, the Credit Risk Management Committee ("CRMC") and the Board Credit Committee ("BCC").

2. Country Risk

Overview and Definition

By virtue of its strategy, the Bank is exposed to country risk. Country risk is the uncertainty whether obligors (including sovereign and group companies) will be able to fulfil financial obligations given political or economic conditions in the country in question.

Approach to managing country risk

All countries, to which the Bank is exposed to, are reviewed at least annually. Our Internal rating model is used to determine ratings for country, sovereign, transfer and convertibility risk. Once rated, the countries are then categorised into high, medium or low risk.

Country risk is mitigated through a number of methods, including:

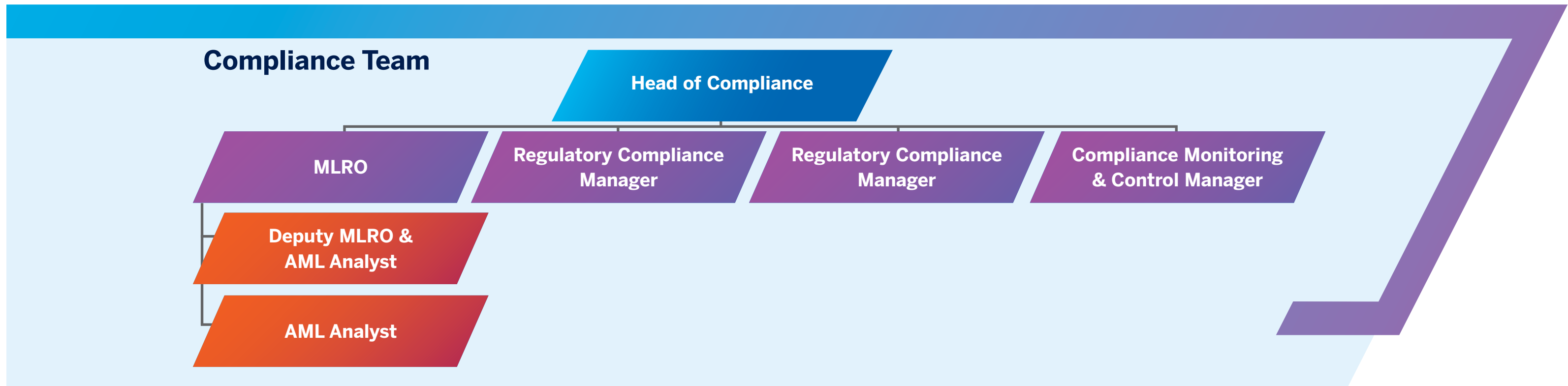
- political and commercial risk insurance;
- co-financing with multilateral institutions;
- structures to mitigate transfer and convertibility risk such as collection, collateral and margining deposits outside the country in question.

Governance and Reporting

The primary management level governance committee overseeing this risk type is the Bank's CRMC. The principal governance document is the country risk policy.

3. Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, financial loss or damage to reputation that the Bank may suffer as a result of its failure to comply with laws, regulations, codes of conduct, internal policies and standard of good practice applicable to the Bank's activities.



The Compliance Team proactively supports senior management and business through effective compliance risk management practices to ensure that all business is conducted in accordance with compliance requirements, thereby mitigating regulatory sanctions and reputational risk and ensuring that we do the right business the right way. The Compliance function is subject to periodic internal audit.

Business units and operational units own the compliance risks associated with their departmental processes.

Compliance is accountable for the implementation of an effective compliance framework, key activities of which are summarised below:

- Identifying and assessing compliance risks;
- Providing advice on risk mitigation to compliance risk owners in the first line of defence; and
- Monitoring the adequacy of risk mitigation and controls in the first line of defence and reporting on the compliance risk status for the Bank.

4. Funding and Liquidity Risk

(a) Approach to managing liquidity risk*

The nature of the Bank's banking and trading activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the bank with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

Bank manages liquidity in accordance with applicable regulations and within Standard Bank's risk appetite framework. The Bank's liquidity risk management governance framework supports the measurement and management of liquidity to ensure that payment obligations can be met under both normal and stressed conditions and that regulatory minimum requirements are met at all times. This is achieved through a combination of maintaining adequate liquidity buffers and to ensure that cash flow requirements can be met. Liquidity risk management ensures that the group has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

The Bank manages liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements.

Liquidity Management Categories

TACTICAL (SHORT-TERM) LIQUIDITY RISK MANAGEMENT	STRUCTURAL (LONG-TERM) LIQUIDITY RISK MANAGEMENT	CONTINGENCY LIQUIDITY RISK MANAGEMENT
• manage intra-day liquidity positions • monitor interbank shortage levels • monitor daily cash flow requirements • manage short-term cash flows • manage daily foreign currency liquidity • set deposit rates in accordance with structural and contingent liquidity requirements as informed by ALCO • ensure compliance with the Bank of Mauritius Liquidity Coverage Ratio (LCR)	• ensure a structurally sound statement of financial position • identify and manage structural liquidity mismatches • determine and apply behavioural profiling • manage long-term cash flows • aim for a diversified funding base • inform term funding requirements • assess foreign currency liquidity exposures • establish liquidity risk appetite • ensure appropriate transfer pricing of liquidity costs	• monitor and manage early warning liquidity indicators • establish and maintain contingency funding plans • undertake regular liquidity stress testing and scenario analysis • convene ad-hoc ALCO as a liquidity crisis management committee, if needed • set liquidity buffer levels in accordance with anticipated stress events • advise on the diversification of liquidity buffer portfolios • ensure compliance with the Bank of Mauritius Liquidity Coverage Ratio (LCR)

*Information in this sub-section 4(a) has been audited

The LCR is a metric introduced by the BCBS to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking the Bank's high-quality liquid assets (HQLA) and dividing it by net cash outflows. The LCR rule issued by the Bank of Mauritius became effective in Mauritius in November 2017 with the following transitional arrangements.

(b) LCR implementation timeline

	As from 30 November 2017	As from 31 January 2018	As from 31 January 2019	As from 31 January 2020
LCR in Mauritian Rupee (MUR)	100%	100%	100%	**100%**
LCR in material foreign currencies	60%	70%	80%	**100%**
Consolidated LCR	60%	70%	80%	**100%**

As at 31 December 2020, the Bank was within regulatory compliance with a MUR Liquidity Coverage Ratio (LCR) of 134%, a USD LCR of 133% and a consolidated LCR of 105%.

(c) Governance

The primary governance committee overseeing liquidity risk is the Asset and Liability Management Committee (ALCO).

(d) Liquidity characteristics and metrics

Overview of Liquidity and Funding Metrics

	2020	2019	2018
Total Liquidity Reserves (USDm)	**1,377**	1,065	1,188
Eligible BOM LCR HQLA (USDm)	**237**	204	165
Single depositor (MUR%)	**17.98%**	36.90%	34.65%
Top 10 depositors (MUR%)	**49.98%**	71.92%	70.15%
Single depositor (FCY%)	**15.54%**	5.10%	6.39%
Top 10 depositors (FCY%)	**43.66%**	29.42%	37.63%
BOM LCR (Quarterly average of monthly observations%)	**112%**	110%	88%

(e) Liquidity Coverage Ratio (LCR) Disclosures:

Consolidated in USD	TOTAL UNWEIGHTED VALUE (quarterly average of bimonthly observations)[1]	TOTAL WEIGHTED VALUE (quarterly average of bimonthly observations)[1]
HIGH-QUALITY LIQUID ASSETS	**USD**	**USD**
Total high-quality liquid assets (HQLA)	**255,002,326**	**255,002,326**
CASH OUTFLOWS		
Retail deposits and deposits from small business customers (Less Stable)	**25,165,297**	**5,244,497**
Unsecured wholesale funding (Non-operational deposits)	**1,576,609,718**	**884,911,585**
Outflows related to derivative exposures and other collateral requirements	**1,078,333**	**1,078,333**
Credit and liquidity facilities	**169,921,110**	**21,809,187**
Other contingent funding obligations	**24,417,354**	**1,220,868**
TOTAL CASH OUTFLOWS	**1,797,191,812**	**914,264,470**
CASH INFLOWS		
Inflows from fully performing exposures	**895,280,356**	**879,527,357**
TOTAL CASH INFLOWS	**895,280,356**	**879,527,357**
		TOTAL ADJUSTED VALUE
TOTAL HQLA		**255,002,326**
TOTAL NET CASH OUTFLOWS		**228,296,534**
LIQUIDITY COVERAGE RATIO (%)		**112%**
QUARTERLY AVERAGE OF DAILY HQLA[2]		**234,500,605**

1 The quarterly average of bimonthly observations for the period October 2020 to December 2020
2 The quarterly average of daily HQLA is based on close of day figures over the period 01 October 2020 to 31 December 2020

(e) Liquidity Coverage Ratio (LCR) Disclosures (Continued)

The high-quality liquid assets comprise mainly of investment in US Treasury Bills, Government of Mauritius Treasury Bills, Bank of Mauritius Bills, coins and bank notes and qualifying central bank reserves. The cash outflows represent the funding of the Bank categorised as per the Bank of Mauritius guideline on Liquidity Risk Management and weighted at the appropriate run-off rate (most conservative between internal data and the regulatory guideline). The Bank's cash inflows comprise mainly of group placements maturing within the next 30 days.

The Bank seeks to exceed the minimum LCR requirement with a sufficient buffer to allow for funding flows volatility as determined by its internal liquidity risk appetite. A buffer is maintained above the minimum regulatory requirement to cater for balance sheet and market volatility.

(f) Contingency liquidity risk management

(i) Contingency funding plans

Contingency funding plans are designed to protect stakeholder interests and maintain market confidence in the event of a liquidity crisis. The plans incorporate an early warning indicator process supported by clear crisis response strategies. Early warning indicators are monitored according to assigned frequencies and tolerance levels.

Crisis response strategies are formulated for the relevant crisis management structures and address internal and external communications and escalation processes, liquidity generation management actions and operations, and heightened and supplementary information requirements to address the crisis event. The updating of contingency funding plans, while considering budget forecasting, continues to be a focus area for the asset liability management team.

(ii) Liquidity stress testing and scenario analysis

Stress testing and scenario analysis are based on hypothetical and historical events. These are conducted on the Bank's funding profiles and liquidity positions. The crisis impact is typically measured over a 30 calendar-day period as this is considered the most crucial time horizon for a liquidity event. This measurement period is also consistent with the LCR requirements.

Anticipated on and off-balance sheet cash flows are subjected to a variety of bank-specific and systemic stresses and scenarios to evaluate the impact of unlikely but plausible events on liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Bank's ability to maintain sufficient liquidity under adverse conditions.

Internal stress testing metrics are supplemented with the regulatory LCR in monitoring the Bank's ability to survive severe stress scenarios.

(g) Structural liquidity mismatch

Maturity analysis of financial liabilities using behavioural profiling

With actual cash flows typically varying significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet commitments, as well as to certain liquid assets. Behavioural profiling assigns probable maturities based on historical customer behaviour. This is used to identify significant additional sources of structural liquidity in the form of core deposits, such as current and savings accounts, which exhibit stable behaviour despite being repayable on demand or at short notice.

To highlight potential risks within the Bank's defined liquidity risk thresholds, structural liquidity mismatch analysis are performed regularly to anticipate the mismatch between payment profiles of statement of financial position items.

*Information in this section has been audited

5. Market Risk*

Overview and Definition

The Bank defines market risk as the risk of a change in market value, actual or effective earnings or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse moves in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables. To ensure that all market risks are identified, all new products are required to be signed off by the New Products Committee where Market Risk Unit's input is mandatory.

Managing Market Risk

The market risk management framework applied in the Bank is consistent with the Group's market risk management framework:

- The board-approved Market Risk Policy outlines the framework and principles designed to properly identify, measure, monitor, manage and report market risk in order to minimise the risk of financial loss.
- Board monitors compliance with the policy and ensures that an appropriately mandated Assets & Liabilities Committee (ALCO) is established to enforce compliance with the policy.
- Risk appetite is set and approved by the Board and is expressed in terms of the following compulsory and optional measures for the Bank's trading operations:
  - A Value at Risk (VaR) and Stressed VaR (SVaR) appetite (compulsory for trading portfolios and liquid investment portfolios).
  - An appetite for loss under stress market conditions (compulsory).
  - A regulatory or economic capital value (optional).

Market Risk Unit translates the risk appetite into limits and triggers and allocates these to individual trading desks in the form of trading limits and authorised product mandates. If the Bank enters a period of market volatility, stop loss procedures are in place to cap losses. Stop loss triggers are set to ensure that losses suffered in trading do not erode, or have the potential to erode, the income generated by the market making and sales activity. As such, the overall objective is to preserve the bank's revenue.

A stop loss trigger alert can result in any or all of the following actions being taken:

- Risk position reduction;
- Risk limit(s) reduction;
- Transfer of positions out of the control of the relevant trader and into that of Management.

Market Risk Unit ensures that the trading portfolio is carried at fair value by ensuring that the market risk models used to mark-to-market are appropriate (model validation) and that the inputs into those models are relevant and reflective of current market conditions (price validation).

The Market Risk Management unit is independent of trading operations and accountable to ALCO.

Market Risk Measurement

Market risk is measured under both normal and stressed market conditions.

Metric: VAR (Value at Risk)

Measurement of trading exposures under normal market conditions is based on Value at Risk (VaR). Normal VaR is calculated on a **historical** simulation basis with 250 days of market data and uses a 95% confidence interval and a one day holding period. This means that losses are not expected to exceed the projected number with a likelihood of 95% (or 19 days out of 20). The VaR calculation assumes no corrective action is taken during the assumed holding period.

Measurement of daily trading exposures under stress market conditions is based on VaR defined with a 10-day holding period, worst case and historical data for a period of 5 years. The quality of the VaR model is continuously monitored by back testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VaR distribution are investigated. Stressed VaR is supplemented by cross market stress tests where the Bank measures the impact of abnormal exchange rate and interest rate movements.

Metric – FX Delta and PV01

Risk sensitivities highlight how exposed a portfolio is to certain market variables notably exchange rates and interest rates. FX risk is monitored through FX Delta, FX Delta being the present value of foreign currency positions reflecting how exposed the bank is to fluctuations in exchange rates. Interest Rate risk is monitored through PV01; PV01 being the change in the present value or mark-to-market value of the portfolio as a result of moving interest rates up by 1 basis point (0.01%).

Managing Market Risk in a Covid-19 environment

The Bank's strategy for Global Markets remained unchanged post lock down. The product offering continued to focus on client forex flows though same curtailed in light of the forecast global recession. The Forex Desk runs MUR risk and has a natural short MUR position (i.e. long USD position) based on client flows.

All other flows are hedged and hence risk is marginal. The desk held onto the USD as MUR was expected to be under pressure. Bank of Mauritius supported the currency with regular interventions on the market. Interest rate risk on the trading book is marginal in light of an insignificant Money Market trading book. No significant change was witnessed in the risk profile.

Reporting

Exposures and excesses are monitored and reported daily to the Bank and Group, monthly to ALCO and quarterly to the Board Risk Management and Conduct Review Committee (BRMCRC). Where breaches in limits and triggers occur, actions are taken by the Market Risk Management unit to ensure that traders hedge exposures back in line with approved market risk appetite with such breaches being reported to Management, ALCO and BRMCRC.

In November 2020, the Market Risk Team rolled out a new cloud-based reporting tool and has since started the process of migrating excel based reports to Power BI which will provide stakeholders a better experience at analysing risk data.

Risk based supervision reporting was broadened in Q42020 to include Market Risk reporting and is now an integral part of the Bank's set of regulatory returns. The bank has adequate systems in place to facilitate the compilation of the return.

6. Interest Rate Risk in the Banking Book

Interest rate risk results from the different repricing characteristics of banking book assets and liabilities. The Bank's IRRBB can be further divided into the following sub-risk types:

- Repricing risk: timing differences in the repricing of assets and liabilities;
- Yield curve risk shifts in the yield curve that have an adverse impact on the Bank's income;
- Endowment risk: Exposure arising out of the net differential between interest rate insensitive assets such as on-earning assets and interest rate insensitive liabilities such as non-interest-bearing liabilities and equity.

Approach to managing interest rate risk

The adopted approach in mitigating IRRBB essentially involves managing the potential adverse effect of interest rate movements on the banking book.

A forward-looking net interest income forecast is used to quantify the Bank's anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios, to determine the effect these changes may have on future earnings. Balance sheet projections and the impact on net interest income due to rate changes cover a minimum of 12 months forecasting and is compared to the set limits. Desired changes to the interest rate risk profile are achieved through the restructuring of on-balance sheet repricing or maturity profiles.

7. Operational Risk

Overview and Definition

Operational risk is the risk of loss suffered as a result of the inadequacy of or failure in internal processes, people and systems or from external events. Operational risks can arise from all the Bank's activities. The Bank is exposed to operational risks in its day to day running of operations or whenever it accepts new business, originates new transactions, introduces new products, enters new markets, outsources activities or hires new staff.

Approach to Managing Operational Risk

The Bank recognises that operational risk exists in the natural course of business activity and adheres to the Group's operational risk governance framework, which sets out the minimum standards for operational risk management adopted across all legal entities across the Standard Bank Group. This framework aligns to the Bank's strategy by demonstrating that the purpose of operational risk management is not to eliminate all risks, which is not economically viable, but rather to enable Management to weigh the payoff between risk and reward. The framework also ensures that adequate and consistent governance is in place, guiding management to avoid unacceptable risks such as:

- breaking the law;
- damaging the group's reputation;
- disrupting services to customers;
- wilful conduct failures;
- inappropriate market conduct;
- knowingly breaching regulatory requirements; and
- causing environmental damage.

The Bank's approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist Line Management in understanding their residual risk and managing their risk profile within risk appetite. The management of operational risk primarily resides in first line, supported by second line with dedicated centres of excellence. The operational risk management function forms part of the second line of defence and reports to the Head: Risk.

The core capabilities of operational risk management ensure alignment and integration across:

- developing and maintaining the operational risk governance framework;
- facilitating the business's adoption of the operational risk framework;
- providing guidance and advice to the frontline;
- regulatory oversight;
- monitoring and assurance; and
- reporting.

The well embedded operational risk framework sets out a structured, consistent approach for managing operational risk across the Bank and is based on the following core components:

Risk & Controls Self-Assessment (RCSA)

The Bank inculcates the culture of self-assessment whereby each business unit and corporate function is required to analyse its business activities and critical processes to identify the key operational risks to which it is exposed and assess the adequacy and effectiveness of its mitigating controls. For any area where Management concludes that the level of residual risk is beyond an acceptable level, it is required to define action plans to reduce the level of risk. These assessments are facilitated, monitored and challenged by the Operational Risk team at least annually.

Key Risk Indicators (KRIs)

KRIs are used to monitor the operational risk profile and alert the Bank to impending problems in a timely manner. Relevant risks and controls highlighted in the risk and control self-assessment are monitored through KRIs. The implementation of the Key Risk Indicators process is an integral element in providing an early warning indicator through trigger thresholds of a potential increase in risk exposure and/or a potential breakdown of controls.

KRIs enable the monitoring of the Bank's control culture, business environment and trigger mitigating actions and facilitate the forward-looking management of operational risks based on early warning signals.

Incident Management & Reporting

Operational risk incidents are recorded and reported. The definition of operational risk incidents includes not only events resulting in actual loss, but those resulting in non-financial impacts and near misses. The continuous collection of operational risk loss events is a pre-requisite for operational risk management including analysis and provision of timely information to Management. Reporting and analysis is undertaken for operational risk loss events and near-misses.

This includes:

- Trends in previous events, near misses, losses and business environment where such incidents are occurring;
- Root cause analysis; and
- Review of control improvements and other actions to prevent or mitigate the recurrence.

Non-Financial Risk Subtypes

Non-Financial Risks are considered inherent in the operations of a business. They generally do not have a financial upside; they cannot always be measured in financial terms and can lead to severe reputational damage. The term Non-Financial Risk is usually used to define by exclusion, the traditional financial risks such as market, liquidity, credit risk that is well understood, measured and quantified. Non-Financial Risks cover such a broad spectrum of circumstances and events that it is now categorised into subtypes and managed by specialists' functions. These include the following:

The following risks have a material impact, based on their estimated severity and likelihood and were thus identified for closer management, monitoring and reporting:

- Technology Risk
- Cyber Risk
- Compliance Risk
- Financial Crime Risk
- Information Risk
- People Risk
- Business Resilience Risk
- Third-Party Risk
- Conduct Risk

Other Non-Financial Risks

Risk	Definition
Environmental, Social and Governance Risk	Risks to the Bank's ability to achieve its strategy arising from its direct and indirect impacts on the environment, society, and governance.
Financial Accounting Risk	The risk of misstatement of financial statements.
Tax Risk	The risk of failing to meet statutory reporting and tax payments/filing requirements.
Legal Risk	The risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to your business, its relationships, processes, products and services.
Model Risk	Model risk arises from fundamental errors in models that may produce inaccurate outputs when viewed against the design objective and intended business uses, and the incorrect or inappropriate use of a model.
Transaction Processing Risk	Failure to process, manage and execute transactions and/or other processes (such as change programmes) correctly and or appropriately.
Physical Assets, Safety and Security Risk	The risk of damage to the organisation's physical assets, client assets, or public assets for which the organisation is liable, and (criminal) injury to the organisation's employees or affiliates.

The above risks types are inherent in the Bank's operations. Risks associated with these risk types were identified and assessed and no significant risk was found that required management focus at the enterprise level.

Technology Risk

Technology Risk is the inability to manage, develop and maintain secure, agile technology assets to support strategic objectives, operational efficiencies and robust risk management. Customer experience, as a strategic imperative, is directly and heavily influenced by effectiveness of technology in providing relevant, innovative, secure and stable digital as well as physical service offerings. The Bank's strategic imperatives namely customer centricity and digitisation are all enabled by technology and the success or failure in achieving the technology goals will directly impact the achievement of business objectives. Technology risk is therefore a major factor in successful strategy execution.

Given the nature and scale of the Bank's business, some interruption is inevitable and IT incidents and downtime cannot be completely avoided. Management focus and capability is placed on the ability to predict, prevent, detect and rapidly respond to, and manage the risks associated with incidents.

The Group is working towards a simple technology landscape that will enable the Bank to manage IT changes in response to business changes in an agile and efficient manner. Investment is being undertaken in the sourcing of new talent and in the development of existing employees with IT skills that support the Group's digital and data strategic objectives.

In 2020, the Group continued to simplify the IT landscape which entailed reducing and consolidating systems as well as improving the quality of platforms. The Group continues to explore more opportunities to optimise transaction processing activities through the use of robotic process automation, application programming interfaces and AI.

Migrating IT platforms to the cloud is a critical component to the Group's strategic journey to a fully digital organisation, which it continued to adapt to best serve our multi-faceted clients. The Group has established strategic relationships with prominent and reputable cloud service providers, and a cloud business council to fast-track this migration. To that effect, a regulatory webinar was organised by the Group in July 2020 whereby representatives of all Central Banks had been invited to attend.

In October 2020, a presentation, led by the Group Head, IT Governance, Risk & Compliance, was held with Bank of Mauritius representatives to explain the Bank's Cloud Migration Strategy. Subsequent to the meeting, the Bank initiated regulatory approval processes for migration of material workloads.

The Group aims to further accelerate the execution of its secure cloud migration strategy to enhance its competitive advantage.

Cyber Risk

Cyber Risk is the risk of financial loss, disruption or damage to reputation from breaches or attacks on transaction sites, systems or networks. Cybercrime includes cyber fraud, data theft, extortion (ransomware) and malicious business disruption. The escalation in the scale and sophistication of cybercrime is amplified by the growing digitisation of businesses and the complexity of running ageing systems.

Cyber risk continues to be recognised as one of the most important risks to the Bank. Focus on developing capabilities that can reduce attacks and raise the cost to attackers continued throughout the year. The escalation in the scale and sophistication of cyber-attacks is amplified by the growing digitisation of businesses and the complexity of running ageing systems. The Bank is cognisant of the mounting risk posed by cyber-attacks and significant investments have been made to enhance security capabilities and accelerate strategic directives.

In response to the growing volume and sophistication of cybercrime incidents and attacks, the Bank has endorsed the Group's IT cyber security strategy which is centred around the four key pillars of governance, culture, capability and community, all of which are crucial for an effective cyber defence strategy. 2020 saw a continued focus on improving cyber security capabilities including the following key initiatives:

- Proper controls, procedures and hardening of endpoints were applied to maintain cyber security hygiene to further strengthen the Bank's holistic security posture.
- Vulnerability Management capabilities were enhanced.
- Migration of end-of-life systems.
- Improved Cyber Security Operations Centre (CSOC) monitoring across the Group. The CSOC houses a team responsible for monitoring and analysing the security posture on an ongoing basis. The team detects and responds to incidents using a number of solutions and a set of processes. This ensures that any security issue is promptly addressed once identified.
- Cyber-attack simulation was conducted to improve detection and remediation. The simulation was undertaken to exploit the vulnerabilities from a hacker's viewpoint and test management response to such crisis following which remedial actions were taken to address identified loopholes.

As the country went into lockdown in March 2020, the Bank reacted swiftly to enable Work From Home (WFH) arrangements with the main objective to keep the workforce safe while ensuring client service is not impacted. However, Work from Home arrangements also heightened existing risks such as Cyber Risk given that access was given to systems, peripherals and applications through Virtual Private Network. The following mitigating controls were established:

- All IT equipment used at home to access systems, applications and peripherals had to be bank-owned equipment with the standard security configurations.
- Access to systems, peripherals and applications were enabled through Citrix (secured VPN layer).
- McAfee Antivirus, Forcepoint DLP Endpoint and Windows 10 updates had to be kept up to date. End-users were educated on how to keep IT Security endpoint controls updated on their devices through fan-outs and IT Help Desk staffs assisted remotely for any required intervention.
- Daily tracking and monitoring of devices which were not up to date with the latest security patches by the IT Security Team followed by required remediation.
- Monitoring controls such as Q-radar and cyber-reason were re-inforced combined with CSOC Monitoring at Group Level for any potential attack or breach.
- Remote access to Finacle Core Banking System was strictly granted to critical users only.

Compliance Risk

Compliance Risk is the risk of legal or regulatory sanction, financial loss or damage to reputation that the Bank may suffer as a result of its failure to comply with laws, regulations, codes of conduct, internal policies and standards of good practice applicable to its financial services activities. Details on how the Bank manages Compliance Risk have been outlined in the Compliance Risk section above.

A financial crime is a regulatory, reputational, or monetary act or attempt against financial services institutions, corporations, governments, or individuals by internal or external agents to steal, defraud, manipulate, or circumvent established rules.

Financial Crime Risk is the risk of the bank's processes, people and/or systems being used for money laundering, terrorist financing, proliferation financing, circumvention of financial sanctions violation, bribery and corruption, facilitation of tax evasion and fraud.

The Bank has no appetite for wilful misconduct and aims to limit fraud losses in the pursuit of its strategic objectives. The in-country Compliance Team leverages on the Group's specialised intelligence team namely Group Investigation and Fraud Risk Unit to manage financial crime.

As the Bank migrates its content digitally, more payments are being channelled through the Bank's internet banking and application platforms, and more customers are favouring these channels. Customers are vulnerable to phishing attacks, whereby criminals fraudulently access their banking information. At a Group Level, investment continues in anti-phishing and device profiling capabilities to frustrate fraudsters. The Group has partnered with world-class antiphishing experts to identify and shut down phishing sites masquerading as Standard Bank.

The Bank continues to operate with a zero tolerance for employee misconduct and independently investigates all allegations of employee misconduct. Employees are also provided with ongoing awareness and training and are provided with the appropriate tools for escalating and reporting misconduct anonymously through the independent whistleblowing capability. The Group also has an incentivised staff program, FraudStop, to encourage employees to log genuine cases of external fraud for which they are financially rewarded.

Information Risk

Information Risk is the risk of accidental or intentional unauthorised use, access, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity and availability of information and which would potentially harm the business. The Bank leverages on the Group's Information Risk Management Framework to maintain the confidentiality, integrity and availability of information assets stored, processed and transmitted.

Information Risk Management falls under the aegis of the Risk Unit which is responsible for executing set policies and practices in relation to information security. A gap analysis has been conducted against the Information Risk Management Governance landscape as a first step towards managing and reducing Information Risk within the Bank. The gap analysis has allowed the Bank to identify areas of improvement and implement controls to drive the risk governance and processes required and ultimately enhance the control environment. An overall risk remediation plan is being maintained to record management's intent as well as track progress against it.

In an endeavour to address Information Risk gaps and mitigate ensuing threats, the Bank has invested in the following:

- Promoting continued awareness around protecting sensitive banking information and credentials.
- Focused campaigns which served as reminders for a consistent information protection culture.
- Continued improvement in data leakage prevention rules to enhance the ability to detect potential information leakage events.
- Improved end-point encryption systems which encrypt hard drives, secure information and prevent exploitation by external parties.
- Stronger authentication for high-risk and privileged user accounts.
- Enhanced logical access management controls.

Implementation of controls and policy implementation remained a focus area for 2020 including identification and classification of information assets, as part of the broader information risk management framework.

Managing Information Risk in a Covid-19 environment

Fan-outs were issued to sensitise employees on the need to exercise due diligence when it comes to the protection of the Bank's information and data whilst working from home. Guidelines were issued around the following core areas:

- Physical Security: Staffs were requested to create workspace within a dedicated area of their house in order reduce the risk of disclosing and displaying sensitive information.
- Meetings: Employees were sensitised on elevated risk of eavesdropping on collaboration and conference calls conducted using the audio and video conferencing and to use only Group approved meeting applications like Microsoft Teams.

Fan-outs were also issued to caution staffs on prudential password management and to guard against increasing number of Covid-19 based phishing emails.

People Risk

Our ability to differentiate Standard Bank as client-focused and digitally enabled organisation through the successful execution of our strategy by our people in an intensely competitive environment will be impacted negatively by an inability to attract and retain committed people and not creating an environment that enables our people to grow in order to remain relevant in a rapidly evolving world of work. The Bank tracks and monitors employee engagement with three key indicators, namely voluntary turnover rate, regrettable turnover and an annual employee net promoter score.

Over the years, the Bank has introduced a range of reward and recognition initiatives to support client centricity, retain top talent and ensure sustainable long-term performance. Additionally, the Bank has continued to provide staff with access to online learning platforms and digital libraries to ensure fit-for purpose learning anytime, anywhere and on any device. Top and senior management transformation reviews for all business units and corporate functions ensure a focus on the identification and development of diverse talent pools. The Bank has also rolled out an employee insights platform which enables the rapid deployment of surveys to gauge how staff think and feel about working for the Bank and to ask for their input when reshaping solutions that will directly impact them. The Bank has also delivered a range of health and wellness initiatives to employees across the Bank, including wellness days, medical assessments and counselling services, and offered a range of training initiatives to build personal resilience and coping skills.

During lockdown, digital recruitment strategies were initiated to attract the right talent and to shorten the time to hire.

In 2020, the Bank identified risks relating to scarce and in-demand skills, shifting skillsets and the impact of digitisation on its workforce. The Bank looks forward to shaping a workforce that is ready to meet our clients' needs, now and in the future. As such, a range of specialised in-house learning academies and programmes were deployed with a focus on building scarce skills, specifically in areas where demand exceeds supply in the local markets. Work from Home Guidelines were issued in October 2020 as an employee value proposition to embrace new ways of working.

Business Resilience Risk

Business Resilience Risk is the risk of infrastructure failure, environmental impact or change failure disrupting the services to and of the Bank. Business continuity management is a process that identifies potential operational disruptions and provides a basis for planning for the mitigation of the negative impact from such disruptions. In addition, it promotes operational resilience and ensures an effective response that safeguards the interests of both the Bank's and its stakeholders.

A comprehensive Business Resilience Policy and Standard are in place. They assist the Bank in effectively planning for and responding to incidents and business interruptions so that the Bank can resume critical activities within the briefest delay possible, thus safeguarding its reputation and the interests of key stakeholders. The bank's business resilience framework encompasses emergency response preparedness and crisis management capabilities to manage the business through a crisis to full recovery. Each business unit is responsible for its own business continuity management plan, closely supported by the Risk Team, who will provide the governance, steer, oversight and reporting of the Bank's status of readiness to maintain availability of the Bank's critical business activities at acceptable pre-defined service levels. The Bank's business resilience capabilities are evaluated by testing business continuity plans and conducting crisis simulations.

The Bank aims to achieve optimal Business Resilience performance, as defined in the Business Resilience Standard and evidenced through a demonstration of an implemented fit-for-purpose Business Resilience capability when critical services, functions and systems encounter business disruption. A Business Resilience Dashboard is prepared on a monthly basis and provides the minimum standard of what needs to be in place with regards to business continuity, tracks progress and highlights gaps in the Business Resilience programme. This report card is submitted on a monthly basis to Group and is also tabled at the relevant governance committees.

The Bank leverages on the following Group capabilities:

- Well-practiced and well-rehearsed IT security and cyber security incident response teams which convene on a regular basis either in response to real-life incidents or during simulation exercises.
- Documented cyber extortion response plan which details specific actions to be carried out during cyber incidents.
- Well-staffed 24/7 Cyber Security Operations Centre which monitors all cyber-vulnerabilities and attacks, including malware.

Managing Business Resilience Risk in a Covid-19 environment

As the country went into lockdown on 20 March 2020, the Bank reacted swiftly to enable Work From Home (WFH) arrangements with the main objective to keep the workforce safe while ensuring client service is not impacted. Within 1 week, the following actions were implemented enabling a 100% WFH workforce:

- Invocation of Crisis Management and Crisis Management Communication Plans.
- Emergency procurement of laptops and reshuffling of existing stock of laptops to ensure that users critical to service clients are equipped to continue working during the confinement period. The desk PCs were deployed to employees' homes when the Bank ran out of laptops.
- User profiles configured and access to systems, peripherals and applications granted through Virtual Private Network.
- WIFI dongles and SIM cards procured to enable required employees to connect to required systems, applications and peripherals.
- Prioritisation of essential services and mission critical activities to ensure continuous service delivery to clients.
- Clear communication to staffs, clients, regulators and Group.

Third Party Risk

Third Party Risk refers to the risk of losses or disruptions due to ineffective management of third-party relationships. To that effect the following guidelines in respect of third-party management have been established for all entities of the Standard Bank Group:

- No appetite for entering into transactions with sanctioned suppliers;
- No tolerance for contractual agreements concluding outside the procurement process;
- No tolerance for procurement happening outside the governance process. This includes sourcing, purchasing and contracting processes.

Prior to establishing any relationship with third parties, it is the Bank's policy to conduct background checks and due diligence on the concerned third parties. Service providers/suppliers undergo a stringent due diligence process before the Bank enters into a relationship with a service provider/supplier and before a service provider/supplier is onboarded. Enhanced due diligence process in place for high-risk suppliers/service providers which include adverse media checks and checks related to fraud and negative publicity. Periodic monitoring and checks are conducted on active critical suppliers/service providers including risk assessments on their financial performance, security policies, data privacy, amongst others.

Third-party risk continues to evolve in importance, due to reliance on third parties to provide services critical to the Bank's operations. Third-party relationships may increase the Bank's exposure to operational risk because the Bank may not have direct control of the activity performed by the third-party. Failure to manage these third-party risks can expose the Bank to regulatory sanction, financial loss, litigation and reputational damage, and may impair the Bank's ability to deliver to its customers.

The risk is governed by the Third-Party Risk Management Framework which is underpinned by the implementation of a fit-for-purpose operating model, aligned to the Bank's risk culture, and considers appropriate levels of accountability and responsibility across the Bank. The operating model will be deployed in a phased manner across all legal entities of the Group in 2021. The new third-party management framework and the third-party risk life-cycle management tool include a stringent due diligence process and enable regular analysis and risk profiling of top service providers to direct risk mitigation efforts.

Further to the Covid-19 outbreak, internal and external Service Providers proved their capability to continue servicing the Bank during the crisis. An assessment was done on all material outsourced arrangements in July 2020 and no shortcoming was reported.

Conduct Risk

Conduct Risk is the risk that detriment is caused to the Bank's clients, the market or the Bank itself because of inappropriate execution of business activities. To effectively manage conduct risk, the Standard Bank Group has developed a conduct framework that follows a culture-led strategy to embed culture and manage conduct. The conduct framework including the establishment and embedment of the reporting architecture, i.e. metrics, management information and conduct reporting enables the Board and Executive Management in all legal entities across the Standard Bank Group to exercise oversight and evidence good conduct risk management. Governance structures ensure business ownership are in place to manage conduct risks. Conduct is closely monitored through the Executive Committee and the Board Risk Management & Conduct Review Committee. The conduct framework facilitates a continuous process to identify conduct risk, which allows the Bank to keep abreast of economic and regulatory development to meet regulatory expectations. Conduct reporting to Senior Management and the Board includes both quantitative and qualitative metrics. The conduct dashboards in fact take into consideration different reporting pillars, such as strategy, culture, governance, product, quality sales and advice.

Physical Assets, Safety and Security Risk

Physical Assets, Safety and Security Risk refers to the risk of damage to the Bank's physical assets, client assets, or public assets for which the organisation is liable, and (criminal) injury to the organisation's employees or affiliates.

Managing Physical Assets, Safety and Security Risk in a Covid-19 environment

Resumption of activities post the lock down was subject to prioritising health and safety of our employees, clients and stakeholders. As such, return of staffs on premises was undertaken in a phased approach. Deep cleaning of the premises was done prior to resumption. A rigorous cleaning of workstations and frequently touched surfaces in the common areas was implemented once the first wave of staffs resumed work.

The following sanitary and social distancing measures were established:

- De-sanitisation of IT Equipment;
- Mandatory wear of masks;
- Body temperature screened before being granted access to workspace;
- Social distancing enforced in the office space, mess room and other common areas (2 metres to be observed at all times);
- Distribution of additional hand sanitisers, masks and gloves (where needed);
- Installation of additional hand sanitiser dispensers on the premises;
- Identification of isolation room whereby staffs showing flu symptoms would be re-directed until transported to hospital;
- Client and internal meetings to be virtually held;
- Visitors are required to wear mask and body temperature needs to be screened before access to the premises is allowed;
- Face to face functions, team buildings, team lunches, etc not allowed for the foreseeable future.

The Health & Safety Officer has been mandated to ensure that established safety protocols remain in force and escalate any breach thereto to the Chairperson of the Health & Safety Committee.

Governance and Reporting

The primary management level governance committee overseeing operational risks is the Operational Risk & Compliance Committee. The primary governance documents are the operational risk governance framework and the operational risk governance standard. Operational risk subtypes have governance documents applicable to each risk subtype. The governance of the main sub-risk is through the following Governance committees:

Committee	Operational Risk subtype
IT Steering Committee	Technology, Cyber, Information and Business Resilience
Operational Risk and Compliance Committee	Compliance, Financial Crime and Third Party
Executive Committee	People and Conduct

Risk-based supervision reporting was broadened in 2020 to include Operational Risk reporting and is now an integral part of the Bank's set of regulatory returns.

Insurance Cover

The Bank has contracted insurance covers to mitigate operational risk; these covers are reviewed on an annual basis. The Board, through the Risk function, ensures that an adequate insurance programme is in place designed to protect the Bank against loss resulting from its business activities. The principal insurance policies in place are outlined below:

Banking (Financial Risks)

- Crime Insurance
- Professional Indemnity Insurance
- Directors' & Officers' Liability Insurance
- Cyber Protection Insurance

Non-Banking (Non-Financial Risks)

- Assets All Risks including Business Interruption
- Motor Vehicles
- Employers Liability
- Group Personal Accident
- Public Liability
- Political Riot and Terrorism

8. Business Risk

Business risk includes strategic risk. Strategic risk is the risk that the Bank's future business plans and strategies may be inadequate to prevent financial loss or protect the Bank's competitive position and shareholder returns. The Bank's business plans and strategies are discussed and approved by Executive Management and the Board and, where appropriate, subjected to stress tests.

Business risk is usually caused by the following:

- inflexible cost structures;
- market-driven pressures, such as decreased demand; increased competition or cost increases;
- bank-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

The Bank mitigates business risk in a number of ways, including:

- detailed analysis of the business cases;
- the application of new product processes per business line through which the risks and mitigating controls for new and amended products and services are evaluated;
- stakeholder management to ensure favourable outcomes from external factors beyond the Bank's control;
- monitoring the profitability of product lines and customer segments;
- maintaining tight control over the Bank's cost base, including the management of its cost-to-income ratio, which allows for early intervention and management action to reduce costs;
- being alert and responsive to changes in market forces;
- a strong focus in the budgeting process on achieving headline earnings growth while containing cost growth and building contingency plans into the budget that allow for costs to be significantly reduced in the event that expected revenues do not materialise;
- increasing the ratio of variable costs to fixed costs which creates flexibility to reduce costs during an economic downturn;
- stress testing techniques applied to assess the resilience of the Bank's planned earnings under macroeconomic downturn conditions.

The primary governance committee for overseeing this risk is the Assets & Liabilities Committee.

The Covid-19 pandemic translated into a severe impact on economic activity cutting across borders and economic sectors. The outlook for world economies in 2020 substantially worsened. The impact and duration of the Covid-19 led to higher expected credit losses and put pressure on revenue due to lower customer activity levels and reduced global interest rates. In light of that, coupled with the uncertainty that prevailed, the Bank did not achieve its intended budget for 2020. Whilst the Bank braced itself for a drop in profitability and a contraction in its balance sheet, Management remained committed to preserving the Bank's earnings potential.

Prudential guidelines were established for an enhanced monitoring of existing exposures and to ensure that facilities are extended to creditworthy counterparties in order to limit risk of default and its ensuing impact on the Bank's profitability. Concurrently, the pursuit of the Bank's client acquisition strategy is in progress to further boost the Bank's earnings potential. Overall asset and liability management is being closely tracked and monitored through the Assets & Liabilities Committee to ensure the most optimum and efficient allocation of the Bank's financial resources. Prudent management of costs is high on the agenda.

9. Reputational Risk

Reputation is defined as what stakeholders say and think about the Bank, including its staff, customers and clients, investors, counterparties, regulators, policymakers, and society at large. The Bank's reputation can be harmed from an actual or perceived failure to fulfil the expectations of its stakeholders due to a specific incident or from repeated breaches of trust.

Reputational harm can adversely affect the Bank's ability to maintain existing business, generate new business relationships, access capital, enter new markets and secure regulatory licences and approvals.

Safeguarding and proactively managing the Bank's reputation is of paramount importance. There is growing awareness of reputational risks arising from compliance breaches, social and environmental considerations, as well as from ethical considerations linked to countries, clients and sectors.

The Bank manages reputational risk from a tactical and reactive perspective as well as from a strategic and proactive perspective. In respect to crisis response, the Bank's crisis management processes are designed to minimise the reputational impact of such events or developments. A Crisis Management Team is in place at Executive level. This includes ensuring that the Bank's perspective is fairly represented in the media. In addition, more attention is being paid to leveraging opportunities to proactively bolster the Bank's reputation among influential stakeholders through programmes, including stakeholder engagement, advocacy, sponsorships and corporate social initiatives.

The principal governance document is the reputational risk governance standard and the Bank's qualitative Risk Appetite Statement includes a statement on reputation. The Bank's code of ethics is an important reference point for all staff. The Bank has appointed an Ethics Officer whose role is to ensure an ethics framework is in place at the Bank together with a code of ethics and values embedded across the bank. The Ethics Officer reports on a quarterly basis on matters of ethics to Executive management and the Board Risk management and Conduct Review Committee.

REPORTING

The Bank's risk appetite, risk profile and risk exposures are reported on a regular basis to the Board and Senior Management through various governance committees. Risk management reports are tabled at the formalised governance structures at both Board and Management Risk Committees levels.

Risk Data Aggregation and Risk Reporting (RDARR)

In January 2013, the Basel Committee on Banking Supervisions (BCBS) published principles for effective RDARR with the aim of improving the quality of information that banks use in decision making, particularly as it pertains to risk management. The 14 principles, aimed at improving the risk data aggregation and risk reporting capabilities of banks, set out the criteria for governance, risk data aggregation, risk reporting practices and supervisory review as pictured below.

- The accountability and responsibility of Board members and Senior Management to exercise strong **governance** over Standard Bank's risk data aggregation, risk reporting and IT capabilities.
- The accuracy, integrity completeness, timeliness and adaptability of aggregated risk data. Ability to slice and dice (aggregate and disaggregate) **risk data** in a timely manner to meet ad hoc requests and supervisory queries, in particular during stress periods.
- The need for supervisors to review and evaluate a bank's compliance with these principles.
- The accuracy, comprehensiveness, clarity, frequency and distribution of **risk reports**, i.e. do the risk reports enable us to make informed decisions quickly?

The programme was successfully completed during the course of 2018-2019, wherein the governance framework, processes and technological set up underpinning the governance, architecture, data aggregation and reporting principles were rolled out and embedded as part of the Bank's "Business-As-Usual" operations. In 2020, Internal Audit performed an advisory review and concluded that the Bank is largely compliant with the principles and programme requirements.

Looking Ahead

Risk is everyone's business and the Bank's material risks are monitored, managed and mitigated through the three lines of defence model. Economic conditions are expected to remain challenging across the globe. Our portfolio is vulnerable to a combination of macro, sector and specific risks that we will manage effectively to deliver profitable growth. The top risks and emerging threats process provide for continuous assessment and monitoring of current risks and emerging threats, thereby equipping the Bank to proactively identify these potential risks and manage and mitigate them effectively. The Bank will continue to instil conscious risk-taking, thereby making strategically informed risk decisions in pursuit of its identified growth opportunities. This consistent approach to risk helps ensure that the Bank manages its business and the associated risks in a manner that balances the interests of clients and other key stakeholders whilst protecting the safety and soundness of the Bank.

10. Capital Management*

Overview and Objectives

The Bank's capital management function is designed to ensure that regulatory requirements are always met and that the Bank is capitalised in line with its risk appetite and target ratios, both of which are approved by the board.

It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the bank's forecasting process. The capital plan is tested under a range of stress scenarios as part of the bank's annual internal capital adequacy assessment process (ICAAP) and Integrated Recovery Plan (IRP).

The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, namely ALCO. The principal governance documents are the capital management governance framework.

Regulatory Capital

The main regulatory requirements to be complied with are those specified in the Banking Act 2004 and related regulations, which are aligned to Basel III.

Basel III

Basel III aims to strengthen the regulation, supervision and risk management of the banking sector. The measures recommended aim to:

- improve the global banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source;
- improve risk management and governance; and
- strengthen Bank's transparency and disclosures.

The Bank of Mauritius has adopted a phased approach to the implementation of Basel III with the issue of the Bank of Mauritius Guideline on Scope and Application of Basel III and Eligible Capital. Regulatory capital adequacy is measured through three risk-based ratios:

CET I (Common EQUITY Tier I): ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total risk weighted assets (RWA).

Tier I: CET I plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.

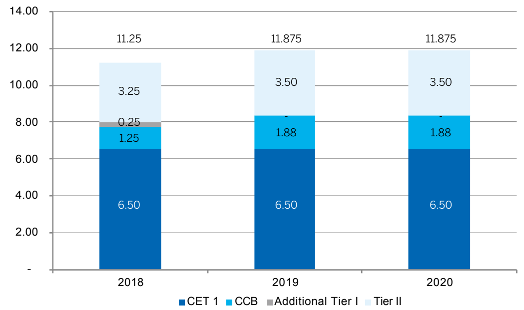
Total capital adequacy: tier I plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. The ratios are measured against internal targets and regulatory minimum requirements.

*Information in this section has been audited

A transitional arrangement was in place for banks to comply with the Basel III principles on capital, with banks to fully implement these by 2020. Basel III introduced the concept of capital conservation buffer (CCB) which aimed at promoting the conservation of capital and the build-up of adequate buffers above the minimum during normal times (i.e. outside periods of stress) which can be drawn down as losses are incurred during a stressed period.

The calculation of regulatory capital is based on net counterparty exposures after recognising a limited set of qualifying collateral. A prescribed percentage, the risk weighting of which is based on the perceived credit rating of each counterparty, is then applied to the net exposure. An additional capital conservation buffer of 0.625% is added each year. For the financial year December 2020, the implementation of the revised capital conservation buffer of 2.5% effective as from 1 January 2020 was deferred to 1 January 2021 by the Bank of Mauritius. As such banks were required to maintain a capital conservation of 1.875% until 31 December 2020.

Bank of Mauritius minimum ratios (capital as a percentage of risk weighted assets) effective 1 January each year (%).

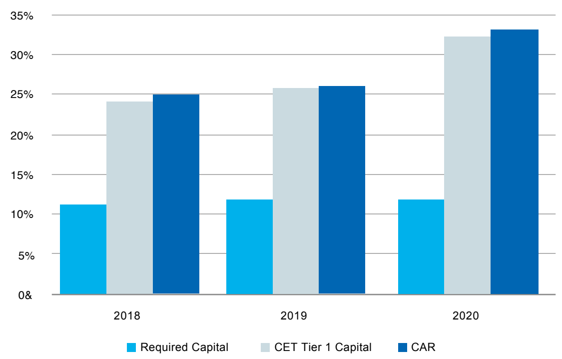


Regulatory minimum 12.5% was revised to 11.875% following amendment in Guideline on scope of application in May 2020.

For exposures that have been rated by approved credit assessment institutions, the process prescribed by the Bank of Mauritius is used to ascribe public issue ratings into comparable assets. For counterparties for which there are no credit ratings available, exposures are classified as unrated and a 100% risk weighting is applied for determining regulatory capital charge.

The following graph discloses the Bank's total capital adequacy and the components thereof and indicates that the Bank's capital is well above the required level of capital.

Capital adequacy (%)



The Bank capital position based upon Common Equity Tier I and total capital ratios as per the tables below.

Capital Structure under Base III

	Basel III 2020 USD'000	Basel III 2019 USD'000	Basel III 2018 USD'000
Common Equity Tier I Capital			
Share Capital	**35,000**	35,000	35,000
Statutory Reserve	**23,581**	22,458	19,120
Other Reserves	**71,472**	69,043	61,671
Less: Deductions			
Intangible Assets	**(16,090)**	(17,010)	(18,143)
Deferred Tax	**(154)**	-	-
Adjustment to Additional Tier 1 Capital	**(829)**	(249)	(5,883)
Common Equity Tier I Capital	**112,980**	109,242	91,765
Other Reserves	**-**	-	-
Subordinated Debts	**-**	-	-
Provision for performing loans	**2,846**	1,034	3,447
	2,846	1,034	3,447
Total Capital Base	**115,826**	110,276	95,212
Risk Weighted Assets for:			
Credit Risk	**279,070**	349,028	315,827
Operational Risk	**70,866**	72,738	63,607
Aggregate Net Open Foreign Exchange Position	**817**	520	1,516
Total Risk Weighted Assets	**350,753**	422,286	380,950
Common Equity Tier I Capital	**32.2%**	25.9%	24.1%
CAPITAL ADEQUACY RATIO	**33.0%**	26.1%	25.0%

The Bank 's Common Equity Tier 1 capital ratio was 32.2% (2019: 25.9%) and total capital adequacy ratio was at 33.0% (2019: 26.1%).
The Bank uses the ratings assigned by Moody's Investors Service to banks to determine the risk weighting of exposure with banks.

On-balance sheet netting

As part of the Bank's credit risk mitigation, the Bank uses the net exposure of loans and deposits as the basis for calculating its capital adequacy ratio, aligned to Bank of Mauritius guideline on Standardised Approach to Credit Risk.

Off-balance sheet netting

The Bank nets off-balance sheet claims and obligations for capital adequacy purposes. The net off is for market-related contracts with a single counterparty across both the banking and trading books, where the relevant obligations are covered by eligible bilateral netting agreements.

The Bank collateral valuation guidelines describe the processes for managing our collateral valuation to mitigate credit risk. The policy provides the minimum valuation requirements that need to be adhered to, based on the types of assets held.

The Bank uses the following collaterals for credit risk mitigation:
1. Cash – Cash collateral which has been deposited on account held with the Bank;
2. Listed shares- Shares that are listed on the stock exchange or on a licensed exchange;
3. Fixed or Immovable Property-Residential, commercial and agricultural property taken under a fixed charge;
4. Floating/Movable assets- Plant, equipment and machinery, stock, receivable and other assets taken under a floating charge.

Under the standardised approach to credit risk, the Bank's eligible guarantors are sovereign entities, public sector enterprises, banks and securities firms with a lower risk weight than that of the counterparty.

The following table shows details of mitigations taken by the Bank.

Mitigation	USD'000
Guarantee – Standard Bank of South Africa	-
Guarantee - Local Bank	-
Cash collateral	3,889
Total	3,889
Total credit risk exposures	2,225,306
% exposure covered by collaterals	0.17%

Exposures subject to the Standardised approach per risk weighting as at 31 December 2020

CREDIT RISK	2020				2019	2018
	Nominal Amount USD 000	Mitigation	Risk Weight %	Risk Weighted Assets USD 000		
On Balance Sheet Assets						
Cash Items	**62**		**0-20**	**-**	-	-
Claims on Sovereigns	**220,171**		**0-100**	**-**	-	-
Claims on Banks	**1,290,385**		**20-100**	**33,214**	73,229	46,897
Claims on Central Banks	**21,022**		**0-150**	**-**	13	-
Claims on PSE	**-**		**20-150**	**-**	-	-
Claims on corporates	**187,607**	**-**	**20-150**	**187,607**	224,944	225,063
Claims secured on residential property	**-**		**35-125**	**-**	178	212
Past due claims	**15,998**		**50-150**	**10,423**	7,444	419
Other Assets / Fixed Assets	**11,705**		**100**	**11,705**	11,558	4,700
Total	**1,746,950**	**-**		**242,949**	317,366	277,290
Non-market related off-balance sheet risk weighted assets						
Direct Credit Substitute	**19,431**	**15,943**	**20-100**	**15,943**	16,658	23,116
Transaction-related contingent items	**4,428**	**4,428**	**20-100**	**2,214**	5,611	2,008
Trade Related Contingencies	**-**	**-**	**20-100**	**-**	-	132
Other Commitments	**182,662**	**182,662**	**20-100**	**12,812**	6,422	10,131
Total	**206,521**	**203,033**		**30,969**	28,691	35,387
Market related off-balance sheet risk weighted assets						
Interest Rate Contracts	**17,845**	**-**		**21**	89	89
Foreign exchange Contracts	**253,990**	**-**		**5,131**	2,882	3,061
Total	**271,835**	**-**		**5,152**	2,971	3,150
Total Credit Risk	**2,225,306**	**203,033**		**279,070**	349,028	315,827
Operational Risk				**70,866**	72,738	63,607
Aggregate Net Open Foreign Exchange Position				**817**	520	1,516
Total Risk Weighted Assets	**2,225,306**	**203,033**		**350,753**	422,285	380,950

Internal Capital Adequacy Assessment Process (ICAAP)

ICAAP considers the qualitative capital management processes within the organisation and includes the organisation's governance, risk management, capital management and financial planning standards and frameworks. Furthermore, the quantitative internal assessments of the organisation's business models are used to assess capital requirements to be held against all risks the Bank is or may become exposed to, in order to meet current and future needs as well as to assess the Bank's resilience under stressed conditions.

The Group has embedded sound internal capital adequacy assessment processes throughout the group and across all its subsidiaries. The Bank is aligned to the Group and has implemented the Bank of Mauritius Guideline on Supervisory Review Process since 2011. The ICAAP document is reviewed on an annual basis and is approved by the Board. Periodic reviews are made to ensure that the Bank remains well capitalised after considering all material risks.

The Bank consciously maintains a risk management culture and practices that are conservative and rigorous and considers that risk appetite is an integral part of the Bank's strategy and business plans. As a result, all material risks are appropriately managed and mitigated and there are contingency plans that have been identified for execution should the capital levels of the Bank ever fall below levels deemed acceptable by the Board, Management or Bank of Mauritius.

Credit risk consumes approximately 80% of total regulatory capital usage as at 31 December 2020 and as such represents the largest source of risk that the Bank is exposed to. Such risk therefore attracts a high degree of management focus, with adequate resources assigned to ensure that the risk is mitigated.

Year under review - Stress Scenarios

Economic headwinds, volatility in markets and competitive pressures accelerate the need to continuously assess the Bank's forward-looking risk profile under normal and stressed conditions against the stated risk appetite. The appropriateness of the macroeconomic stress scenarios and the severity of the relevant scenarios are approved by the Board and Senior Management on an annual basis.

Stress testing is conducted using macroeconomic stress scenarios as well as bank specific scenarios based on the composition of the loan book and liquidity profile. Stress testing is performed annually as part of the Bank's ICAAP process. Stress results are analysed and any departure from our risk appetite statement trigger mitigating actions.

During 2020, the Bank ran several stress tests to understand the impact that potential stress events would have on its profitability and capital position on a forward-looking basis. These events included Macro-economic scenarios such as "Impact of Global Pandemic" and Management Expertise scenario such as "Impact of Global Pandemic coupled with additional stress further to the downgrade in the sovereign rating of South Africa".

While stress results for capital adequacy are within risk appetite, the Bank will nonetheless remain alert to possible deterioration of economic conditions to trigger a re-assessment of capital levels and initiate early remedial action should circumstances dictate. Stress results for the change in profit before tax were outside the Bank's risk tolerance limit for both scenarios exacerbated by the negative influences brought on by the global pandemic adversely impacting the bank's growth potential and profitability.

In instances, where the results of the stress tests breached risk appetite or tolerance, the Board ensured that Management has mitigating actions in place to minimise the impact.

For the purposes of ICAAP, the Bank maintained a capital buffer of 2% above the regulatory requirement.

11. Related Party Transactions

The Bank's Related Party Transaction Policy establishes and defines the framework for the governance, risk management, and reporting of related party transactions. The policy fulfils the requirements of the Bank of Mauritius Guideline on Related Party Transactions to effectively identify, monitor, control and report related party transactions within the Bank and to take appropriate steps to mitigate the risks arising from these transactions.

As per Bank of Mauritius Guideline on Related Party Transactions, a "related party" means:

- a person who has significant interest in the financial institution or the financial institution has significant interest in the person;
- a director or senior officer of the financial institution;
- close family members of the above;
- an entity that is controlled by a person described above;
- a person or class of persons who has been designated by the Bank of Mauritius as a related party.

Related party transactions include intragroup transactions as well as the following transactions:

- Credit, non-fund-based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party;
- Placements made by the Bank with the related party;
- Vendor agreements with related parties;
- Consulting or professional service contracts with directors and related parties;
- Investment in equity of a related party;
- Deposits placed by related parties with the Bank; and
- Acquisition, sale or lease of assets with related parties.

The Bank has policies and processes in place to avoid conflict of interest when carrying out related party transactions and to ensure that same are conducted at arm's length. Transactions which are not at arm's length are subject to prior approval by the Board Risk Management & Conduct Review Committee.

The Bank provides assurance to the Board Risk Management & Conduct Review Committee on a quarterly basis that where approval has not been sought, transactions have been conducted at arm's length.

All credit exposures to related parties are reported to the Risk Management & Conduct Review Committee.

The Top 5 Related Party Exposures at end December 2020 are outlined below:

Counterparty	USD
The Standard Bank of South Africa Ltd	1,123,857,847
Stanbic Bank Kenya	5,657,371
Stanbic Bank Cote D'Ivoire	3,744
Stanbic Bank Uganda	1,477
Stanbic Bank Namibia	578
	1,129,521,017

The Bank has exempt related party exposures with members of the Standard Bank Group as part of interbank transactions in relation to its treasury operations.

A detailed analysis of related party transactions is available in note 37.

Corporate Governance Report

Holding Structure

Standard Bank Group Limited

Primary Listing on the JSE Securities Exchange South Africa

Secondary listing on the Namibian Stock Exchange

Stanbic Africa Holdings Limited

Company incorporated in the United Kingdom

Standard Bank (Mauritius) Limited

Holder of:

- Banking Licence (from the Bank of Mauritius)
- Custodian Services Licence (from the Financial Services Commission)

Our governance philosophy

We see governance as promoting strategic decision-making that balances short, medium and long-term outcomes to reconcile the interests of the Bank, stakeholders and society in creating sustainable shared value. Our approach to governance extends beyond compliance. We believe that good governance creates shared value by underpinning responsive thinking, and protects shared value by ensuring responsible behaviour, deepening competitive advantage through enhanced accountability, effective leadership, robust risk management, clear performance management and greater transparency.

Standard Bank (Mauritius) Limited (the "Bank") is directly held by Stanbic Africa Holdings Limited (SAHL), a company incorporated in the United Kingdom, and the ultimate holding company is Standard Bank Group Limited. The Standard Bank Group is committed to applying local and international best practice in corporate governance and ensures that corporate governance is integrated across the Group' operations. The Group and its subsidiaries adhere to the principles of the Code of Corporate Practices and Conduct (King Code) whilst at the same time ensuring adherence to the legal and regulatory requirements on corporate governance under the local jurisdiction.

The Bank operates within a clearly defined board-approved governance framework, which outlines mechanisms for the Bank to implement robust governance practices and provides clear direction for decision-making across all disciplines. The Bank's corporate governance framework enables the Board to oversee strategic direction, financial goals, resource allocation and risk appetite, and to hold executive management accountable for execution. The Board also ensures that management applies the tone set by the Board for good governance, based on the Bank's values, as a set of principles and structures that enable the Bank to create shared value for all its stakeholders.

The Board has overall responsibility for governance across the Bank and retains effective control through the board-approved governance framework and provides for delegation of authority with clearly defined mandates and authorities while retaining its accountability. The governance framework outlines mechanisms for the Bank to implement robust governance practices with defined and clear decision rights across the Bank.

The Board also serves as the focal point for and custodian of the Bank's corporate governance and ensures that the principles of governance and codes of best practices are in place and adhered to. It is responsible for providing ethical and effective leadership to the Bank. It agrees the strategic direction and approves the policy frameworks used to measure organisational performance. This is achieved through transparent reporting on the part of management and active board oversight.

The Bank, being a public interest entity, is required to adopt the principles set out by National Code on Corporate Governance for Mauritius (2016) (the Code). To the best of the Board's knowledge, the Bank has complied with the Code throughout the year ended 31st December 2020. The Bank has applied all of the principles set out in the Code and explained how these principles have been applied. The Bank also subscribes to and is fully compliant with the Bank of Mauritius Guideline on Corporate Governance in all material aspects.

Board of Directors

The Board of Directors is constituted in terms of the Bank's Constitution and in line with the provisions of the Mauritian Companies Act, the Mauritian Banking Act and any applicable law or binding regulatory provisions. The Board currently comprises of 8 board members with suitable and wide breadth of backgrounds and professional experience from the banking, financial, legal, accounting, IT and commercial sectors. The Bank has a unitary board model consisting of a mix of executive directors, non-executive directors and independent directors.

The Bank's ability to innovate is critical to remaining relevant to its clients. The Board is committed to ensuring that the Bank remains agile to meet the changing needs of its clients and other stakeholders. The composition of the Board is carefully reviewed to ensure it has the necessary skills to deliver on the Bank strategy and leverage opportunities. The composition and size of Board is considered effective and appropriate to meet the requirements of the business in terms of strategic direction of the Bank and monitor management in order for the Bank to achieve its objectives. The Board has sufficient depth of skills and capabilities, diversity of experience as well as gender balance to provide the Bank with the appropriate direction and guidance to meet the expectation of its stakeholders.

The Bank, a wholly owned subsidiary of Standard Bank Group Limited, operates in a highly regulated and dynamic sector where the Bank is required to constantly adapt itself to conform to the changing legislation and market conditions. The Bank ensures that the directors are kept abreast of all their legal duties through continuous trainings carried out by in-house specialists, Group specialists and external consultants throughout the year. Newly appointed directors are also familiarised with their legal duties during the induction programme. The directors are cognisant of the requirement to exercise the degree of care, skill and diligence reasonably expected of a prudent and competent director for the proper discharge of their duties.

The Bank is predominantly regulated by the Bank of Mauritius, and operates in accordance with its guidelines, instructions and directives. The Bank of Mauritius Guideline on Corporate Governance encourages subsidiaries of foreign banks to have at least one independent director on the board. The Bank has in its board two independent directors, namely Mr. Arvind Hari and Mr. Sanjeev Manrakhan. Most of the board members remain non-executive directors who bring diverse perspectives to board deliberations and constructively challenge management.

The Board is committed to achieving high standards of corporate governance, through transparency, accountability, good performance, effective controls, integrity and a sound ethical culture across all its dealings. Board members are bound by the code of ethics and fiduciary duties owed to the Bank. The Board is responsible for providing ethical and effective leadership towards the achievement of the Bank's strategy. It agrees the strategic direction and approves the policy framework used to measure organisational performance. This is achieved by ensuring transparent reporting by management and active board oversight. By so doing, the Board continuously scrutinises the Bank's operations and its environment in which it operates to ensure that the Bank meets all legal and regulatory requirements. The Chief Executive and the executive team deliver against agreed performance targets aligned to the Bank's strategy and in the best interests of the Bank and its stakeholders. Management is open and transparent in its engagements with the Board and escalates material matters requiring Board's consideration in a timeous manner. Special board meetings are convened in need.

The Board is committed to acting in the best interests of the Bank, in good faith whilst avoiding conflicts of interest. The Board has established robust governance practices which require the Board to review and approve, at least on a yearly basis, the mandates of the Board and its sub-committees. The mandates of the Board and its sub-committees were reviewed at the Board of Directors' meeting held in November 2020.The Board is also responsible to review and approve, as and when required, the Bank's Code of Ethics, job descriptions of the key senior governance positions, Bank's organisational structure and statement of major accountabilities of the executive management. These are published on the Bank's website.

The Board has ultimate responsibility for the affairs of the Bank.

- It acts as the link between the Bank and its shareholder.
- Decision makers - setting and monitoring strategic direction and key policies.
- Responsible for governance.
- Chairman of the Board is the spokesperson for the Board.
- Chief Executive is the spokesperson for the Bank.
- Empowering executive management to take actions to drive the Bank towards the set strategies.
- Approving the Bank's corporate plan encompassing short as well as long term business objectives, strategy together with appropriate policies to execute the strategy including those relating to risk management, financial, capital adequacy, liquidity, compliance, operational and risk appetite amongst others.
- Responsible for the appointment and monitoring of senior management, question and analyse the performance of senior management in delivering and achieving corporate objectives.
- Responsible for the appointment of the Chief Executive and other senior officers.
- Ultimately accountable to the shareholder.

Composition

The Bank recognises that a balanced board is vital for sustainable value creation. The Bank has a unitary board, which is considered effective and appropriate for the size of the Bank.

In April 2020, the Bank appointed Mr. Sanjeev Manrakhan as independent director on its board.

After almost 15 years with the Bank, Mr. Lakshman Bheenick submitted his resignation as Chief Executive on 30 November 2020 and stepped down from the board of directors in January 2021. Mrs. Michele Ah See, Head: Risk and executive director, was appointed by the board as Acting Chief Executive pending the appointment of a new chief executive.

As at 31 December 2020, the Board comprised 9 directors, 5 of whom are non-executive directors, 2 of whom are executive directors and 2 are independent directors.

The Board believes that its composition is both qualitatively and quantitatively balanced in terms of skills, gender, nationalities, experience and tenure. The directors have deep experience and diverse skills, which collectively ensure that the Board operates effectively to protect and create value in the design and delivery of the Bank's strategy, and in the execution of its duties. They have the necessary competence to discharge their duties and to provide strategic direction and control of the Bank in accordance with the board mandate and the constitution of the Bank. There is a clear division of responsibilities ensuring that no one director has unfettered powers in the decision-making process, whilst ensuring that there is an appropriate balance of power.

The collective background of the Board members provides for a balanced mix of attributes and skills that enables the Board to fulfil its duties and responsibilities. The composition of the Board and its committees is regularly reviewed to ensure that the balance and mix of diversity is preserved and that the Board maintains its effectiveness and efficiency at all times.

Board of Directors

1 Duncan James WESTCOTT

Chairman

Personal Profile
- Aged 71
- Holder of a BSc Economics from the University of Wales
- Fellow of the Institute of Chartered Accountants in England and Wales

Current
- Appointed as Independent Director in September 2010
- Appointed Chairman of Standard Bank (Mauritius) Limited since March 2019

Previous
- Joined PricewaterhouseCoopers Inc. in South Africa in 1975 and served as Partner from 1983 until June 2006
- Former Finance Manager and Director of Aspen Global Mauritius where he was in charge of the financial function from October 2008 to May 2010
- Former Chief Executive Officer of International Full Facility Services from June 2010 to May 2012 where he was responsible for the set-up of systems and procedures to effectively manage and control the initial start-up of this business, as well as the strategic direction and day to day management of the company
- Part time CFO of Shout It Now and Svenmill, both based in Cape Town, South Africa from 2012 to 2017

2 Lakshman BHEENICK

Chief Executive

Personal Profile
- Aged 47
- Holder of a BA (Hons) in Economics from University of Manchester (England)

Current
- Appointed as Executive Director in May 2010 and resigned as Director in January 2021
- Chief Executive of Standard Bank (Mauritius) Limited and Head: Corporate and Investment Banking until November 2020
- Joined Standard Bank (Mauritius) Limited in June 2006 as Head: Global Markets

Previous

Worked for Barclays Bank Plc where he successfully led the Debt Capital Issuance in Mauritius and Botswana

Ordinarily Resident in Mauritius

3 Michele AH SEE

Personal Profile
- Aged 54
- Holder of a MA (ord) in Accountancy and Economics from University of Aberdeen (Scotland)
- Member of the Institute of Chartered Accountants of England and Wales

Current
- Appointed as Executive Director in February 2014
- Appointed as Acting Chief Executive in December 2020 pending the appointment of a new Chief Executive
- Joined Standard Bank (Mauritius) Limited in February 2009
- Occupies the post of Head: Risk in the Bank

Previous
- Worked 10 years at the State Bank of Mauritius. Headed the Value Management Office, the Credit Underwriting Division and the Corporate Banking Division
- Worked for Somers Baker in UK and PricewaterhouseCoopers Mauritius in Audit

Ordinarily Resident in Mauritius

4 Clive Robert TASKER

Personal Profile
- Aged 65
- Holder of a BA LLB from the University of Natal, Pietermaritzburg
- Advanced Management Programme from Wharton Business School University of Pennsylvania

Current
- Appointed as Non-Executive Director in February 2016
- Chairman of the Board Risk Management/Conduct Review Committee and Board Technology and Information Committee
- Member of the Board Audit Committee

Previous
- Joined the Standard Bank of South Africa Limited in November 2000
- Occupied various key positions within the Standard Bank Group including serving as Chief Executive of Standard Bank Africa from March 2008 to December 2011
- Former Head: Corporate Banking International, Corporate and Investment Banking of Standard Bank Group from January 2012 to December 2012
- Former Chief Executive Officer of Standard Advisory (China) Limited, a position he occupied from January 2013 until his retirement in September 2015
- Served as Director on the Board of various companies within the Standard Bank Group

5 Stephen Vincent SCALI

Personal Profile
- Aged 48
- Holder of a Juris Doctor from Harvard Law School, USA
- Holder of a MA in Industrial Relations from the University of Warwick, United Kingdom
- Admitted to the New York State Bar in 2002
- Non-Practising Solicitor of England and Wales

Current
- Appointed as Independent Director in June 2011
- Chairman of Board Credit Committee
- Member of the Board Audit Committee and Board Risk Management/Conduct Review Committee

Previous
- Acted as in-house legal counsel at Vodafone Group Plc and Merrill Lynch
- Acted as Chief Executive of an investment management company, legal advisor, and director of leading Mauritius companies

Ordinarily Resident in Mauritius

6 Roderick Terner Forbes POOLE

Personal Profile
- Aged 59
- Holder of a Bachelor of Commerce from the University of South Africa

Current
- Appointed as Non-Executive Director in November 2016
- Currently Head: Change and Business Transformation of Standard Bank Group
- Member of the Board Risk Management/Conduct Review Committee, Board Audit Committee, Board Technology and Information Committee and Board Credit Committee

Previous
- Occupied various key positions in Finance, IT and HR within the Standard Bank Group as from 1984 to 1991
- Former Head: Human Resources Corporate and Investment Banking at Standard Bank Plc, London, in 2007
- Former Head: Human Resources CIB, Standard Bank of South Africa in 2008
- Former Head: Human Capital, Marketing and Communications CIB of The Standard Bank of South Africa from 2012 to 2014
- Former Chief of Staff, Corporate and Investment Banking until November 2016

7 Antonio Caroto COUTINHO

Personal Profile
- Aged 53
- Holder of Bachelor of Commerce (Accounting) from the University of Pretoria
- Holder of a Diploma in Management from Henley Business School

Current
- Appointed as Non-Executive Director in December 2018
- Currently Regional Chief Executive Africa Regions, Standard Bank Group
- Member of the Board Risk Management/Conduct Review Committee, Board Audit Committee, Board Technology and Information Committee and Board Credit Committee

Previous
- Served as Chief Executive of Standard Bank Angola until mid-2018
- Former Chief Executive of Standard Bank Mozambique from 2004 to 2015.

8 Arvind HARI

Personal Profile
- Aged 60
- Holder of a Bachelor in Commerce and Bachelor of Accountancy from the University of Witwatersrand
- Holder of a Master of Commerce from the University of Pretoria
- Member of the South African Institute of Chartered Accountants, Independent Regulatory Board for Auditors of South Africa, and the Mauritian Institute of Directors

Current
- Appointed as Independent Director in October 2018
- Chairman of Board Audit Committee
- Member of the Board Technology and Information Committee and Board Credit Committee

Previous
- Served as Partner at KPMG Inc. in South Africa for 21 years
- Served as Member of KPMG's Policy Board for 11 years
- Former Partner in Charge of the IT Audit and Advisory Business Unit of KPMG
- Former Executive Partner responsible for KPMG's Finances, Executive Remuneration, People (Human Resources) and internal IT unit

9 Sanjeev MANRAKHAN

Personal Profile
- Aged 50
- Holder of an MBA in Information Strategy from l'École des Hautes Études Commerciales (EDHEC) in Nice, France
- Holder of a Post Graduate Certificate in Telecommunications from Bailbrook College in Bristol, United Kingdom
- Holder of a Bachelor of Business Science (BBusSc) degree in Services Marketing with sub-majors in Statistics and Economics from the University of Cape Town (UCT), South Africa
- Skilled in Business Analysis & Planning, Information & Financial Technologies, and Digital Transformation (Industrial Internet of Things, Big Data & Machine Learning Essentials)

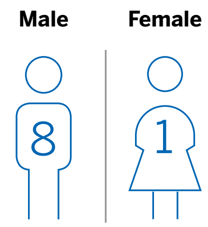
Current
- Appointed as Independent Director in April 2020
- Member of the Board Technology and Information Committee and Board Audit Committee

Previous
- Held various positions such as Head of Marketing and International Roaming with Mauritius Telecom (Cellular Division), Consultant to the GM of France Télécom (Mexico), Regional Director of Central, Eastern and Southern Africa with Gemalto (Telecom, Banking & ID), Advisor to the Chairman of Bharti-Airtel and Senior Advisor to the President of Huawei SSA (Networks) during the last 20 years
- Turned Serial Entrepreneur with a successful run in the technology and financial services industry with startups such as InfoSystems (IT), NanoBNK (Fintech) and DigiConsult (Proptech)

Ordinarily Resident in Mauritius

Executive Directors
Non-Executive Directors
Independent Directors

The Executive Directors are members of the Board and in full time employment with the Bank.



Changes in Board's composition during the year

*Mr. Lakshman Bheenick submitted his resignation as Chief Executive on 30 November 2020 and resigned as Director from the Board on 6 January 2021. Mrs. Michele Ah See has been appointed Acting Chief Executive in the interim pending the appointment of a new Chief Executive.

**On 13 April 2020, Mr. Sanjeev Manrakhan was appointed as Independent Director on the Board.

Chairman and Chief Executive

The role of Chairman is separate from that of the Chief Executive and there is a clear division of responsibilities. Care is taken to ensure that no single director has unfettered powers in the decision-making process. Whilst the Chairman and Chief Executive are collectively responsible for the leadership of the Bank and for promoting the highest standards of integrity and probity, these roles are carried out by two different persons. Each plays a distinctive role but complements each other to ensure that there is a balance of power and authority.

Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the company.

Role of the Chairman:

- sets the ethical tone for the Board and Bank;
- builds and maintains stakeholder trust and confidence;
- provides leadership and governance of the Board to create the conditions for overall Board's and individual director's effectiveness;
- ensures that all key and appropriate issues are discussed by the Board in a timely manner;
- ensures that all members of the Board are provided with timely, adequate and accurate information;
- ensures that the strategies and policies adopted by the Board are effectively implemented by the Chief Executive and management;
- conveys feedback in a balanced and accurate manner between the Board and the Chief Executive; and
- monitors the effectiveness of the Board and assesses individual performance of directors.

Chief Executive

The Chief Executive is the face of the Bank and engages with material stakeholders including clients, regulators and employees on an ongoing basis.

Role of the Chief Executive:

- shoulders the responsibility for the execution of the day-to-day running of the Bank's affairs;
- develops the Bank's strategy and long-term plans for consideration and approval by the Board;
- runs the daily business supported by the executive committee which he chairs;
- establishes an organisational structure for the Bank which is appropriate for the execution of strategy;
- appoints and ensures proper succession planning of the executive team, and assesses their performance;
- reports to the Board on the performance of the Bank in line with the approved risk appetite, and its compliance with applicable laws and corporate governance principles; and
- sets the tone for ethical leadership, creating an ethical environment and ensures a culture that is based on the Bank's values.

Appointment of Directors

The Board is responsible for the oversight of succession planning, the nomination process and the short listing of candidates. The Board has a formal and transparent process for the appointment of directors. Apart from a candidate's skills, experience, availability and likely fit, the Board also considers the candidate's demonstrated integrity, proven leadership as well as other directorships and commitments to ensure that they will have sufficient time to discharge their role properly. Due diligence is also conducted on the candidates and the Board considers and discusses the results thereof. The candidates are also required to satisfactorily meet the fit and proper test, as required by the Mauritian Banking Act. Additionally, the Directors' Affairs Committee, a committee set up at the parent level of the Bank, reviews the recommendations for the appointment of the candidates. This committee considers the current Board skills matrix, a candidate's skills, experience, availability, possible conflicts of interest and likely fit as well as demonstrated integrity, proven leadership and other time commitments. The salient terms and conditions of appointment of independent and non-executive directors are available on the Bank's website.

As per the Bank's Constitution, each director is required to retire annually from office and, if available and eligible, to stand for re-election at the annual meeting upon recommendation by the Board. Where the Board believes that a director is not discharging his/her duties and responsibilities to its satisfaction, it may consider the removal of the director. Once a decision is taken, the Board, through the Chairman, shall recommend the removal of the director to the shareholder or shall not recommend the director for re-election at the annual meeting, as the case may be.

The Chairman provides feedback on each individual director to the shareholder at each annual meeting, prior to the re-election of the directors. At the 2020 annual meeting, the Chairman has provided feedback on each individual director to the shareholder on whether the director's performance continued to be effective, following which all directors who presented themselves for re-election were re-elected.

Directors' induction and ongoing training

Newly appointed directors are provided with the Bank's governance manual which contains all relevant governance information, including the Bank's founding documents, mandates, governance structures, significant reports, relevant legislation and policies. One-on-one meetings are organised with executive heads of department during which the director is introduced to the Bank and its operations. Site visits are also scheduled at the Bank's premises and its disaster recovery sites. Meetings may also be scheduled with key executives at group level. The induction programme is tailored to each new director's specific requirements.

Dates for training are scheduled in advance and form part of the board-approved annual calendar. Directors are kept abreast of applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the Bank and its operations.

Topics considered in 2020 included:

- Anti-Financial Crime & Anti-Money Laundering
- Duties and Responsibilities of Directors
- Cyber Risk
- IFRS
- Blockchain

The above trainings were delivered by Standard Bank Group trainers through digital platforms.

Director

- Bank's constitution provides for annual re-election of all directors
- Appointed by the shareholder at the annual meeting held in March every year
- Independent directors and qualifying non-executive directors receive fixed fees for service on Board and Board committees
- Directors' remuneration is recommended by the Board to the shareholder for approval
- After six years of tenure, a director no longer qualifies as an independent director
- No limits on the number of times a director may stand for re-election, subject to continued satisfactory performance

Assessing the Board's effectiveness

The annual board evaluation provides an opportunity to consider views from all members, identify development areas, maximise strengths and explore ways to improve efficiencies for the Board to continuously improve its performance. The Chairman, with the support of the Company Secretary, leads the Board in considering and responding to the review of its effectiveness, which also includes a review of its sub-committees and an assessment of the contribution of individual directors through peer reviews. Performance evaluation of the Chairman is carried out by the Board, led by a non-executive or independent director. Any training needs are also identified, and the Company Secretary facilitates the holding of the such trainings during the course of the year.

The 2020 Board effectiveness review, led by the Chairman, was internally facilitated by the Company Secretary. The Board effectiveness review was assessed against the following main areas:

- Board strategy and execution
- Board composition, induction, succession planning
- Board operations and duties
- Effectiveness of Board committees
- Effectiveness of IT strategy, operations and controls

The process commenced in September 2020 whereby directors were asked to answer a web-based board effectiveness questionnaire. The questionnaire also allowed for free-text comments on the effectiveness of the Board and its committees, whilst requesting feedback on areas considered effective and areas requiring improvement. All directors were also invited to evaluate the individual performance of their peers. Individual results were shared with each director and the Chairman and one-on-one individual director feedback sessions were held between the Chairman and directors, where the results of the peer review were shared and discussed. The results of the Board effectiveness review, which were overall positive with no major concerns raised, were discussed by the Board at the November 2020 Board meeting. The recommendations on areas for improvement were noted and an action plan put in place.

Remuneration of Directors

Effective governance is essential to ensure that the remuneration process is fair and supports the Bank's strategy.

The Bank of Mauritius has dispensed the Bank to establish a Nominations & Remuneration Committee at board level upon being satisfied that a suitably effective framework is in place at parent level to fulfil this role. The Group Directors' Affairs Committee, set up at group level, is responsible amongst others to consider the remuneration of directors. The Group's Director's Affairs Committee ensures, through the Subsidiary Governance Framework and Principles of Standard Bank Group, that directors' remuneration (including directors' fees) promotes the long-term success of the group and applies best practices in determining director's remuneration including annual review and benchmark against local peers.

Proposed fees are based on a carefully considered assessment of the directors' responsibility, including the significant amount of work involved at committee level. The Board, and particularly its committees, chairs and committee members, spend a significant amount of time on in-depth analysis of matters relevant to the Bank's performance and regulatory requirements. Once the proposed fees are considered by the Group Director's Affairs Committee and the Board, a recommendation for approval is made to the shareholder by the Board at each annual meeting.

The Bank conducted, through an independent consultancy firm, an assessment of the remuneration of the Bank's non-executive and independent directors against the market's benchmark. The assessment demonstrated that the remuneration of the qualifying non-executive and independent directors was largely aligned to the market's benchmark and appropriate adjustments were approved by the Shareholder upon recommendation of the Board. The fee structure was also amended to a fixed director's fee structure, replacing a retainer and per meeting attendance fee in line with best practice.

Eligible non-executive and independent directors receive director's fees for service on boards and board committees, payable on a quarterly basis. They do not receive annual incentive awards, nor do they participate in any of the bank's or group's long-term incentive schemes. For the remuneration of the executive directors, please refer to the statement of remuneration philosophy.

Company Secretary

- Ensures the Board remains cognisant of its duties and responsibilities
- Facilitates evaluation of Board and committee effectiveness
- Oversees the induction of new directors
- Provides guidance to the Board
- Ensures good information flows within the Board and its committees and between senior management and non-executive/independent directors
- Monitors compliance with regulations and inform Board of relevant changes in legislations and governance best practices
- Training of directors

Board composition - Year 2020

Board

Duncan WESTCOTT (Chairman)	Lakshman BHEENICK*	Michele AH SEE
Stephen SCALI	Antonio COUTINHO	Clive TASKER
Roderick POOLE	Arvind HARI	Sanjeev MANRAKHAN

Executive Director   Non-Executive Director   Independent Director

*Resigned as director on 6 January 2021

Role and Duties of Board

The Board oversees the Bank's business strategy, internal organisation and governance structure, its risk management and compliance practices and key personnel decisions. The Board is collectively and ultimately responsible for the safety, soundness and long-term success of the Bank and delivery of sustainable shareholder value. It provides leadership to the Bank within a framework of prudent and effective controls enabling risks to be assessed and managed.

There is a clear demarcation of responsibilities and obligations between the Board and management. The Board is independent from management.

To effectively oversee the affairs of the Bank, the Board has delegated certain functions to its committees in line with the corporate governance framework and relevant legislation. Each committee has a board-approved mandate. In determining the composition of committees, the Board considers the skills and experience of its members, applicable regulations and the committee's mandate. Committee chairmen are accountable for the effective functioning of the committees. They provide verbal updates to the Board of Directors on committee activities at each board meeting and highlight significant matters discussed at the committees for attention and consideration. The minutes of meetings are also included in the board packs for noting.

Board of Directors

- Board Audit Committee
- Board Risk Management/ Conduct Review Committee
- Board Technology and Information Committee
- Board Credit Committee

The Board reviews and approves their terms of reference on an annual basis. In 2020, the Board reviewed and approved the mandates of its sub-committees and its mandate.

Board and committees Responsibilities as at 31 December 2020

Summary of key terms of reference of the Board of Directors

Strategy	• Maps out the Bank's goals and plans for achieving those goals. • Ensures that any action is aligned to the Bank's values, performance and sustainability. • Continuously monitors financial performance. • Ensures that an adequate budget and planning process exists.
Corporate Governance	• Ensures that sound corporate governance practices are implemented within the Bank. • Annual assessment of achievements against set objectives. • Delegates power, authorities and discretions to the chief executive and sub-committees for efficient decision-making process. • Proposes to the shareholder for approval, the remuneration of independent and non-executive directors. • Recommends external auditor's fees to the shareholder for approval following recommendation from the Board Audit Committee. • Reviews matters such as code of ethics, environmental and social issues. • The Board approves the Bank's code of ethics and ensures that the highest set of standards for responsible business practice is adhered to by the Bank.
Board members' appointment, and overall effectiveness and evaluation of Board	• The Board conducts a fit and proper assessment before recommending the appointment of directors to the shareholder. • The Board approves the appointment of the Chairperson and membership of all Board committees on an annual basis. • The Board assumes the responsibilities for succession planning and for the appointment and induction of new directors to the Board. • Ongoing board education remains a focus for the Board to ensure that directors are kept abreast of all applicable legislations and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the Bank and its operations. • Annual assessment of the Board is conducted against set objectives to review and further the Board's effectiveness.
Risk and Compliance	• Ensures proper and effective compliance and risk management policies and procedures are implemented. • Implements policies and procedures to identify conflict of interest situations and steps to redress such situations.
Dividend Policy, Finance and Capital Funding	• Responsible for the preparation of accounts that fairly present the state of affairs of the organisation and which comply with international reporting standards. • Ensures that policies and systems are in place to achieve a prudential balance between risks and returns to the shareholder. • Approves dividends payments to the shareholder. • Considers and approves capital expenditure recommended by the Executive Committee. • Ensure an adequate budget and planning process exists, and that performance is measured against budgets and plans.
Access to information and Resources	• Regular interaction between Board and executive management. • Directors have free and unrestricted access to management team and to Bank's information. • Directors are provided with the services of external legal advisors when required.

The year ahead

> Implement board succession plans.

> Consider the impact of regulatory changes.

> Measure progress against strategic objectives.

> Continue to monitor the Bank's operational and financial performance.

Summary of key terms of reference

Board Audit Committee

Arvind HARI (Chairman) | Sanjeev MANRAKHAN | Clive TASKER
Roderick POOLE | Stephen SCALI | Antonio COUTINHO

The **Board Audit Committee** assists the Board in honouring its responsibilities for monitoring the quality of the financial statements of the Bank. It reviews the accounting policies, financial reporting and regulatory compliance practices, the Bank's system and standards of internal controls, and monitors processes for internal audit and external audit.

Summary of key terms of reference
Review interim and audited annual financial statements and other financial information required to be submitted to the shareholder.
Consider reports by the executive management on measures implemented to ensure compliance with the statutes, internal policies and procedures and controls, including accounting systems and record keeping controls, information systems and technology controls, internal audit processing, management information systems and reports applied to the day-to-day management of the business and review.
Review the basis on which the Bank has been determined 'a going concern' and make a recommendation to the Board.
Recommend the appointment of external auditor and the terms of reference to the Board.
Evaluate reports produced by the internal audit department of the Bank detailing the adequacy and overall effectiveness of the Bank's internal audit function.
Consider reports from the external auditors.
Review the Bank's compliance plan, with specific reference to the procedures for identifying regulatory risks and controlling their impact on the Bank as well as ensuring that the Bank's policy complies with relevant regulatory and legal requirements.
Review complaints handling and complaints reporting procedures.

Audit Process

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

On a quarterly basis, the Board Audit Committee Chairman met with the external as well as the internal auditors independently of management to discuss any issues of concerns that were raised. The external auditors meeting is held as part of the various financial reviews, where regular engagements are held to discuss critical issues, policies, judgements and estimates. The external auditors are invited to attend the various audit committee meetings where they are given the opportunity to present their audit plan, audit findings and any significant or material changes in accounting policies and principles. This year it was agreed that the auditors would carry out half-year reviews instead of quarterly reviews.

External Audit

To ensure an effective external audit process, engagements are held with the Board Audit Committee Chair to discuss on areas of focus prior to the engagement. The external auditors prepare their audit plan which is then presented to the Board Audit Committee for approval. The auditors are actively encouraged to participate at the Board Audit Committee on matters under discussion and they will raise any concerns at each quarterly meeting. In addition, they are always kept informed of any significant changes or critical issues that can impact the Bank. The relation with the external auditors is very open and transparent. On a yearly basis, the Board Audit Committee convene to assess the external auditors, this is done through a questionnaire. Results thereof are then discussed with the audit partner for improvements where required. PricewaterhouseCoopers was first appointed for the financial year ended December 2016 following a competitive tender. The appointment of PricewaterhouseCoopers for year ended 31 December 2021 will be approved by both Board Audit Committee and Board of Directors in March 2021 in line with the provisions of the Mauritian Banking Act 2004.

It is recognised that the external auditors have a detailed knowledge of the Bank's business processes and this often enables them to provide a better service than other consulting firms in certain instances. In addition, the number of firms with specialised technical skills required for consulting in the Mauritian banking environment is limited. The Bank has set up a non-audit services policy which ensures that the Board Audit Committee and the Bank's external auditors will be independent of the Bank both in fact and in appearance in order to maintain their credibility and effectively fulfil their primary role as the Bank's auditors. The provision of extensive levels or certain types of non-audit services to the Bank will not impair their independence or be perceived to do so. A pre-approval of any proposed agreement with the auditors for the provision of non-audit services to the company is required.

As a general guideline, and to facilitate implementation, the Bank's authorised spend on non-audit services provided by the external auditors in any one financial year should not exceed 33.33% of the amount incurred on audit services as disclosed in the annual financial statements in the immediately preceding financial year. The actual spend is reviewed on an ongoing basis by the Board Audit Committee. In 2020, there were no non-audit services provided by the external auditor.

Auditor's Fees and Fees for Other Services

The audit fees payable for the financial year under review is tabled hereunder:

PwC	2020 USD	2019 USD	2018 USD
Audit Fees	**133,838**	131,409	116,800
Non-Audit Fees	**-**	-	13,051
	133,838	131,409	129,851

The non-audit services include gap analysis on the New Code of Corporate Governance performed in 2018.

Internal Audit

It is the policy of the Bank to maintain an independent Internal Audit function to undertake independent internal audit activities of the various units within the Bank. Internal Audit mission is to provide independent and objective assurance and advisory services designed to add value and improve the Bank's operations. It plays an important role in the combined assurance model and assists the Bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and the internal control environment. Internal Audit conduct is guided by its Code of Ethics and its purpose, authority and responsibility.

The Board Audit Committee (BAC) approves the Internal Audit Charter on an annual basis and this charter defines the purpose, authority and responsibility of the Bank's Internal Audit function.

The Charter requires Internal Audit to:

- Maintain an unbiased mental attitude that allows internal auditors to perform objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.
- Have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement.
- Maintain the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being audited.
- Have an informed view, make a balanced assessment and form judgements after assessment of all relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by the auditor's own interests or by others in forming judgements.

The internal audit function of the Bank comprises a Head: Internal Audit supported by Internal Audit Managers sourced from Group.

To preserve the independence of the Internal Audit Function, the Head: Internal Audit reports functionally to the Board Audit Committee (BAC) and administratively to the Bank's Chief Executive and Regional Head of Audit. The Head: Internal Audit communicates and interacts directly with BAC, with sessions between committee meetings as appropriate, including meetings with the chairman and/or committee members, without management presence.

The Bank of Mauritius (BOM) has developed a Risk-Based Supervision Framework (RBS) which would leverage on the work of the internal audit function. There is an expectation that banks must strengthen their internal audit framework by adopting a more risk-focused and robust framework. In that respect, the Internal Audit Function has reviewed and aligned its Risk-Based Internal Audit Framework to the regulator's expectation.

Internal Audit adopts a risk-based approach in developing the annual audit plan and in the execution of same. The audit plan is formally approved by the Board Audit Committee on a bi-annual basis and ensures that significant areas are covered on a risk-based approach. The areas of coverage for year 2020 included credit, AML transaction monitoring, Cyber, liquidity, ICAAP and data risk among the most significant ones. Internal Auditors had full access to the records, management or employees of the organisation for the purposes of their reviews.

The Head: Internal Audit reports to the Board Audit Committee. The Head: Internal Audit holds the following academic qualifications:

- Certified Internal Auditor (CIA), Institute of Internal Auditors (IIA) 2018
- IIA Certificate in Internal Audit and Business Risk (UK), 2015
- ACCA qualified, Associate of Chartered Certified Accountants (UK) 2011
- BSc (Hons) Finance with Law, University of Mauritius, 2005

The year ahead
> Continue to monitor internal financial controls and key accounting developments that are likely to affect the Bank
> Continue to monitor the activities of external audit, internal audit and compliance as they pertain to the regulatory and internal control environment of the Bank
> Review reports from management

Risk Management/Conduct Review Committee

The Board, through the **Risk Management/Conduct Review Committee**, is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk Management/Conduct Review Committee provides oversight and advice to the Board on current and potential future risk exposures of the Bank and future risk strategy. It reviews the Bank's compliance with approved risk appetite and oversees the operation of Bank's policy framework.

Board Risk Management/Conduct Review Committee

- Clive TASKER (Chairman)
- Lakshman BHEENICK
- Antonio COUTINHO
- Roderick POOLE
- Stephen SCALI

Summary of key terms of reference
Responsible for advising the Board on the Bank's overall current and future risk appetite, overseeing senior management's implementation of the risk appetite framework and reporting on the state of risk culture in the Bank.
Review and assess the integrity of the risk control systems and ensure that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control, thereby reducing the opportunity of risk, including fraud, in all areas of operation.
Establish an enterprise wide risk framework, for implementation in the business that will include the following disciplines: credit risk, operational risk, liquidity risk, market risk, legal risk, regulatory capital management and risk assurance.
Consider legal issues that could have a significant impact on the Bank's business.
Ensure independence of Head: Risk from operational management.
Evaluate efficacy of insurance coverage.
Consider all ethics related matters.
Review procedures dealing with related party transactions and approve such related party transactions in accordance with the procedures.

Refer to the Risk and Capital Management report for further details on risk and capital management.

The year ahead

> Continue to monitor the current and future risk profile of the Bank to ensure the Bank is managed within risk appetite relative to strategy.

> Continue to monitor capital adequacy of the Bank and review the impact of significant transactions on capital.

Board Credit Committee

- Stephen SCALI (Chairman)
- Lakshman BHEENICK
- Antonio COUTINHO
- Roderick POOLE
- Arvind HARI

Summary of key terms of reference
Review and approve on an annual basis the terms of reference of management committees set up to consider credit risk namely the Credit Risk Management Committee and the Credit Committee, with clearly defined mandates.
Oversight on the delegated authority to the Credit Committee which approves credit facilities within approved thresholds.
Approval of agreed credit risk appetite framework as required under the Credit Risk Governance Standard as adopted by the Bank.
Review of the credit risk portfolio reports, the credit risk impairment adequacy and any other credit related reports submitted by management.
Consider any other credit related matters that may be necessary.

The year ahead

> Continue to monitor credit portfolios.

> Continue to monitor the current and future credit risk profile of the Bank to ensure the Bank is managed within credit risk appetite relative to strategy.

> Continue to ensure that the appropriate credit governance framework is in place.

Board Technology and Information Committee

- Clive TASKER (Chairman)
- Lakshman BHEENICK
- Antonio COUTINHO
- Roderick POOLE
- Arvind HARI
- Sanjeev MANRAKHAN

The Board ensures that prudent and reasonable steps have been taken with respect to fulfilling its responsibilities for technology and information governance. The Board has delegated authority to the Board Technology and Information Committee to oversee the governance of data, technology and information in a way that supports the organisation in setting and achieving its strategic objectives. The Board Technology and Information Committee is responsible to the Board for all matters related to data, technology and information.

Summary of key terms of reference
Review and approve the technology and information governance framework.
Consider management's strategies relating to technology and information.
Ensure the establishment of effective technology and information management functions in the Bank.
Review and approve the IT and data related governance standards and policies and oversee effective implementation thereof by management.
Review technology and information management reports.
Consider the IT budget as a component of the Bank's approved budget and to assess the suitability and affordability of significant IT investments in relation to the budget.
Consider any material IT investments and IT outsourcing arrangements or contracts.
Review the Bank's assessment of risks associated with technology and information including disaster recovery, business continuity and IT security.

The year ahead

> Oversee the technology and information governance framework.

> Review the Bank's assessment of risks associated with technology and information including disaster recovery, business continuity and IT security.

> Consider management's strategies related to technology and information.

Board and Committee Meetings

Board and Board subcommittee meetings are held every quarter with an additional annual board meeting to consider the Bank's strategy. Ad hoc meetings are called if and when necessary. Directors are provided with comprehensive board documentation at least four days prior to each of the scheduled meetings to enable members to apply their minds to the content and allow adequate opportunity for formal and informal discussions. The Board uses an electronic board paper system which provides quick, easy and secure access to board papers and materials (including a resource centre that contains comprehensive reference materials). Board packs are circulated via this system prior to meetings. Information about latest issues affecting the Bank is also circulated as appropriate.

In light of the Covid-19 pandemic and travel restrictions, directors not ordinarily resident in Mauritius were unable to travel to Mauritius to attend the board meetings. All the board meetings in 2020 were conducted using secured digital platforms. The board members also used the digital platforms of the Bank to engage with each other and with the executive team throughout the year.

Standard Bank (Mauritius) Limited		Board of Directors	Board Committees			
			Board Audit Committee	Risk Management/ Conduct Review Committee	Board Credit Committee	Board Technology and Information Committee
Number of meetings held		5	5	4	4	4
Chairman		Duncan Westcott	Arvind Hari	Clive Tasker	Stephen Scali	Clive Tasker
Attendance						
Executive	Lakshman Bheenick	5	N/A	4	4	4
	Michele Ah See	5	N/A	N/A	N/A	N/A
Non-Executive	Duncan Westcott	5	N/A	N/A	N/A	N/A
	Clive Tasker	5	5	4	N/A	4
	Stephen Scali	5	5	4	4	N/A
	Roderick Poole	5	5	4	4	4
	Antonio Coutinho	5	5	4	4	4
Independent	Arvind Hari	5	5	N/A	4	4
	Sanjeev Manrakhan*	4	4	N/A	N/A	3

*Appointment of Mr. Sanjeev Manrakhan as director and member of Board Audit Committee and Board Technology and Information Committee on 13 April 2020

Codes, regulations and compliance

The Bank has established a number of processes and policies to ensure its long-term success and sustainability. The Bank ensures that it remains compliant with all legislations, regulations and codes in its journey to achieve its goals.

The Board, through the relevant board committees, considers compliance reports submitted by executive management, internal auditors and external auditors on measures implemented to ensure compliance with regulatory and other legislative requirements.

The Bank also networks with regulators and other stakeholders when applying legislative and regulatory controls. The Bank aims to ensure that regulatory requirements are embedded in the Bank's operations in a way that drives long-term business value.

Dealing in securities, Conflicts of Interests and Related Party Transactions

In its quest to ensure that business is conducted professionally and in an ethical manner, the Bank has implemented guidelines to restrict Directors and embargoed employees from dealing in its securities.

The Bank has in place a Personal Account Trading Policy which prohibits directors and employees from trading in securities during closed periods. Continuous compliance with the policy is ensured and any breaches of policy are dealt with in line with the provisions of the policy.

The Board is committed to acting in the best interests of the Bank, in good faith whilst ensuring no conflicts of interest. All Board decisions are consistently based on ethical foundations in line with the Bank's values. A Conflict of Interest Policy is in place requiring directors and employees to disclose any conflict of interest situation including disclosure of any directorships held in any other legal entity. The Company Secretary maintains a register whereby all disclosures of interests of the Directors are recorded. The register is available for consultation to the shareholder upon written request to the Company Secretary. The register is tabled annually at Board meetings and any changes to the disclosures are submitted to the Board at quarterly Board meetings. The Board is aware of outside commitments of the directors and is satisfied that the directors allocate sufficient time to enable them to discharge their responsibilities effectively. A summary of the Conflict of Interest Policy is available on the Bank's website.

Directors are also required to declare whether there are any conflicts of interest in relation to matters on the agenda at the beginning of each meeting. Directors do not participate and recuse themselves from the meeting when the board considers any matters in which they may be conflicted.

The Risk Management/Conduct Review Committee is responsible to monitor and review related party transactions and to ensure that they are at arm's length.

The Bank is committed to protecting the privacy and data of persons and has in place a Data Privacy Policy. The Policy ensures that the Bank manages data privacy risk, maintains and continuously improves its data privacy culture and promotes the safeguarding of personal information. It also aims to guarantee that the Bank processes personal information in a lawful and reasonable manner, thus ensuring that the Bank is protected from criminal sanction, reputational damage, fines and penalties. The Bank has published on its website a Data Privacy Statement which details how it collects and processes personal information.

Directorship held in listed companies is as follows:

Names of Directors	Names of Companies
Duncan Westcott	Lewis Group Limited Balwin Properties Limited
Clive Tasker	Nil
Stephen Scali	The Mauritius Development Investment Trust Company Limited
Lakshman Bheenick	Nil
Michele Ah See	Nil
Rod Poole	Nil
Arvind Hari	Nil
Sanjeev Manrakhan	Nil
Antonio Coutinho	Standard Bank Malawi

Entrenching ethics

The Bank's values and code of ethics, which are aligned to the Standard Bank Group ethics and values, form the primary guideline for driving its cohesive growth. This ensures that we do the right business in the right way, by complying with relevant laws and legislation, as it is imperative that we retain the trust of our stakeholders.

The code of ethics applies to the Board and to all employees. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Bank. The role of the Chairman and the Board collectively includes ensuring that the conduct of the Board and that of senior management is aligned with the Group's values and the code of ethics, forming the basis of all board decisions. This ensures that, on executing their duties, board members act with integrity and fairness, are transparent and competent, and that both individual and collective responsibility and accountability are entrenched in the decision-making processes. The Board is aware that the Bank's purpose can only be achieved if it maintains its reputation of an ethical culture.

The Chairman and the Board set the ethical tone for the Bank through the approval of the Code of Ethics and values which are embedded within the Bank as part of the approved Ethics Framework:

The Chief Executive and Executive Management, through the Ethics Officer, are responsible for entrenching the Ethics Framework. The Board of Directors through the Board Risk Management and Conduct Review Committee, requests and considers quarterly reports by Executive Management, on measures implemented, status of compliance with the ethics framework as well as a self-rating on the culture health of the organisation. The culture health assessment takes into account the following measures which have defined metrics reported on a monthly basis:

- Employee integration into the organisation
- Training completion statistics
- Culture of openness and challenge
- Behavioural failures
- Employee personal conduct
- Organisational climate
- Client satisfaction
- Transactions not conducted at arm's length

As part of establishing an ethical culture in our day-to-day decision making and behaviour, we have adopted a systematic and integrated approach that requires ongoing awareness and reinforcement.

Mechanisms are also in place for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour anonymously. The Bank's whistleblowing and ethics line is operated by an independent service provider. Information on the processes and the policy relating to the whistle-blowing service is published across the Bank, on its website and within every supplier contract. Conduct dashboards submitted to the Board Risk Management and Conduct Review Committee also include status updates on whistle-blowing matters.

For the year under review the Board is satisfied that the Bank has an adequate and well embedded ethics framework in place.

Relationships with the shareholder

An important part of the Bank's approach to governing its stakeholder relationships is to ensure the shareholder's views are heard and fully considered. The annual meeting provides an opportunity for the Board to interact with and be accountable to the shareholder. It provides an opportunity for the shareholder to ask questions and vote on resolutions.

The Board has the important role of overseeing management performance on behalf of the shareholder. The shareholder necessarily has little voice in the day-to-day management of corporate operations but has the right to elect representatives (directors) to look out for its interests and to receive the information it needs to make investment and voting decisions.

Connecting with our stakeholders

Stakeholder engagement is part of the Bank's everyday business. The Bank engages with different stakeholders in different ways and strive to be responsive to their concerns.

The Bank's stakeholder management approach involves the application of the Bank's resources to build and maintain good relationships with stakeholders. This approach ensures that the Bank understands the expectations of society, minimising reputational risk and form strong partnerships with all of which support commercial sustainability. It also maintains and strengthens the Bank's legitimacy and social licence to operate, builds trust with stakeholders, and enhances its reputation as a socially relevant and responsible corporate citizenship.

The Bank's stakeholders are those individuals, groups, and organisations that materially affect, or could be materially affected by its business activities, products and services and associated performance. The Bank believes that stakeholders provide the Bank with the resources it needs to achieve its strategy and purpose, influence the environment in which it operates its business, and confer legitimacy on its activities. They are the providers of financial, human, intellectual, natural, manufactured and social capitals. The Bank understands that its business activities directly and indirectly impact on stakeholders' own wellbeing and success and strives to minimise any harmful impacts, and optimise the positive impacts, on its stakeholders.

Our stakeholders can be categorised into two primary groups:

- The first group comprises stakeholders with which we also have a direct, contractual relationship: namely, our people, our clients, our partners, our suppliers and our shareholder.
- The second group comprises stakeholders which do not necessarily have a contractual relationship with us but yet fall within the Bank's sphere of influence, and thus have a stake in our performance; namely civil society organisations, professional bodies, regulators, policy-makers, academia, legislators, the diplomatic community, political parties, special-interest and advocacy groups, analysts, researchers and think tanks, the media and non-governmental organisations.

Given the scale of our operations and the diversity of our stakeholders, the Bank has adopted a de-centralised stakeholder engagement approach. Different teams in the Bank meet with their stakeholders regularly on matters of mutual interest, exploring potential partnerships, and searching for opportunities to create value.

Our proactive engagement with stakeholders informs the identification of our material issues, business strategy and operations, shapes products and services, helps us to manage and respond to their concerns and expectations, minimises reputational risk and influences our operating environment. Underpinning the de-centralised operating model is our ethos of listening to, and constructively engaging with legitimate stakeholders. We engage with our stakeholders in the following ways:

STAKEHOLDERS' ENGAGEMENT

CLIENTS

WHY?

This is why we think it's important to engage

Our clients are at the centre of everything we do. We need a clear understanding of our target clients' needs and preferences, to provide an appropriately tailored service offering.

WHAT?

These are the issues that matter the most to them

- Delivering consistently excellent client experiences
- Affordable and appropriate solutions
- Safety and security of client data and assets

HOW?

These are some of the ways we responded and engaged

The Bank conducts a client survey annually whereby key clients are requested to evaluate their experience of various aspects of their interactions with the Bank. In the 2020 client survey, feedback of clients was requested on the following areas:

- The client experience with the various business units;
- The perception the clients have of the Bank relative to others in the market;
- The professionalism, support and expertise of the Bank's teams as well as the Bank's physical presence on the continent;
- The perception of quality of systems and innovative offerings.

The results of the survey showed an overall improvement in clients' experience and perceptions of the Bank (8.1/10 in 2020 versus 8.0/10 in 2019).

Given the restrictions on face-to-face engagements imposed by Covid-19, there was limited scope for the usual level of direct client engagement or the traditional events that would be scheduled throughout the year. Despite these constraints, however, the Group arranged several webinars and panel discussions that were hosted online and which our clients were invited to attend. Furthermore, client-facing staff engaged proactively and frequently with clients during the height of the Covid-19 outbreak in order to understand how clients' businesses were being impacted, and therefore how the Bank could support them.

OUR PEOPLE

WHY?

This is why we think it's important to engage

Our people drive the purpose of the Bank. A highly engaged workforce is key in ensuring that the Bank achieves its strategic objectives.

WHAT?

These are the issues that matter the most to them

- Promote integrated and personalised employee experience through meaningful career advancement and continuous development.
- Enable our people to grow and thrive by offering meaningful learning & career experiences.

HOW?

These are some of the ways we responded and engaged

Work-life Balance:

In order to enhance the employee value proposition, contribute to work-life balance and promote employees' wellbeing, it was decided to introduce flexitime and work from home arrangements. These initiatives have been positively welcomed with a high usage rate for the eligible employees.

Leadership & Culture initiatives/Journeys:

The aim is to enable bold and inspirational leadership and create a conducive culture in line with the Bank's aspirations. The requirements for potential shifts in culture were identified while plans were refined by Group Culture and rolled out in September 2020 to the Executive Management team. The intention is to extend the culture learnings to the whole Bank.

Learning strategy:

The Group has embarked in a future-ready transformation with a strong focus on digitisation and online learning platforms such as Degreed and Salesforce. The aim is to ensure a future-fit organisation and workforce and equip employees with future skills such as Data Science, Business Analytics, Behavioural Economics, Ecosystems, Artificial Intelligence, etc.

STAKEHOLDERS' ENGAGEMENT

SHAREHOLDER

WHY?

This is why we think it's important to engage

Our shareholder provides the financial capital that allows our business to grow and we have a fiduciary duty to manage its investment with care. We need to provide the Shareholder with a compelling value proposition to retain its confidence and support.

WHAT?

These are the issues that matter the most to them

- Strengthening efficiency and return on investment
- Responding to increased competition in challenging market conditions

HOW?

These are some of the ways we responded and engaged

- We engage with the shareholder in calls, meetings and conferences, and at interim and annual results announcements, and convey its key issues and concerns to relevant internal stakeholders, including the Board, and take these issues into account in our planning and reporting.
- The views of the shareholder are disseminated to the Board through the Board Chairman. Any concerns or feedback communicated by the shareholder are discussed at board meetings with appropriate action implemented, if required. The Chairman also acts as an intermediary between the key stakeholders of the Standard Bank Group and the Board.
- The Bank has in its board the Regional Chief Executive in Africa Regions who acts as the primary point of contact between the country board and the Group.
- In light of the Covid-19 and closure of borders in Mauritius, the annual meeting of shareholder was held virtually in March 2020.
- The Board of Directors also reviewed the constitution of the Bank to ensure that board meetings and meetings with the Shareholder may be conducted electronically and a recommendation was made to the Shareholder for approval. The shareholder reviewed the recommendations of the Board of Directors and approved the amended constitution.
- At Group level, Standard Bank Group held its first virtual Annual General Meeting (AGM) in June 2020, with shareholders, management and guests attending the meeting. Shareholders joined the meeting on their tablets, phones and computers via digital platforms and non-shareholders were also able to attend the AGM as guests on the same platforms. Shareholders submitted their votes on all resolutions either by proxy prior to the meeting, or electronically during the meeting. They were also able to submit questions to the Group Secretary prior to the AGM or post questions in real-time by typing their questions on the platforms during the meeting. The meeting was considered to be a success with no major technological glitches and with all resolutions that were tabled being passed by the required majority of shareholders.

REGULATORS

WHY?

This is why we think it's important to engage

We highly value effective engagement and collaboration with our regulators to demonstrate our commitment in supporting their objective of ensuring the financial stability and soundness of the financial system in Mauritius and internationally. We ensure that regulatory requirements are being met at all times.

WHAT?

These are the issues that matter the most to them

- Threats of money laundering, financing of terrorism and dealing with sanctioned entities
- Good practice and conduct in the foreign exchange market
- Customer complaints
- Credit risks of financial institutions
- Conduct of Good Corporate Governance

HOW?

These are some of the ways we responded and engaged

- The Chief Executive ensures that the Board is kept abreast of any material legal or regulatory matter through management reports tabled to the Board for consideration. The views of the Board are sought, and management is informed through the Chief Executive on any action required to be taken.
- The financial services industry has experienced an array of new and revised legislations and guidelines in 2020 falling under the ambit of our regulators. Standard Bank Mauritius has actively contributed in the implementation of these new legal and regulatory developments by engaging directly with the relevant government body and participatingin working committees set up either by the relevant government body or the Mauritius Bankers Association. We guard against the risk of sanction, material financial loss & reputational damage.

STAKEHOLDERS' ENGAGEMENT

- On a more general note, Standard Bank Mauritius adopts a transparency approach with our regulators and ensures that they are up to date with every aspect of our business strategy and vision. This approach has proved to be very fruitful in gaining their support and collaboration. We comply with all relevant legislations, guidelines in force and apply relevant standards and set norms to safeguard the organisation from legal & regulatory sanctions and financial/reputational losses.

CIVIL SOCIETY GROUPS

WHY?

This is why we think it's important to engage

The Bank applies sustainable principles to drive growth and development which are inextricably linked to the prosperity and wellbeing of the society in which we operate in.

Sponsorships are an important component of the Bank's social responsibility and communication strategies. They provide us with the right platform to engage with our different stakeholders and a major contributor in enhancing our brand and creating relevance in our market.

WHAT?

These are the issues that matter the most to them

- Accelerating inclusive economic growth, job creation, financial inclusion and transformation
- Contribution to and promotion of a just and equitable society

HOW?

These are some of the ways we responded and engaged

The Board has delegated authority to its subcommittees to consider views of other key stakeholders with respect to consumer complaints, ethical matters, conflict of interests, environmental, social and health and safety matters. Management provides quarterly reports on same to the Board and its subcommittees for consideration.

CSR initiatives

To make a significant positive impact, we have identified the following three areas of intervention and various initiatives were undertaken during the course of year 2020:

- **Education, Health & Social, Environment**
  Under the Education pillar, the main focus remained the Standard Bank Scholarship Scheme. This programme has allowed bright students with limited financial means to have access to tertiary education in Mauritius.

- Under the **Health and Social pillar**, two key NGOs we are supporting are:
  - **Lovebridge**
    The NGO Lovebridge whose aim is to deliver autonomy to vulnerable families, caught in the poverty trap and willing to work constructively towards empowerment. The identified families are empowered to be autonomous and get out of the poverty trap.
  - **NGO "Quartier de Lumière"**
    The NGO 'Quartier de Lumière" assists and empowers children in the village of La Valette, Bambous (Western region of the island) who are left on their own and come from poor and needy families.

- Regarding the **Environment pillar**, the Bank partnered with the Mauritian Wildlife Foundation for three projects namely:
  - Mauritius Kestrel conservation project
  - Ecosystem reconstruction using giant tortoises
  - Rare plants conservation project

For more information on our various CSR initiatives, please refer to the sustainability report section.

Sponsorships:

Sponsorships are an important component of the Bank's social responsibility and communication strategies.

- Standard Bank Royal Raid Special Edition 2020
  The Bank was the title sponsor of the Royal Raid Special Edition 2020. Royal Raid is a challenging trail run which shares all the qualities that Standard Bank stands for: hard work, dedication, endurance and the desire to succeed.

Shareholder's Calendar

	Reporting date
Financial Year End	December
Annual General Meeting of Shareholders	March
Publication of Financial Statements	
Annual Report	March
Quarterly Unaudited Financial Statements	
31 March	May
30 June	August
30 September	November

Sustainability

Through our stakeholder engagement processes, the Bank is committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them to find solutions to sustainability challenges, in line with the Group's values. The Group's annual sustainability report provides comprehensive commentary on the Group's sustainability and transformation efforts, as well as key non-financial performance indicators. The report aims to present a balanced view and disclose relevant and material information to the Group's stakeholders. The report is published on the Standard Bank Group's website.

Refer to the Sustainability Report of the Bank for further details on the Bank's initiatives.

Going concern

On the recommendation of the Board Audit Committee, the Board annually considers and assesses the going concern basis for the preparation of financial statements at the year end. At the interim reporting period, a similar process is followed to enable the Board to consider whether there is sufficient reason for this conclusion to be affirmed.

Executive Management

Executive Management	Reporting date
Lakshman Bheenick **Chief Executive**	Please refer to profile on page 56
Michele Ah See **Head: Risk**	Please refer to profile on page 56
Nathalie Pompon-Nemorin **Chief Financial Officer**	Please refer to profile on page 74

General Management

Executive Management and General Management

Male	Female
9	5

General Management

1 Nathalie POMPON-NEMORIN
Chief Financial Officer

- Joined Standard Bank (Mauritius) Limited in 2001 as Financial Manager
- Acceded to Head of Finance in 2006
- Fellow Member of the Association of Chartered Certified Accountants (FCCA)
- Previously employed at Kemp Chatteris, Clay Ratnage Chartered Accountants in London
- Previously worked at Investec Bank (Mauritius) Ltd as Accountant

2 Cole ACUTT
Head: Client Coverage/ Investment Banking

- Appointed Head: Investment Banking in October 2017
- Holder of a Bachelor of Business Science (Finance Honours) from the University of Cape Town
- Joined Standard Bank Johannesburg, as Graduate Trainee on the Standard Bank Corporate and Investment Banking Graduate Programme
- Appointed as Specialised Credit Origination Manager, Structured and Leveraged Credit Africa, Standard Bank Johannesburg
- Occupied the position of Transaction Manager, Diversified Lending and Leverage in Standard Bank Johannesburg and Nairobi respectively
- Prior to joining Standard Bank (Mauritius) Limited, was Senior Transaction Manager, Diversified Lending & Leverage, Standard Bank of South Africa

3 Daniel Philippe NG TSEUNG
Head: Transactional Products and Services

- Joined Standard Bank (Mauritius) Limited in February 2014 as Head Corporate Banking/ Transactional Products and Services
- Holder of a BSc (Hons) Economics from Loughborough University (UK)
- Previously worked and held various positions such as Group Treasurer and responsible for the Cards Division at the State Bank of Mauritius and as Treasurer at The Hongkong and Shanghai Banking Corporation Limited, Mauritius (HSBC).

4 Meenakshi SANDRASAGREN
Head: Global Markets

- Joined Standard Bank (Mauritius) Limited in 2011 as Head Global Markets
- Holder of an MBA from the City University Business School (UK) and a Master in International Economics and Finance from Brandeis University (USA)
- Fellow member of the Association of Chartered Certified Accountants (FCCA)
- Previously employed at Air Mauritius as Head of Treasury for a period of thirteen years
- Worked for MEDIA as financial controller
- Worked for De Chazal Du Mée and Philips ELL & Gross

5 Reshmee A KISTNAMAH
Head: Legal and Company Secretary

- Joined Standard Bank (Mauritius) Limited in 2010 as Corporate Lawyer
- Holder of an LLB (Hons) from the University of Mauritius, an LLM in Commercial and Corporate Law from the University of London and a diploma in French Law from the Université de Droit, d'Economie et des Sciences D'Aix en Provence
- Previously worked at Harel Mallac Group in charge of the Legal and Corporate Secretarial Department

6 Adjhmir BHUGALOO
Chief Information Officer

- Joined Standard Bank (Mauritius) Limited in 2007 as Head Electronic Banking and later as Client Access Manager
- Holder of a Licence Professionnelle Commerce, option Commerce Electronique from Université de La Réunion and a diplome de technologie, mention Informatique de Gestion from the Mauritius Chamber of Commerce and Industry
- Previously employed at The HongKong and Shanghai Banking Corporation Limited

7 Johannes Jacobus BOTHA
Acting Chief Information Officer

- Joined Standard Bank (South Africa) Limited in 2006 as a senior Messaging Engineer providing electronic messaging and faxing services across the Standard Bank Group
- Appointed as Head Production services in 2009, responsible for IT Infrastructure services to 17 countries in which Standard Bank Limited has a presence
- Appointed as Head Production services at Standard Bank Namibia in 2011
- Appointed as Acting CIO at Stanbic Bank Botswana in 2013
- Appointed as Business Service Lead in the Standard Bank Africa Regions portfolio in 2016
- Appointed as Acting CIO at Standard Bank Eswatini (Swaziland) in 2019
- Holder of MCP and MCSA, A+, ITIL 4 certification and ALP certification endorsed by Harvard Business School Online
- Prior to joining the Standard Bank Group employed at Business Connexion Limited, as Senior Messaging engineer for Sasol Limited, Anglo Gold Ashanti, Nampak Limited and BHP Billiton

8 Carlo CASALEGGIO
Head: Compliance

- Joined Standard Bank (Mauritius) Limited in 2020 as Head: Compliance
- Holder of a Masters in Business Leadership from the University of South Africa
- Certified Compliance Professional from the Compliance Institute of South Africa and Certified Ethics Officer
- Previously employed at GroFin Group as Chief Operations Officer
- Held various positions in the compliance function at ABSA Bank

9 Nigel HOU
Head: Compliance

- Appointed Head: Credit in March 2017
- Holder of a Bachelor of Commerce in Finance from McGill University, Montreal, Quebec and also a CFA Charterholder
- Joined the Bank in 2009 as Credit Origination Manager – Wholesale
- Appointed as Accounts Risk Manager in 2013 and Manager, Investment Banking in 2015
- Worked as Senior Analyst at TD Canada Trust in Quebec

10 Daniel LAI CHOO
Head: Marketing & Communication

- Joined Standard Bank (Mauritius) Limited in 2011.
- Appointed Head: Marketing & Communication in 2015
- Holder of a Bachelor of Commerce (Hons) from the University of Witwatersrand
- Holder of a Master of Business Administration from the University of Surrey
- Previously worked at Barclays Bank (Mauritius) Limited for 15 years

11 Aelander MOOTOOSAMY
Head: Human Capital

- Appointed Head: Human Capital in November 2015 with Standard Bank (Mauritius) Limited
- Holder of a Masters in Social Sciences from the University of Natal in Durban, South Africa and a Masters in Organisational Psychology from the University of Cape Town
- Previously employed as the Country Head HR of Deutsche Bank, Mauritius
- Registered Psychologist with the Health Professional Council of South Africa

12 Robin VEERAPEN
Head: Operations

- Joined Standard Bank (Mauritius) Limited in April 2005
- Appointed Regional CIB Head of Operations: West Africa and Francophone Region
- Holder of a BSc (Hons) in Information Technology from the British Computer Society
- Previously worked at the State Bank of Mauritius and The HongKong and Shanghai Banking Corporation Limited (HSBC) for 14 years

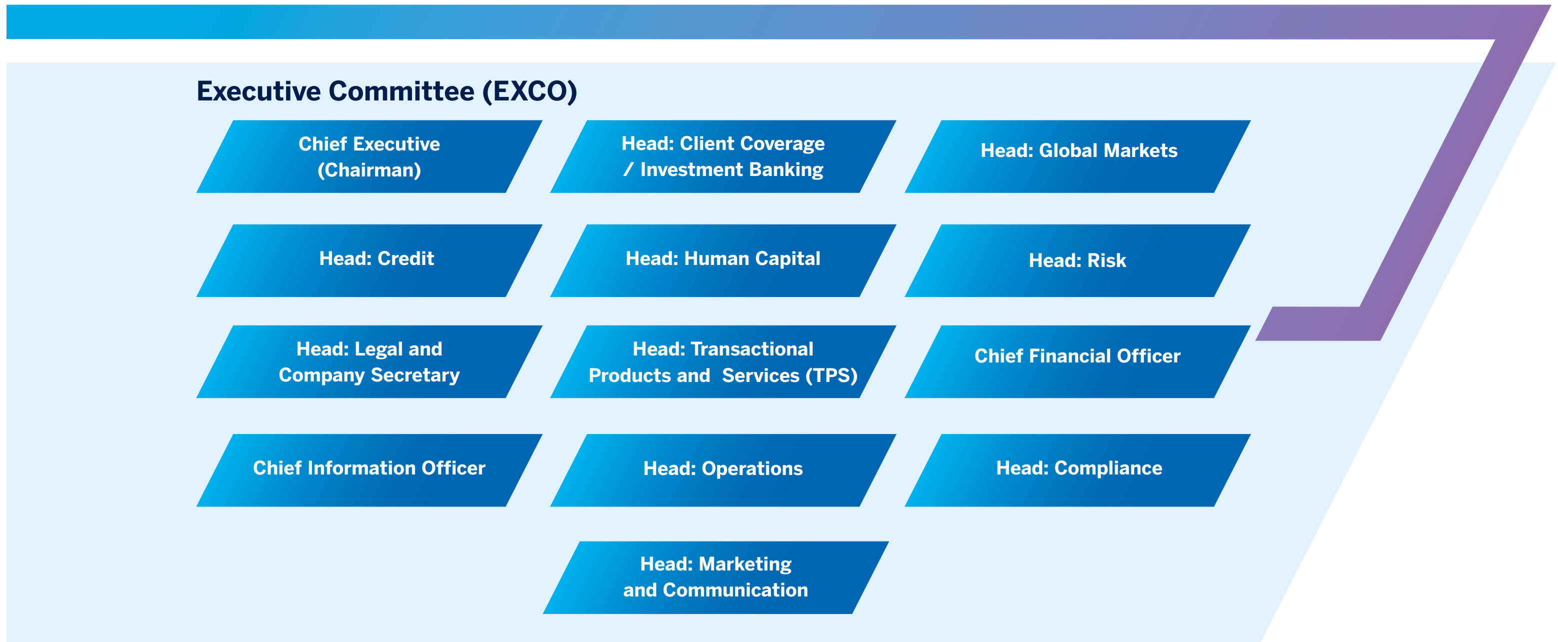
Departures:

Lakshman Bheenick
Chief Executive
Date resignation submitted: 30 November 2020
Exit Date: 28 February 2021

Adjhmir Bhugaloo
Chief Information Officer
Exit Date: 11 May 2020

Management Committees

The Chief Executive has the authority to manage the Bank within the framework laid down by the Board of directors and the Standard Bank Group. Five main management committees have been constituted to assist the Chief Executive in managing the Bank. These are the Executive Committee ('EXCO'), the Asset and Liability Management Committee ('ALCO'), the Credit Risk Management Committee ('CRMC'), the Operational Risk and Compliance Committee ('ORCC') and the IT Steering Committee ('IT STEERCO').



Summary of key terms of reference
This committee is established to assist the Chief Executive in the daily running, management and control of the Bank and its affairs subject to statutory limits and the Board's limitations on delegation of authority to the Chief Executive, to achieve sustainable growth within the Bank's governance framework and approved risk profile.
Overlook the Bank's capitalisations, acquisitions, disposals and capital expenditure within limits as set by the Delegation of Authority framework.
Address human resources issues such as senior management succession and appointments, personnel policies or employment law related issues and promotions.
Formulate the Bank's overall strategy and targets (both financial and non-financial) for recommendation to the Board of Directors.
Outline risk parameters and policy including credit policy and credit management strategies.
Control issues relating to the day to day management of the Bank.
Oversee any other issues specifically delegated to EXCO by the Board of Directors.
Review the annual budget forecasts, business plans, capital expenditure plans and new strategic alliances.

Statement of Major Accountabilities of each EXCO member:

Chief Executive

The Chief Executive ("CE") is responsible for guiding and formulating strategies for the profitable growth of business in line with the Group broad objectives. The CE's task is to execute the strategic goals and objectives of the business as approved by the Board, whilst ensuring that efficient reporting mechanisms are in place to carry along all stakeholders. The CE is also responsible for the overall performance of the business while leveraging on competencies inherent in the Banking group. The CE in addition is relied upon to provide leadership and direction in ensuring that the Group's value and vision is imbibed.

Head: Risk

Provide the leadership, vision, direction and implementation of risk management processes and systems as a key enabler to achieving business objectives of the organisation. The purpose is to be the trusted risk management business partner that equips business with the tools to mitigate financial, reputational and regulatory impact of material (operational and non-operational) risk incidents. This will require the anticipation of external drivers coupled with impacts of current and planned systems, processes, products and strategic changes on the risk profile of the business and to guide decision making on controls to manage and mitigate these risks.

Chief Financial Officer

Accountable for the development, translation and implementation of the finance strategy for the Bank. Provide leadership, vision, direction to finance and business management teams. Ensure the effective implementation and continuity of full financial management services. Construct and drive the development and implementation of processes, systems and controls in the finance area through the finance team.

Head: CIB

Take overall accountability for building and maintaining a strong CIB brand and reputation at a country level as aligned to Standard Bank Group and CIB Brand. Act as in-country leader of the CIB employee base and drive "One CIB Culture".

Direct, develop and manage the CIB team in country, in partnership with the Sub-Regional Product Heads (where applicable). Ensure delivery of CIB revenues and net earnings through delivery of an appropriate range of banking products (Transactional Product and Services, Investment Banking and Global Markets Products) to the existing and targeted client base, working with and through the Client Coverage Teams.

Head: Transactional Products and Services

Driving and strategising client relationships and maximise cross-selling revenues and client profitability while providing effective client support and relationship development to Standard Bank's wholesale client base. Responsible for driving the sales team who are required to sell the Bank's total product and solutions offering which is in line with the strategic objectives of Mauritius, including transactional products ("TPS"), global markets ("GM") and investment banking ("IB").

Head: Client Coverage

Lead the Client Coverage team by providing the strategic direction that will enable Standard Bank to position itself in the industry and drive the realisation of goals set. Leverage industry relationships to achieve high levels of client service, business targets and revenue opportunities across Client Coverage.

Head: Global Markets

Promoting, managing and coordinating the Global Markets business and performing Treasury function in country in line with the CIB strategy in order to grow the franchise maximise profitability and improve/maintain the Bank's profile as a proficient and compliant operator in the country market.

Head: Investment Banking

Drive the daily operations of Investment Banking in Mauritius, contributing to the performance of the local operation and the franchise across Africa. Provide material support to driving necessary research, analyses, origination, execution and administration in Investment Banking.

Head: Operations

Support the country in providing a consistently high-quality financial services platform. Proactively identify and assess the risks faced by CIB Operations, Group Real Estate Services and Procurement. Manage risks and have an effective system of controls to reduce overall exposure and provide a secure appropriately staffed, cost effective service delivery infrastructure. Accountable for delivering, maintaining and monitoring appropriate infrastructure, equipment, staffing structures, procedures and controls that match the current and future strategic operational and financial needs of the business as well as compliance and regulatory requirements.

Head: Compliance

Provide input into the strategy and to assist in the strategic execution in the business compliance risk management function in order to discharge compliance risk management processes as required by relevant regulatory requirements, applicable codes of conduct and minimum standards, as well as business partnering initiatives across all operations.

Head: Credit

Manage the Country Credit Risk portfolio and profile within its risk appetite and acceptable Group parameters. Interact with other departments with regard to credit strategy and manage various credit related department staff.

Head: Legal & Company Secretary

Within the overall group legal strategy, drive the development of the key legal risk indicators for Legal Risk Management within the organisation including the definition of the legal framework, evaluating potential likelihood of legal risks and impact and determining the appropriate controls to be in place. Provide effective strategic support to senior business leadership by, amongst others, ensuring that business is conducted in accordance with applicable laws and regulations and ensuring that the group's legal standards and processes are adhered to whilst safeguarding the integrity and reputation of the organisation and the Standard Bank brand. In the role of company secretary, provide professional advisory service to the Board of Directors and ensure that the Board fulfils its lawful obligations, statutory duties and performs its functions in accordance with law and the Bank's constitution. Responsible for the implementation of sound corporate governance principles within the organisation in line with international and local best practices.

Chief Information Officer

Provide strategic vision and operational IT leadership for the Information Technology department and be accountable for directing, planning, organising and controlling all IT functions. In addition, the role is responsible for the delivery of a broad range of IT services and sponsors process/system improvements aimed at the efficient and effective provision of IT services.

Head: Human Capital

Translate the group and business line's people strategies into tactical operational plans and incorporating it into the overarching country people plan for execution at country and business unit level. Ensure that staff costs are aligned to the overall strategy of the Bank: provide a Human Capital business partnering function to senior management and executives of the business. Coordinate delivery of HC initiatives and services with other business partners and centers of excellence to ultimately ensure that the Bank is adequately and competently equipped in terms of capacity and capability.

Head: Marketing & Communication

Direct and oversee marketing/communications/public relations strategies and tactical plans designed to capitalise on market opportunities and generate demand within the business area in support of business objectives. Lead a creative, integrated, multi-channel marketing team that builds brand awareness and reputation, provides a steady flow of demand through for example sales leads, and measures the return on marketing program investments.

Asset and Liability Management Committee (ALCO)

- Chief Executive (Chairman)
- Chief Financial Officer
- Head: Global Markets
- Head: Risk
- Head: Client Coverage / Investment Banking
- Head: Transactional Products and Services

Summary of key terms of reference
The purpose of ALCO is to monitor and control all trading book risk and banking book liquidity risk and interest rate risk in accordance with the risk appetite.
Ensure appropriate risk identification, measuring, monitoring and management processes are adopted in the Bank.
Review ALCO tolerance limits and appetite triggers and agree remedial actions in order to align exposures with agreed risk appetite and tolerance.
Review market risk, liquidity risk, funds transfer pricing, capital management framework and Banking book interest rate risk policies.
Ensure a sound capital position and optimal capital plans for the Bank.
Review and note the impact of internal and external factors on the net interest margin.
Review internal capital adequacy assessment process document, market risk limits and triggers.
Review policies relating to market risk management, liquidity risk management and capital management.

Credit Risk Management Committee (CRMC)

- Head: Risk (Chairman)
- Head: Transactional Products and Services
- Head: Legal and Company Secretary
- Head: Credit
- Head: Client Coverage / Investment Banking
- Chief Executive

Summary of key terms of reference
The purpose of the CRMC is to establish and define the principles under which the Bank is prepared to assume credit risk and the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk.
Oversight of all country credit risk up to level of delegated authority as determined by the Board.
Review all country credit reporting to the Board Credit Committee, as required.
Adopt credit policies subject to Board's approval.
Approval of breaches in country and sector appetite up to the level of delegated authority approved by the Board.
Review all past due but not impaired portfolios as well as impaired portfolios and the adequacy of specific and general impairments.
Review credit risk portfolios and material sub-portfolios.
Review internal and external audit reports, credit risk review reports and their action plans.

Operational Risk and Compliance Committee (ORCC)

- Head: Risk (Chairperson)
- Head: Compliance
- Head:Client Coverage / Investment Banking
- Head: Legal and Company Secretary
- Chief Executive

Summary of key terms of reference
The main purpose of the committee is to assist the EXCO in discharging its duties relating to the identification of key risk areas, measurement and control of risks, and ensuring that the controls, processes, procedures and systems employed meet the Standard Bank Group's risk appetite and the requirements of the regulatory authorities.
Consider reports submitted by Operational Risk, Compliance, Internal Audit, Legal and External audit.
Review and assess the integrity of the risk control systems and ensure that risk policies and strategies are effectively managed.
Review significant risk events and ensure that the control environment is adequate to prevent recurrence.
Monitor new and changing laws and regulatory requirements and ensure that appropriate plans are in place.
Review and assess the integrity of the risk control systems and ensure that risk policies and strategies are effectively managed.
Review and concur with the level of insurance cover and note significant claims.
Review and approve policies, as required.

IT Steering Committee (IT STEERCO)

- Head: Operations (Chairman)
- Head: Transactional Products and Services
- Chief Information Officer
- Head: Risk
- Chief Executive

Summary of key terms of reference
The purpose of the committee is to provide assurance to the EXCO and the Board that management has implemented effective IT Governance structures that support the effective and efficient management of resources, the optimisation of costs and the mitigation of risk in a secure and sustainable manner.
Review the following IT Governance Domains: Enterprise IT Governance, Strategic Alignment, Value Delivery, Risk Management, Resource Management and Performance Management.

Summary of key terms of reference
Ensure that the IT Governance Framework includes relevant structures, accountabilities, policies, standards, processes and mechanisms to enable the delivery of value to the business and the mitigation of risks.
Ensure adequate internal control frameworks are adopted and implemented.
Review material IT audit findings and monitor the resolution of issues.
To monitor the performance of the IT Investment Portfolio (both in terms of performance and financial implications) and escalate issues or concerns to the EXCO and the Board.
Consider reports on specialist risk types (Cyber, Business Resilience, Information and Technology) and ensure that the implementation of the supporting risk frameworks and structures are aligned to the Group/Bank policies and standards.
Ensure that effective risk management exists within IT (including disaster recovery, business continuity, IT security, compliance, etc.).
Review significant risk events, monitor emerging issues, assess their impact and ensure that appropriate action plans are in place.

Information Technology

The Bank subscribes to sound corporate governance principles as mandated by Standard Bank Group, one of which is the use of standards which define and articulate practices, boundaries and expectations within which the Bank operates.

Technology and Information (IT) is key to the achievement of the Bank's strategic ambition and IT Risk Management is an integral part of the risk management processes, reporting and oversight. The Board of Directors of Standard Bank (Mauritius) Limited, the Board Technology and Information Committee and the Board Risk Management/Conduct Review Committee ensure that all IT risks are adequately addressed through the risk management, monitoring and assurance processes.

Standards are reviewed on a biennial basis and subsequently noted by the Board/Board Subcommittee. The standards are made available to all employees for consultation through the Bank's intranet.

The following standards have been adopted by the Bank:

Technology Governance Standard

This standard articulates and gives effect technology governance through a number of principles namely:

- Enterprise technology governance which speaks to ethics and culture, good performance, effective control and legitimacy.
- Technology governing bodies which articulates the mandates with regards to reporting to committees, sub-committees and the Technology Board of the Bank.
- Technology governance domains which relates to Strategic integration, Resource management, Value delivery, Risk management and Performance management.
- Technology strategy which articulates how business lines and corporate functions create, implement and are accountable for embedded technology strategic objectives.

Cyber Resilience Standard

The Cyber Resilience Technology Standard articulates how the Bank determines its Cyber Resilience Objectives and Cyber Risk tolerance, as well as how to effectively identify, mitigate, and manage Cyber Risks. It covers People, Process and Technology and aligns to enterprise risk management strategies as well as international standards. Standard Bank's Cyber Resilience framework governs how the Bank protects its IT assets which include systems in production, systems under development and systems hosted by third parties in a systematic and consistent manner.

Cloud Computing Technology Standard

The primary objective of Cloud computing is defined as a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage facilities, applications and services) that can be rapidly provisioned and released with minimal management effort.

Risk Management Technology Standard

This standard articulates and gives effect to the technology approach to risk management. Risk management is treated as integral to the way technology's people make decisions and execute their duties and is integrated and embedded in the business activities and the culture of the organisation. Risk management practices focus on all significant threats and opportunities associated with the achievement of all business objectives. The standard stresses on the processes to be implemented to identify, assess, measure, mitigate, monitor, report and escalate risk in line with the Standard Bank Group's Enterprise Risk Management Framework.

Service Management Technology Standard

The primary objective of service management is to ensure that technology services are aligned to customer and regulatory needs and to enable the monitoring and improvement of service quality through the effective application of processes. It encompasses the Service Value System (Service design and transition, Service delivery and support) and Service management practices (Incident management, Problem management, Change management, Release management, Configuration management, Capacity and performance management, Monitoring and event management, Availability management, Service level management).

Finance Management Technology Standard

Given the significant contribution that technology has on the Bank's strategy and the associated revenue and cost impact, the Bank is accountable for ensuring the effective management of technology costs, ensuring that spend is responsibly invested and for the achievement of the broader financial outcomes for the Bank. To ensure that this obligation is fulfilled, this standard articulates the technology cost management principles which needs to be adhered to.

Architecture Technology Standard

The Architecture Technology standard articulates the setting up of an Architecture Authority which serves as the governing authority for all solution architectures, and is mandated to ensure:

- Quality of all solutions architectures is maintained and improved by:
  - Application of group-wide architecture and design standards;
  - Compliance of architectures with the applicable standards, technology strategies and roadmaps;
  - Correct utilisation of approved products and services;
  - Maintenance of architectural and solution integrity.
- Productivity and efficiency is optimised and improved by:
  - Ensuring IT investments are leveraged to their maximum by encouraging reuse of replicable solutions;
  - Creation and retention of Architecture-related intellectual capital at a group-wide level through governance of Solution Architecture and Design Patterns.
- Solution architectures contribute to enhancing the value of IT and enabling business growth by ensuring that the business and IT strategies of the organisation are applied and enabled.

Statement of Remuneration Philosophy

As a subsidiary of Standard Bank Group, the Bank is aligned to the following four key objectives guiding its remuneration strategy:

1. Measure and reward for value delivered and adjust for risk assumed.
2. Aim to be competitive in remuneration in the global marketplace for skills.
3. Reward our people fairly, at both individual and shareholder level, while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk taking.
4. Promote and reward teamwork.

The Bank aims to attract and retain sufficient, appropriately skilled people to fulfil strategic business objectives and that people are fairly rewarded by ensuring that:

- Remuneration is externally competitive and internally equitable;
- Base salaries are competitive within an appropriate market sector;
- Opportunities are given to our people to enhance total reward through performance-related bonus awards.

Our remuneration policy and structures are guided by the Group Remuneration Committee and focus on total reward and strive for the appropriate mix between fixed and variable pay for all our employees, depending on their roles.

The Group Remuneration Committee is mindful of its responsibilities to all stakeholders, especially our shareholders when assessing and reviewing the remuneration of Senior Executives of the Bank. The committee also reviews performance to ensure that earnings are not the result of one year's work but rather the planned outcome of work done in the past years.

Chief Executive

The Chief Executive receives a remuneration package and qualifies for long-term incentives. He is not subject to a retention agreement.

Remuneration Structure

Executive Directors, Independent Director and Non-Executive Directors Fees

The following amount represents the sum paid to executive, non-executive and independent directors for the year under review:

	USD
Duncan Westcott	27,289
Stephen Scali	25,004
Clive Tasker	27,500
Total Non-Executive Directors	**79,793**
Sanjeev Manrakhan	13,661
Arvind Hari	25,989
Total Independent Directors	**39,650**
Lakshman Bheenick	597,810
Marie-Michele Ah See	347,136
Total Executive Directors	**944,946**
Total Non-Executive & Executive Directors	**1,064,389**

The remuneration of both executive directors consists of the following:

- guaranteed remuneration - based on their market value and the role that they play;
- annual bonus incentive - used to incentivise the achievement of Bank objectives;
- pension - provides a competitive post-retirement benefit in line with Bank employees.

The Non-Executive Directors are not entitled to share options or bonuses associated with organisational performance. Additionally, as per Group policy, no fees are payable to directors who are employed by Group. Roderick Poole and Antonio Coutinho are employees of Group and hence are not remunerated by the Bank.

The full annual report is available on the Bank's website: www.standardbank.mu

Sustainability Report

Managing our operational footprint

Our impact on the environment arises mainly from energy use at our head office and service centre and, to a lesser extent, from water use and waste generation at these buildings and employee travel. We are committed to reducing these impacts across our country of operation.

We have identified the need to improve metering, data capture and analysis systems, to enable tracking of progress and assist in setting accurate and realistic reduction targets. This is a medium-term target, with considerable resource implications.

During the lockdown period from March to May 2020, 98 % of our employees worked from home and our Energy consumption use decreased, however, the reduction was less significant as the Data Centre was still operational.

Metrics for Standard Bank's operations	2020	2019
Indirect emissions from purchased electricity		
Purchased electricity (USD)	**187,790**	225,363
Indirect emissions		
Paper (Tonnes)	**1.02**	2.94

Energy Consumption

Electricity comprises the major contributor to our carbon footprint. Our energy management system aligns the international standard designed to conserve resources, tackle climate change and save money.

The total energy consumed in 2020 was 830,720 KWh opposed to 933,579 KWh consumed in 2019. Our diesel consumption for the year was negligible.

The reduction was aided by:

- Incorporating behavioural change in our facilities;
- Retrofitting lighting systems which had not yet been replaced to LED;
- Lockdown period of 2 months.

Waste

We effectively manage our waste and what is sent to landfill sites, by reducing, reusing and recycling. Our waste includes paper, which is mostly recycled. We have reduced our paper waste from 3.68 tonnes to 2.41 tonnes.

Health and Safety

The Bank thrives to safeguard our employees' health and wellbeing within their working environment through systematic risk identification and mitigation strategies. The COVID-19 pandemic has significantly impacted businesses and people throughout the world. The need to re-think our new normal is now more prevalent than ever. The Bank has adapted to this new context and has implemented appropriate control measures to mitigate risks by adopting Group best practices.

At a Group level, we provided:

- A Covid-19 Information Hub, from which employees could access accurate and up-to-date information;
- A Covid Connect App which employees were asked to use for a daily self-check and to log their work location;
- Employee training on the pandemic which played a crucial role in creating the necessary awareness on Covid-19.

Working from home became a new normal to limit the number of people within the office, hence minimising risk of contamination. The Bank also sought to safeguard its employees' health and safety by:

- Monitoring access to office through contactless temperature scanners.
- Implementing social distancing measures within our premises. Workstations were reorganised to ensure a 2 metre distance between employees;
- Providing N95 face masks to employees;
- Implementing a new cleaning and disinfection regime for all workstations and other high touch surfaces;
- Holding meetings virtually eliminating the need for physical contact;
- Through these measures the Bank maintained its premises healthy and safe for all employees.

Environment sustainability

Efforts continued in the same vein as 2019 with environmentally friendly and ecological measures which contributed to preserving the environment and reducing our carbon footprint. The following measures were implemented in the office:

Energy efficiency

LED lights in our office space have helped the overall effect on the power on grid and the Bank and has stabilised a reduced light consumption as opposed to the conventional fluorescent lights.

Recycling

Paper recycling was enforced and weekly collection from recycled bins in the office space continued. We saw an increase in the recycling of paper from 2.41 tonnes in 2019 to 3.68 in 2020. This was due to more awareness and culture being instilled in the day-to-day operations.

Plastic Reduction Strategy

We have continued to eliminate the usage of plastic water bottles used for office and reception. Glass water bottles are being used for meetings and a central dispenser has been installed in the mess room for staff usage.

Mauritius – Corporate Social Responsibility

Changing life | Building sustainability

During the year, we have identified the following areas of intervention for CSR activities, where USD240,070 (2019: USD292,824) were spent on initiatives.

Education

Education is one of the main areas of intervention under the CSR initiatives. We have supported needy beneficiaries through our scholarship programme and also through different NGOs.

The Standard Bank Mauritius Scholarship Programme has allowed bright students with limited financial means to follow undergraduate courses in Mauritius. The aim is to give to those bright children an access to tertiary education and the means to change their world and future.

To contribute to the society in which we operate, Standard Bank Mauritius has partnered with the following NGOs to help them in their fight against social ills and poverty.

NGO "Rêve et Espoir" provides services to children and young adults with mental & physical disabilities. We supported a psychologist programme whose objectives are to improve the children's development, increase their chances to become more independent and sustain progress. Through this partnership, we have helped 30 direct beneficiaries improve their concentration, memory, behaviour, attention span, improve their educational standards and learning abilities as well as promoting psychological wellbeing, social, emotional and behavioural development.

NGO "Quartier de Lumière" assists and empowers children in the village of La Valette, Bambous (Western region of the island) who are left on their own and come from poor and needy families. Our support has enabled the NGO to meet the following objectives:

- Ensure the integral development of the child be it physical, cognitive and moral;
- To see healthy, empowered children who are aware of their importance in society, having realised that success is the fruit of hard work and discipline;
- Care of the child from the youngest age;
- School support;
- Development of the children's personality and an introduction to civic values.

Les amis de Zippy programme aims to improve the skills of young children aged 6 – 7 to develop coping mechanisms to cope with everyday difficulties. The programme is set up in primary schools and also required the training of teachers who will then share with the children. The Bank identified schools in underprivileged regions of the island namely Case Noyale, Chemin Grenier, Souillac, Baie du Cap and Chamarel.

Counselling support to teenagers, their parents as well as the teachers. Schools were identified in underprivileged regions on the island namely: Mahebourg, Bambous, Petite Rivière, Ste Croix and Rivière Noire.

Health and Social

Lovebridge

The Bank has funded the NGO Lovebridge whose aim is to deliver autonomy to vulnerable families, caught in the poverty trap, and willing to work constructively towards empowerment. The identified families are empowered to be autonomous and get out of the poverty trap.

Society for Aid to Children Inoperable in Mauritius (SACIM)

SACIM is an NGO specialised in the care of inoperable children from low-income families in Mauritius. Those children suffer from illness that requires surgical intervention abroad and due to lack of funds, same cannot be done on time.

Covid-19

In this time of crisis, the Bank has a vital role to support the Government to ensure a sustained effort in the fight against the disease and to protect the most vulnerable within our society. As a responsible and caring corporate citizen, Standard Bank donated MUR4 million (Approx. USD100K) to the **Covid-19 Solidarity Fund.**

Environment

Mauritian Wildlife Foundation

The Bank partnered with the Mauritian Wildlife Foundation (MWF) to support them on the following three projects. The MWF is an independent non-governmental organisation established in 1984 with the objective to protect and preserve endangered plant and animal species in Mauritius.

Mauritius Kestrel conservation project

The Mauritius Kestrel is one of the nine endemic bird species left in Mauritius. However, a rapid degradation of the Mauritian native forests has contributed to a decline in the number of Mauritius kestrels. The aim is to prevent the population decline by attaining a viable, stable or increasing population and increase the distribution of the birds.

Ecosystem reconstruction using giant tortoises

With the extinction of our endemic tortoise species, all the functional roles fulfilled by giant tortoises in the ecosystem have gone missing. To remediate this situation, MWF will use the Aldabra tortoise (a close relative of Mauritian giant tortoises) to replace lost ones. This will be used as substitutes to re-enact the lost 'plant-tortoises' interactions and help restore the native forest on Ile aux Aigrettes and Round Island.

Rare plants conservation project

Mauritius is home to 691 native species of flowering plants. 281 are endemic and more than 90% are threatened. The project undertakes to propagate and plant endemic species to reintroduce them in the wild and in urban areas and to increase their numbers. This action will in the long term support the endemic fauna.

Wakashio Oil Spill and Ile Aux Aigrettes

The Bank was not insensible to the ecological disaster caused by the oil spill from the MV Wakashio to the south eastern coast of the island. Staff got engaged against the oil spill and provided the following:

- Absorbent cotton fabrics such as used clothes, towels, napkins, bedsheets;
- Dishwashing liquid to clean the rescued animals;
- Empty plastic bottles with their caps (1 litre and above) or washing detergent bottles.

Furthermore, staff supported the MWF by helping in transferring back about 2000 plants to Ile Aux Aigrettes.

MWF Christmas Market

The MWF organised a Christmas Market for staff at the Bank's premises for sale of MWF promotional and branded items. The funds collected were used to support MWF projects.

Statement of Compliance

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity: Standard Bank (Mauritius) Limited

Reporting Period: Year ended 31 December 2020

We, the directors of Standard Bank (Mauritius) Limited, confirm that to the best of our knowledge Standard Bank (Mauritius) Limited has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016).

Chairman	**Acting Chief Executive**
Duncan Westcott	**Michele Ah See**

17 March 2021

ANNUAL FINANCIAL STATEMENTS

Statement of management’s responsibility for financial reporting

The financial statements for the Bank’s operations in Mauritius presented in this Annual Report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder have been applied and management has exercised its judgement and made best estimates where deemed necessary.

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

The Bank’s Board of Directors, acting in part through the Board Audit Committee and the Risk Management Conduct Review Committee which comprise independent/non-executive 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 and related party transactions.

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

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

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

Chairman **Duncan Westcott**	**Director** **Arvind Hari**	**Acting Chief Executive** **Michele Ah See**

17 March 2021

Statement of directors' responsibilities in respect of the financial statements

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001 and the requirements of the Mauritian Banking Act 2004 and the guidelines issued thereunder. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairman **Duncan Westcott**	**Director** **Arvind Hari**	**Acting Chief Executive** **Michele Ah See**

17 March 2021

Secretary's Certificate

In accordance with section 166 (d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Bank has filed with the Registrar of Companies, all such returns as are required of the Bank under the Mauritian Companies Act 2001.

Company Secretary

17 March 2021

Independent Auditor's Report To the Shareholder of Standard Bank (Mauritius) Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Standard Bank (Mauritius) Limited (the "Bank") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The Standard Bank (Mauritius) Limited's accompanying financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report rather than in the notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code").
We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ('ECL') The measurement of the ECL for financial assets measured at amortised cost and at Fair Value through Other Comprehensive Income (FVOCI) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The key areas of significant management judgement within the ECL calculations include: • Evaluation of significant increase in credit risk ("SICR"), taking the impact of Covid-19 into account; • Assessing the impact of Covid-19 on the macro-economic inputs and forward-looking information into the assigned credit ratings; • Assessment of ECL raised for Stage 3 exposures; and • Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement.	Given the complexity of the model used for the ECL calculation, our internal experts assisted us in performing certain procedures. We obtained an understanding and tested the relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, key system reconciliations and collateral management. With the assistance of our internal experts, we assessed the input assumptions applied within the PD, LGD and EAD models (including forward looking information), giving specific consideration to the impact of Covid-19 pandemic and whether management judgemental adjustments were needed, in compliance with the requirements of IFRS 9 Financial Instruments. We developed an independent point estimate to quantify the impact of Covid-19 due to the increased estimation uncertainty. We compared the severity to past actual stress events and the ability of the ECL models to capture the full extent of the stress. We selected a sample of Stage 1 and Stage 2 exposures and assessed whether the stage classification of these exposures was appropriate in terms of the Bank's accounting policy for SICR at the reporting date since the origination date of these exposures, taking into consideration the impact of Covid-19. These procedures included the inspection of credit ratings at reporting date relative to origination date. In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures. For stage 3 exposures, we considered the impairment indicators, uncertainties and assumptions applied by management in their assessment of the recoverability of the exposure. We independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level. We also assessed the adequacy of the disclosures in the annual report in accordance with IFRS 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

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

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

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

Responsibilities of the 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 Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines issued by 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, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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 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 the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

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

Mauritian Banking Act 2004

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

(a) 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 Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius; and
(b) the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Other Matter

This report, including the opinion, has been prepared for and only for the Bank's shareholder in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers **Gilles Beesoo, licensed by FRC**

17 March 2021

Statement of Financial Position

As at 31 December 2020

	Notes	2020 USD	2019 USD	2018 USD
Assets				
Cash and cash equivalents	7	1,050,583,021	686,658,119	875,019,563
Trading assets	8	1,013,864	3,690,943	2,473,961
Derivative assets	9	2,591,021	1,151,716	1,278,203
Loans and advances to banks	10	259,159,883	298,481,160	301,895,689
Loans and advances to customers	11	187,757,655	227,004,114	228,032,006
Financial investments	12	219,976,793	197,075,417	147,364,470
Property, plant and equipment	13	3,176,313	3,915,870	3,177,587
Intangible assets	14	16,089,725	17,010,463	18,143,248
Right of use assets	15	2,660,383	3,306,259	-
Deferred Tax Assets	16	153,687	-	-
Other assets	17	7,003,480	8,062,336	9,785,646
Total Assets		1,750,165,825	1,446,356,397	1,587,170,373
Liabilities				
Deposits from banks	18	100,378,191	88,402,630	34,716,399
Deposits from customers	19	1,504,343,412	1,211,097,476	1,387,631,188
Derivative liabilities	9	3,232,991	1,705,225	1,671,872
Other borrowed funds	20	-	470,766	1,412,299
Lease liabilities	15	2,805,235	3,387,780	-
Current tax liabilities	21	222,769	876,781	673,262
Deferred tax liabilities	16	-	435,000	760,000
Other liabilities	22	9,433,710	12,123,660	44,513,903
Total Liabilities		1,620,416,308	1,318,499,318	1,471,378,923
Shareholder's Equity				
Share capital	23	35,000,000	35,000,000	35,000,000
Statutory and other reserves	35	23,277,818	23,813,752	19,243,582
Retained earnings		71,471,699	69,043,327	61,547,868
Total equity attributable to equity holder		129,749,517	127,857,079	115,791,450
Total Equity and Liabilities		1,750,165,825	1,446,356,397	1,587,170,373

Approved by the Board of Directors and authorised for issue on 17 March 2021.

Chairman
Duncan Westcott

Director
Arvind Hari

Acting Chief Executive
Michele Ah See

The notes on pages 98 to 191 form part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Notes	2020 USD	2019 USD	2018 USD
Interest income		27,799,694	44,878,982	37,913,582
Interest expense		(5,016,964)	(12,478,849)	(9,208,582)
Net interest income	25	22,782,730	32,400,133	28,705,000
Fee and commission income		5,764,426	6,931,396	7,148,964
Fee and commission expense		(135,615)	(311,241)	(407,468)
Net fee and commission income	26	5,628,811	6,620,155	6,741,496
Net trading income	27	6,068,459	7,399,617	11,610,187
Net income from other financial instruments carried at fair value	28	54,846	40,066	106,357
Other operating income	29	275,506	336,855	316,141
		6,398,811	7,776,538	12,032,685
Operating income		34,810,352	46,796,826	47,479,181
Net impairment charge on financial assets	30	(9,718,156)	(5,160,591)	(1,455,341)
Personnel expenses	31(a)	(6,916,189)	(9,535,265)	(8,681,740)
Operating lease expenses	32	(72,875)	(136,076)	(776,865)
Depreciation on Right-of-use assets	15	(645,876)	(705,556)	-
Depreciation and amortisation	13&14	(2,254,273)	(2,069,810)	(1,970,598)
Other expenses	33	(6,937,193)	(6,127,578)	(7,290,321)
		(26,544,562)	(23,734,876)	(20,174,865)
Profit before income tax		8,265,790	23,061,950	27,304,316
Income tax expense	34	(784,727)	(808,253)	(1,731,418)
Profit for the year		7,481,063	22,253,697	25,572,898
Other comprehensive income				
Item that may be reclassified to profit or loss				
Net (loss)/gain on fair value of debt instruments		(8,905)	22,474	14,276
Item that will not be reclassified to profit or loss				
Remeasurement of defined benefit liabilities, net of tax	31(c)	(579,720)	(249,421)	-
Other comprehensive income for the year		(588,625)	(226,947)	14,276
Total comprehensive income for the year		6,892,438	22,026,750	25,587,174

The notes on pages 98 to 191 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 USD	2019 USD	2018 USD
Cash flows from operating activities				
Profit before income tax		**8,265,790**	23,061,950	27,304,316
Adjusted for:				
Depreciation and amortisation	**13/14/15**	**2,900,149**	2,775,366	1,970,598
Loss on plant and equipment written off		**-**	2,862	-
Net foreign exchange difference		**31,541**	648,363	262,821
Net impairment charge on financial assets		**9,746,560**	4,204,692	1,452,910
Retirement benefit cost		**119,136**	502,159	-
Interest income		**(27,799,694)**	(44,878,982)	(37,913,582)
Interest expense		**5,016,964**	12,478,849	9,208,582
Changes in operating assets and liabilities				
Decrease/(increase) in trading assets		**2,677,079**	(1,216,982)	(1,724,327)
Increase in derivative assets and liabilities		**88,461**	159,840	715,216
Decrease in loans and advances to banks		**40,811,150**	3,647,410	122,847,183
Decrease/(increase) in loans and advances to customers		**30,307,286**	(2,775,999)	(107,621,745)
Decrease/(increase) in other assets		**559,039**	1,577,229	(1,903,565)
Increase/(decrease) in deposits from banks		**12,137,269**	53,489,350	(26,174,549)
Decrease in other borrowed funds		**(470,766)**	(941,533)	(2,685,329)
Increase/(decrease) in deposits from customers		**293,759,615**	(176,166,444)	283,508,753
(Decrease)/increase in other liabilities		**(3,429,948)**	(33,251,805)	33,171,853
Decrease/(increase) in financial investments		**1,155,930**	(780,959)	(70,747)
Interest received		**25,741,271**	44,318,406	36,194,281
Interest paid		**(5,692,352)**	(12,649,235)	(8,605,592)
Income tax paid		**(1,496,757)**	(783,796)	(787,866)
Benefit paid on defined benefit obligation		**(58,628)**	-	-
Net cash from/(used in) operating activities		**394,369,095**	(126,579,259)	329,149,211
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	**13**	**(49,518)**	(1,422,579)	(1,724,098)
Capital expenditure intangible assets	**14**	**(544,460)**	(255,591)	(12,321)
Purchase of financial investments	**12**	**(128,031,108)**	(196,184,195)	(141,338,975)
Financial investments matured	**12**	**103,900,036**	147,364,470	118,382,553
Acquisition of Right-of-use assets	**15**	**-**	(44,819)	-
Net cash used in investing activities		**(24,725,050)**	(50,542,714)	(24,692,841)
Cash flows from financing activities				
Principal portion of lease liability paid		**(582,545)**	(579,023)	-
Dividends paid	**37(x)**	**(5,000,000)**	(10,000,000)	-
Net cash used in financing activities		**(5,582,545)**	(10,579,023)	-
Net increase/(decrease) in cash and cash equivalents		**364,061,500**	(187,700,996)	304,456,370
Net foreign exchange difference		**(31,540)**	(648,363)	(262,821)
Cash at the beginning of the year		**686,658,119**	875,019,563	570,823,648
Effect of IFRS 9 impairment charge		**(105,058)**	(12,085)	2,366
Total cash at end of the year	**7**	**1,050,583,021**	686,658,119	875,019,563

The notes on pages 98 to 191 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity attributable to equity holder
	USD	**USD**	**USD**	**USD**	**USD**
Balance at 01 January 2018	35,000,000	15,284,592	130,072	39,695,196	90,109,860
Profit for the year	-	-	-	25,572,898	25,572,898
Other comprehensive income:					
Net gain on fair value of debt instruments	-	-	14,276	-	14,276
Total comprehensive income for the year	-	-	14,276	25,572,898	25,587,174
Transfer to statutory reserve	-	3,835,935	-	(3,835,935)	-
Transactions with owner of the Bank:					
Transfer from credit risk reserve	-	-	(115,666)	115,666	-
Share based payments	-	-	94,373	43	94,416
Balance at 31 December 2018	35,000,000	19,120,527	123,055	61,547,868	115,791,450
Impact of adoption of IFRS 16	-	-	-	36,742	36,742
Balance at 01 January 2019	35,000,000	19,120,527	123,055	61,584,610	115,828,192
Profit for the year	-	-	-	22,253,697	22,253,697
Other comprehensive income:					
Net gain on fair value of debt instruments	-	-	22,474	-	22,474
Remeasurement of defined benefit liabilities	-	-	(249,421)	-	(249,421)
Total comprehensive income for the year	-	-	(226,947)	22,253,697	22,026,750
Transfer to statutory reserve	-	3,338,054	-	(3,338,054)	-
Transfer to credit risk reserve	-	-	1,456,926	(1,456,926)	-
Transactions with owner of the Bank:					
Dividend to equity holder (Note 37)	-	-	-	(10,000,000)	(10,000,000)
Share based payments	-	-	2,137	-	2,137
Balance at 31 December 2019	35,000,000	22,458,581	1,355,171	69,043,327	127,857,079
Balance at 01 January 2020	**35,000,000**	**22,458,581**	**1,355,171**	**69,043,327**	**127,857,079**
Profit for the year	**-**	**-**	**-**	**7,481,063**	**7,481,063**
Other comprehensive income:					
Net loss on fair value of debt instruments	**-**	**-**	**(8,905)**	**-**	**(8,905)**
Remeasurement of defined benefit liabilities	**-**	**-**	**(579,720)**	**-**	**(579,720)**
Total comprehensive income for the year	**-**	**-**	**(588,625)**	**7,481,063**	**6,892,438**
Transfer to statutory reserve	**-**	**1,122,160**	**-**	**(1,122,160)**	**-**
Transfer from credit risk reserve	**-**	**-**	**(943,599)**	**943,599**	**-**
Transactions with owner of the Bank:					
Dividend to equity holder (Note 37)	**-**	**-**	**-**	**(5,000,000)**	**(5,000,000)**
Share based payments	**-**	**-**	**(125,870)**	**125,870**	**-**
Balance at 31 December 2020	**35,000,000**	**23,580,741**	**(302,923)**	**71,471,699**	**129,749,517**
Note	**23**		**35**		

The notes on pages 98 to 191 form part of these financial statements.

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

1. General Information

Standard Bank (Mauritius) Limited (the "Bank") is a company incorporated and domiciled in Mauritius. The address of the Bank's registered office is Level 9, Tower A, 1 Cybercity, Ebène, Mauritius.

Standard Bank (Mauritius) Limited obtained its Banking Licence issued by the Bank of Mauritius effective from November 2001.

The Bank is primarily involved in investment and corporate banking. The Bank is also involved in the distribution of financial products and offering of custody services.

The Bank holds the following licences that fall under the regulatory purview of the Financial Services Commission (FSC):

(i) Distribution of Financial Products (Effective from August 2010 up to June 2020)
(ii) Investment adviser (Restricted) (Effective from August 2010 up to June 2020))
(iii) Investment adviser (Representative) (Effective from August 2010 up to June 2020)
(iv) Custody Licences: Non-Collective Investment Schemes (Effective from 07 February 2007) and Collective Investment Schemes (Effective from 17 April 2009)

The principal accounting policies applied in the presentation of the Bank's annual financial statements are set out below. The Bank's accounting policies are consistent with those of the prior year unless stated otherwise.

2. Basis of preparation

(a) Statement of compliance

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), its interpretations adopted by the IASB and Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operation of the Bank is concerned.

(b) Basis of measurement

The annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets classified at fair value through OCI, financial assets and liabilities classified at fair value through profit or loss and liabilities for cash-settled share-based payment arrangements.
- Net defined benefit liability is measured at fair value of plan assets less present value of the defined benefit obligations.

The following principal accounting policy elections in terms of IFRS have been made, with reference to the detailed accounting policies shown in brackets:

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 2.1.(b)).
- Cumulative gains and losses recognised in OCI in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability.
- Intangible assets (other than goodwill) and property and equipment are accounted for at cost less accumulated amortisation and impairment (accounting policies 2.1.(e)).

(c) Functional and presentation currency

The annual financial statements are presented in United States Dollars (USD), which is the Bank's functional currency as well as reporting currency.

As at 31 December 2020, the rate of the Mauritian Rupee against US Dollar was approximately 39.35. (2019: 36.35)

(d) Use of estimates and judgements

The preparation of the annual financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of bank accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the annual financial statements are described in note 5.

2. Basis of preparation (continued)

(e) Changes in accounting policies

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following:

Standards adopted during the year 31 December 2020

In the current year, the Bank has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2020.

The adoption of new and amended standards on 01 January 2020 did not affect the Bank's previously reported financial results, disclosures or accounting policies and did not impact the Bank's results upon transition.

2.1 Detailed accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the annual financial statements.

a) Foreign currency translations

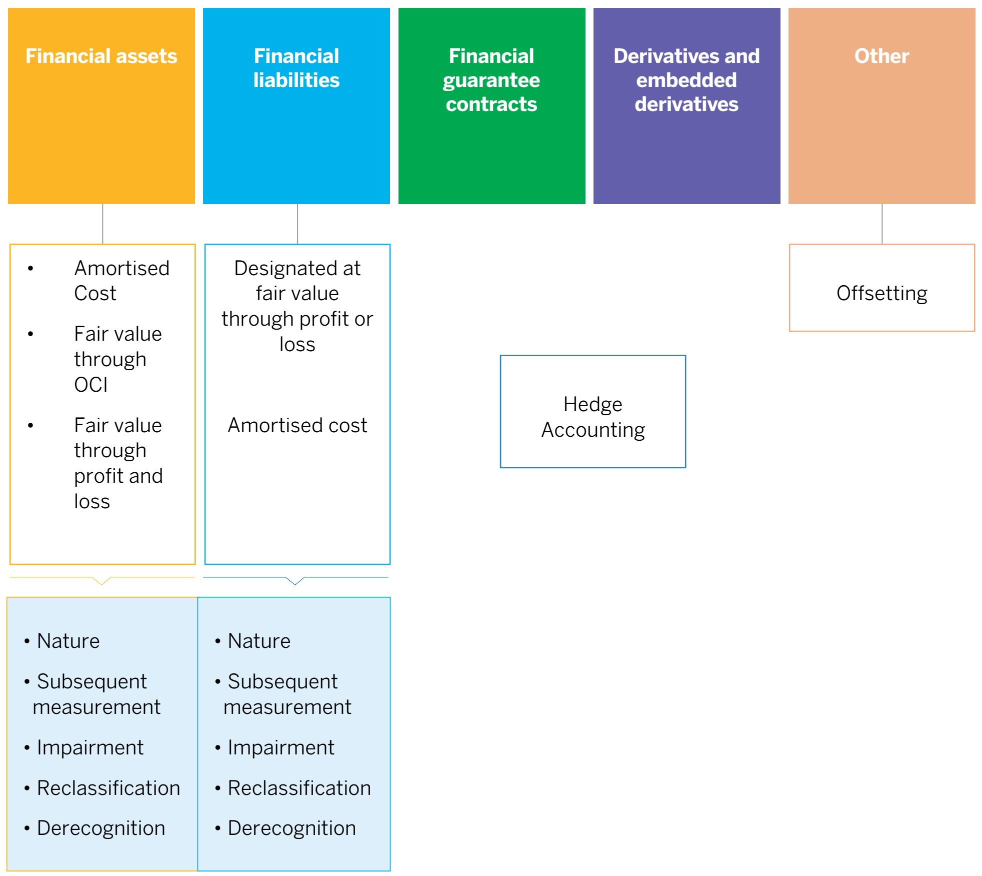
Foreign currency transactions are translated into the functional currency of the Bank at exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI (net trading income) whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of the other revenue (net trading income).

b) Financial instruments

Financial Instruments



2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

A: Initial measurement - financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the bank commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Nature	
Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss-default. Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Fair value through OCI	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss-default. Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held for trading	Financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss - default	Financial assets that are not classified into one of the above-mentioned financial asset categories.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

B: Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Nature	
Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**Debt instrument**: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other operating income within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. **Equity instrument**: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other operating income within non-interest income.
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss - default	Debt instruments - Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of net income from other financial instruments carried at fair value within non-interest revenue. Equity instruments - Fair value gains and losses on the financial asset recognised in the income statement as part of net income from other financial instruments carried at fair value. Dividends received on equity instruments are recognised in other operating income within non-interest income.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C: Impairment

Expected Credit Losses (ECL) is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • Default • Significant financial difficulty of borrower and/or modification • Probability of bankruptcy or financial reorganisation • Disappearance of an active market due to financial difficulties.

(i) ECL measurement period

The ECL measurement period at a minimum is equal to the 12-month ECL of the financial asset. A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition. The requirement to hold ECL on unutilised loan commitments has been included, where appropriate, within this classification.

(ii) Significant Increase in Credit Risk (SICR) and low credit risk

A lifetime ECL requirement for all exposures for which there has been SICR. This included the impact of the LGD work out, being an increase in the lifetime period over which subsequent cures and re-defaults are considered. The requirement to hold ECL on off-balance sheet exposures has been included where appropriate within this classification.

Internal Ratings-based Approach

The Bank uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below:

Master ratings scale	Grading	Credit Quality	Moody's Investor Services	Standard & Poor's	Fitch
1-4	Investment grade	Normal monitoring	Aaa, Aa1, Aa2, Aa3	AAA, AA+, AA, AA-	AAA, AA+, AA, AA-
5-7			A1, A2, A3	A+, A, A-	A+, A, A-
8-12			Baa1, Baa2, Ba3	BBB+, BBB, BBB-	BBB+, BBB, BBB-
13-21	Sub-investment grade		Ba1, Ba2, Ba3, B1, B2, B3	BB+, BB, BB-, B+, B, B-	BB+, BB, BB-, B+, B, B-
22-25		Close monitoring	Caa1, Caa2, Caa3, Ca	CCC+, CCC, CCC-	CCC+, CCC, CCC-
Default	Default	Default	C	D	

Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Bank's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk for IFRS 9 purposes.

(iii) Key rating models

As a CIB-led portfolio, the Bank uses distinct credit rating models which are used for exposures to banks, sovereigns, local government, brokers, hedge funds, pension funds, asset managers, long- and short-term insurers, property finance (both developer and investor cash flow) and project finance respectively. PD, EAD and LGD modelling is integral to all of the models.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C: Impairment (continued)

(iv) ECL measurement

12-month ECL is computed by DF (discounting factor) x FWDd PD x EAD x LGD.
For lifetime expected loss, the ECL is computed by DF x Weighted PD x EAD x lifetime LGD.

Probability of default

PD is calculated using actual historical default rates that ensures a clear ranking of risk by mapping higher scores to lower PDs and vice versa. The Probability of Default ("PD") associated with the rating is based on an averaged Through-The-Cycle ("TTC") PD which is converted to a point-in-time (PIT) 1-year PD. The PIT PDs are extrapolated based on the TTC PD term structure to develop a longer-term PIT PD term structure that can be used for lifetime expected loss calculations. PDs are to be updated at least annually, or more frequently, for example as soon as fresh financial information is obtained, or when new information comes to light which has a material bearing on the credit risk.

The weighted average PD provides an estimate for the annualised weighted average probability of default over the lifetime of the financial instrument and is driven primarily by the profile of contractual expected exposure run-down and the relevant PD term structure. Forward PD ("FWD PD") is derived from the Bank's master scale and represents the Cumulative Probability of Default ("CUM PD"), which is derived from the bank's risk grading. FWD PD is then the movement of the CUM PD on a monthly basis.

Exposure at default

Exposure at default ("EAD") captures the potential impact of changes in exposure values, for example: potential drawdowns against unutilised facilities, missed payments, repayments of capital, and potential changes in cross currency positions due to changes in market prices.

Loss Given Default

The Loss Given Default ("LGD") is the amount of a counterparty's obligation to the group that is not expected to be recovered after default and is expressed as a percentage of the EAD. LGD measures are a function of customer type, product type, seniority of loan, country of risk and level of collateralisation. LGD is calculated using the workout method (discounted cash flows). Forecasting is performed for accounts that are still in default at the end of the outcome period. LGDs are estimated based on historical recovery data per category of LGD. A downturn LGD is used in the estimation of the capital charge and reflects the anticipated recovery rates in a downturn period. The lifetime LGD provides an estimate of expected recovery experience over the lifetime of a financial instrument in the event of default. The calculation relies on an estimate for LGD as at each point in time over the lifetime of the loan.

Lifetime LGD work out

Increased lifetime period over which subsequent cures and re-defaults are considered resulted in higher credit impairments for credit-impaired financial assets.

(v) Forward looking expectations

Forward looking economic expectations are incorporated in client ratings. The client rating thus reflects the expected client risk for the Bank's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

- The Group Economics Research team determines the macroeconomic outlook for each country and a group view of commodities over a planning horizon of at least three years. The outlook is prepared on a half-yearly basis and is provided to the Bank's Asset and Liability Committee (ALCO) for review and approval.
- Macroeconomic outlooks take into account various variables such as gross domestic product, central bank policy interest rates, inflation, exchange rates and treasury bill rates.
- Narratives for each of the country economic outlooks, being bear, base and bull cases, are compiled and typically include consideration of the country's economic background, sovereign risk, foreign exchange risk, financial sector, liquidity and monetary policy stance.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers and are reviewed monthly.
- The forward-looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

South Africa (SA)

- Our base case for South Africa assumes a relatively sharp recovery in the growth rate in 2021 on the back of strong bases effects. The performance of the economy in 2021 will be impacted, both directly and indirectly, due to the Covid-19 pandemic and the lockdown regulations in 2020-2021. This scenario assumes that a global economic recovery will provide support. We remain confident about gradual policy reform, but the recovery remains fragile.
- In our bear case scenario, we assume a more gradual economic recovery than the base case, on the back of a larger and more permanent destruction of businesses and jobs from the Covid-19 pandemic and a deeper GDP growth contraction in 2020. Disappointing and/or a lack of local policy reforms worsens the fiscal prognosis in this scenario with further pressure on ratings.
- The bull case scenario assumes that the current economic crisis triggers accelerated economic reforms and an efficient vaccine rollout program to curb the spread of the coronavirus. This supports the post-pandemic growth rebound that we foresee in 2021. Strong fixed investment, employment growth and a rebound in consumption expenditure, as well as capital inflows will spur economic growth. In this scenario, ratings upgrades are still only expected in the medium-term.

Mauritius

The economic impact of Covid-19 on Mauritius is likely to broadly afflict most sectors. But we expect that the tourism sector will be the most impacted. We now expect the economy to contract by 15.2% y/y in 2020 and then grow by 7.7% y/y in 2021. Although the nationwide lockdown was lifted in June 2020, and there is a phased reopening of Mauritian borders for international travel, tourism recovery will depend on the evolution of the pandemic and distribution of vaccine. Inflation remained under control, despite low base effect in the previous year. Exposure to Europe is still elevated regardless of attempts to diversify the economy towards other markets. Public debt % of GDP increased meaningfully because of pandemic related expenditure and after the pandemic and judging by FY2020/21 budget, there is a reluctance to use fiscal policy stimulus of sizable magnitude.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C: Impairment (continued)

(v) Forward looking expectations (continued)

IFRS 9 Covid-19 Impact

Covid-19 has had a profound impact globally and there remains much uncertainty as to the future economic path and recovery. The outcome of the Covid-19 pandemic is unpredictable, and this makes determining these assumptions complex. Given this uncertainty, and the fact that the pandemic has impacted clients across all geographies and client segments, the Bank has deemed it appropriate to recognise an amount of USD998.9k. The charge is mostly due to our parent holding company downgrade and through risk rating exercise which was conducted on an ongoing basis to ensure that the assigned risk rates are reflective of the latest credit profile of the counterparties and appropriate.

(vi) Low credit risk

Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.

(vii) Default

The Bank's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- disappearance of active market due to financial difficulties;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider;
- where, in the Bank's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Bank has not rebutted the IFRS 9's 90 days past due rebuttable presumption.

(viii) Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. vehicle and asset finance, mortgage loans, etc.) which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with the expectation that the probability of recovery is nil and this probability is not expected to change in the future.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

(ix) Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). However, in the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the bank's Credit Governance Committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, when compared to the credit rating at initial recognition, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively. A rehabilitation period of at least 6 months (subsequent to a client repaying all outstanding facilities) would be needed for the client's internal rating to decrease back to its rating scale at initial recognition and move from stage 2 to stage 1 accordingly.

(x) Debt financial investments

In terms of IFRS 9, the impairment provision is calculated per exposure. The ECL measurement period of a minimum is equal to 12 months ECL of the debt financial investment. A loss allowance for lifetime ECL is required if the credit risk has increased significantly.

(xi) Off-balance sheet exposures – undrawn commitments, guarantees and letters of credit

The requirement to hold ECL on off-balance sheet financial instruments, such as undrawn commitments, guarantees and letters of credit, resulted in a requirement to hold additional credit impairment provisions.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C: Impairment (continued)

(xii) Recognition of ECL

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

(xiii) Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Bank changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments;
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value;
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI;
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value;
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value;
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

D: Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand, unrestricted balances held with central banks and highly liquid assets with original maturities of three months or less from the acquisition date, which are subject to 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.

E: Financial liabilities

<u>Nature</u>

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

<u>Subsequent measurement</u>

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in net trading income as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

F: Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

	Derecognition	Modification
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Bank has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability. The Bank enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Bank recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

G: Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of:

- ECL calculated for the financial guarantee;
- Unamortised premium.

H: Derivatives and embedded derivatives

In the normal course of business, the Bank enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Bank in both trading and hedging activities include swaps, options, forwards and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In terms of IFRS 9 embedded derivatives included in hybrid instruments, where the host is a financial asset, are assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant group accounting policy. The terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

H: Derivatives and embedded derivatives (continued)

Hedge accounting

Derivatives are designated by the Bank into the following relationships:

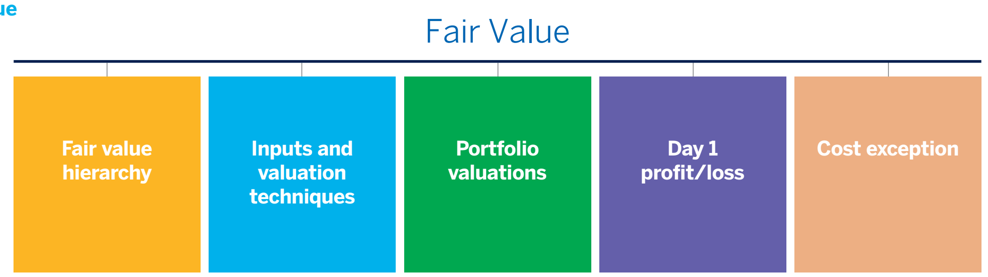
Type of Hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised immediately in trading revenue. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised immediately in profit or loss as trading revenue. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss and classified as trading revenue.

I: Offsetting

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 set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

c) Fair Value



In terms of IFRS, the Bank is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at measurement date.

2.1 Detailed accounting policies (continued)

c) Fair Value (continued)

Fair value hierarchy

The Bank's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2	Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analysis are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The Bank's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

Item and Description	Valuation Technique	Main Inputs and Assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange and interest rate derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include discounted cash flow model.	For levels 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Bank's underlying trading activities. These instruments primarily include sovereign and corporate debt.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign debt.		

2.1 Detailed accounting policies (continued)

c) Fair Value (continued)

Inputs and valuation techniques (continued)

Item	Description	Valuation technique	Main inputs and assumptions, (Levels 2 and 3 fair value hierarchy items)
Loans and advances to banks and customers	Loans and advances comprise: Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks. Loans and advances to customers, other asset-based loans and other secured and unsecured loans, overdrafts, other demand lending, term lending).	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For levels 2 and 3 fair value hierarchy items: • discount rate*
Deposits and debt funding	Deposits from banks and customers comprise amounts owed to banks and customers.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the Bank's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above.	For levels 2 and 3 fair value hierarchy items: • discount rate*

* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

Portfolio valuations

The Bank has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs. Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.1 Detailed accounting policies (continued)

d) Employee Benefits

The Bank operates a defined contribution plan

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank provides retirement benefits for its employees through a defined contribution plan which is funded by contributions from the Bank. Under the defined contribution plan, the Bank has no legal or constructive obligation to contribute further to what has been contributed into the fund as defined in the rules of the scheme. Pension contributions are charged to the profit or loss in the year to which they relate. The Bank has an obligation under the current labour laws to pay a severance allowance on retirement of its employees and is allowed to deduct from this severance allowance up to five times the amount of any annual pension granted at retirement age from the said fund.

The present value of the severance allowance payable under the Workers' Rights Act 2019 is calculated annually by independent actuaries using the projected unit credit method. The present value of the severance allowance is determined by the estimated future cash outflows using a discount rate by reference to current interest rates and the yield on bonds and treasury bills and recent corporate debenture issues. Where the present value of the severance allowance payable on retirement is greater than five years of pension payable under the pension plan, the additional severance allowance payable is recognised as a liability and disclosed as unfunded obligations under retirement benefits obligations.

State pension plan

Contributions to the National Pension Scheme (replaced by the 'Contribution Sociale Generalisée' scheme are recognised in profit or loss in the period in which they fall due.

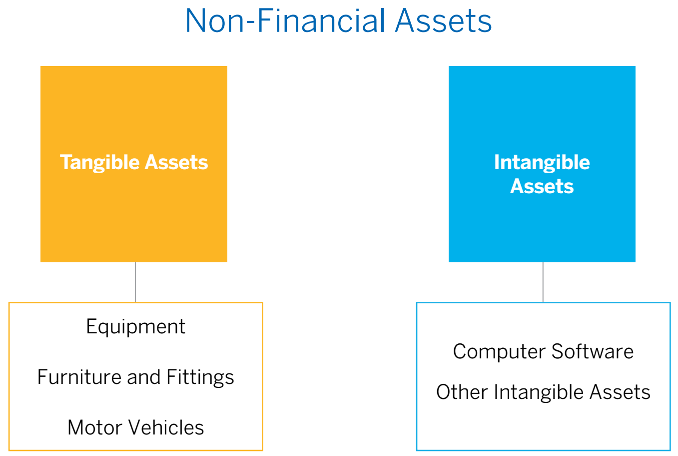
Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised when the Bank is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. A liability is recognised for the termination benefit representing the best estimate of the amount payable and the termination benefits are recognised as an expense.

e) Non-financial assets (Intangible assets and Property and equipment)



2.1 Detailed accounting policies (continued)

e) Non-financial assets (Intangible assets and Property and equipment) (continued)

<table>
<tr><th>Type and Initial and Subsequent measurement</th><th>Useful lives, depreciation/amortisation method or fair value basis</th><th>Impairment</th></tr>
<tr><td>Tangible assets (equipment, furniture and motor vehicles)

Equipment, furniture and fittings and motor vehicles are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably.

Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred.

Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.</td><td>Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values.

<table><tr><td>Computer equipment</td><td>3-5 years</td></tr><tr><td>Office equipment</td><td>5-10 years</td></tr><tr><td>Furniture & fittings</td><td>5-13 years</td></tr><tr><td>Motor Vehicles</td><td>4-5 years</td></tr></table>
The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</td><td>These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest level for which there are separately identifiable cash inflows from continuing use cash generating units (CGUs).

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.</td></tr>
<tr><td>Intangible assets (Computer software and other intangible assets)
Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred.

However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.</td><td>Amortisation is recognised in operating expenses on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.</td><td>Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists.

The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.</td></tr>
</table>

Derecognition

Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

2.1 Detailed accounting policies (continued)

f) Equity-linked transactions

Equity Compensation Plans

Equity-settled share-based payments

The Bank operates both equity-settled and cash-settled share-based compensation plans. All share options are accounted for as share-based payment transactions.

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses - staff costs over the vesting period with a corresponding increase in the share-based payment reserve. Non-market vesting conditions are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses.

g) Leases

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 twelve months or less.

<u>Accounting for Lease liabilities</u>

Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Bank) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. The Bank's internal funding rate is the base on which the incremental borrowing rate is calculated. 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, should it be reasonably certain that this option will be exercised;
- Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.

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.

<u>Interest expense on lease liabilities</u>

A lease finance cost, determined with reference to the interest rate implicit in the lease or the Bank's incremental borrowing rate, is recognised within interest expense over the lease period.

2.1 Detailed accounting policies (continued)

g) Leases (continued)

<u>Right-of-use assets (ROU)</u>

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 group is contractually required to dismantle, remove or restore the leased asset.

The Bank applies the cost model subsequent to the initial measurement of the right-of-use assets.

<u>Depreciation of ROU</u>

Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of depreciation on right-of-use asset in profit or loss.

<u>Termination of leases</u>

When the Bank or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised. On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.

<u>Low value leases</u>

All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term. Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.

Payments made under these leases, net of any incentives received from the lessor, are recognised in operating lease expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating lease expenses in the period in which termination takes place.

<u>Reassessment and modification of leases</u>

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:

When the Bank reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

Lease modifications that are accounted for as a separate lease:

When the Bank modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Bank accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the Bank elected the short-term lease exemption and the lease term is subsequently modified.

2.1 Detailed accounting policies (continued)

h) Provisions, contingent assets and contingent liabilities

Provisions, Contingent Assets and Contingent Liabilities

Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Bank provisions typically (when applicable) include the following:

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Provisions for restructuring

A provision for restructuring is recognised when the Bank has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for.

Provisions for onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

Contingent Assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Bank, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Bank's control.

Contingent Liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

2.1 Detailed accounting policies (continued)

i) Taxation

Taxation

Direct Taxation

- Current Tax
- Deferred Tax

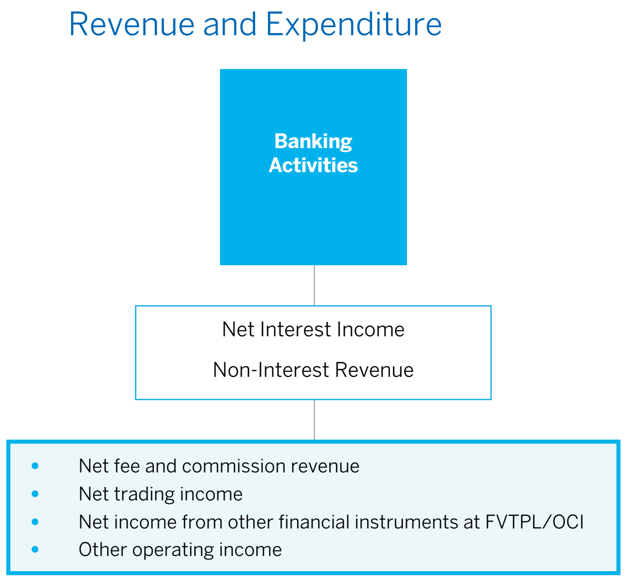
Indirect Tax

Type	Description, recognition and measurement	Offsetting
Current tax - determined for current period transactions and events	Current tax is recognised in the income tax expense line in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Following the amendments brought by the Finance (Miscellaneous Provisions) Act 2018 of Mauritius, the tax rate applicable for banks has been amended to 5% [and 15% for banks having chargeable income exceeding MUR1.5Bn, subject to a number of conditions] effective from the year of assessment 2020-2021. The tax rate of 5% is applicable for the Bank as from the current year (2019: 15% for segment A and 15% less foreign tax credit of 80% for segment B). The Bank is also liable to pay a special levy on its leviable income (net interest income and other income before deduction of expenses) derived during the year. Special levy is calculated at the rate of 5.5% on leviable income [or 4.5% for banks having leviable income of more than MUR1.2Bn]. The special levy at 5.5% is included in income tax expense and current liability in the financial statements. The Bank is subject to the Advance Payment System ('APS') whereby it pays income tax on a quarterly basis. Corporate Social Responsibility tax (CSR) is also payable by the Bank at the rate of 2% of the Segment A chargeable income of the preceding year.	Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Type	Description, recognition and measurement
Deferred tax - determined for future tax consequences	Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Indirect taxation	Indirect taxes, including non-recoverable value added tax (VAT), skills development levies and other duties for banking activities, are recognised in the income tax expense line in the income statement.

2.1 Detailed accounting policies (continued)

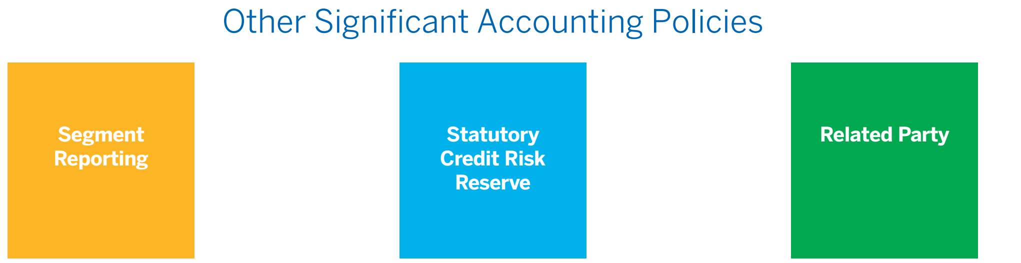
j) Revenue and Expenditure



Type	Description	Recognition and Measurement
Bank Activities	**Net Interest Income**	Interest income and expense are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as specifically impaired interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in interest income and other when the financial asset is reclassified out of Stage 3.
	Net Fee and Commission Revenue	Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the Bank does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the statement of profit and loss as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
	Net Trading Income	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
	Net Income from other financial instruments carried at fair value	Net Income from other financial instruments carried at fair value includes: Fair value gains and losses on debt financial assets that are at fair value through profit or loss. The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI. Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost. Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value. Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost. Fair value gains and losses on designated financial liabilities.
	Other Operating Income	Other operating income comprises of expenses recharged to Standard Bank Trust.

2.1 Detailed accounting policies (continued)

k) Other significant accounting policies



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 risks and rewards that are different from those of other segments. In accordance with the Bank of Mauritius Guideline on Segmental Reporting under a Single Banking Licence Regime, the Bank is required to split into Segment A and Segment B. • Segment B is essentially directed to the provision of international financial services that give rise to foreign source income. Such services may be fund-based or non-fund based; and • Segment A relates to banking business other than Segment B business. Neither these guidelines nor IFRS mandate the application of IFRS 8 Operating segments to the financial statements of the Bank.
Statutory credit Reserve	Statutory requirements (one percent of the aggregate amount of portfolio assessed loans) that exceed the amounts to be provided under IFRS 9 are dealt with in the statutory credit reserve as an appropriation of retained earnings. Statutory reserve represents accumulated transfers from retained earnings in accordance with local banking legislation. Those reserves are not redistributable.
Related Parties	For the purposes of these financial statements, parties are considered to be related to the Bank where: (a) A person or a close member of that person's family is related to the Bank if that person (i) has control or joint control over the Bank; (ii) has significant influence over the Bank; or (iii) is a member of the key management personnel of the Bank or of a parent of the Bank. (b) An entity is related to the Bank if any of the following conditions applies: (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the Bank or an entity related to the Bank. If the Bank holds such a plan, the sponsoring employers are also related to the Bank. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.
Comparatives	Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed when comparative information. When IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

l) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Bank. Those Standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Financial Risk Management

Introduction and Overview

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

The Bank has exposure to the following risk from financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- interest rate risk; and
- capital risk management

(a) Credit Risk

For the definition of credit risk and information of how credit risk is managed by the Bank, please refer to pages 37 to 38 under the Risk and Capital Management section.

(i) Maximum Exposure to Credit Risk

The Bank credit exposure is spread across a broad range of asset classes, including trading assets, derivative assets, loans and advances to customers, loans and advances to banks and financial investments.

The following table presents the maximum exposure to credit risk from balance sheet and off-balance sheet financial instruments, before taking account of any collateral held or other credit enhancements (unless such credit enhancements meet accounting offsetting requirements). For financial assets recognised on the statement of financial position the maximum exposure to credit risk equals their carrying amount; for financial guarantees and similar contracts granted, it is the maximum amount that we would have to pay if the guarantees were called upon.

For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	2020 USD	2019 USD	2018 USD
Cash and cash equivalents	**1,050,583,021**	686,658,119	875,019,563
Trading assets	**1,013,864**	3,690,943	2,473,961
Derivative assets	**2,591,021**	1,151,716	1,278,203
Loans and advances to banks	**259,159,883**	298,481,160	301,895,689
Loans and advances to customers	**187,757,655**	227,004,114	228,032,006
Financial Investments	**219,976,793**	197,075,417	147,364,470
Other assets	**6,547,188**	7,330,860	9,358,033
Financial guarantees and other credit-related contingent liabilities	**23,094,810**	29,693,301	36,197,673
Loan and other credit-related commitments	**182,306,932**	144,069,523	102,959,206
At 31 December	**1,933,031,167**	1,595,155,153	1,704,578,804

Non-financial assets relating to prepayments and VAT amounting to USD456,292 were excluded from other assets as at 31 December 2020 (2019: USD 731,476; 2018: USD427,613).

3. Financial Risk Management (continued)
(a) Credit Risk (continued)

(ii) Analysis of credit quality

ECL on Financial Assets

	Gross Carrying amount			ECL			ECL %		
At 31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
	USD	USD	USD	USD	USD	USD			
Financial Assets									
Loans and advances to customers	**159,511,921**	**24,394,267**	**22,442,316**	**935,905**	**383,573**	**15,997,580**	**0.6%**	**1.6%**	**71.3%**
Loans and advances to banks	**259,679,814**	-	-	**519,931**	-	-	**0.2%**	-	-
Cash and cash equivalents	**1,050,704,335**	-	-	**121,314**	-	-	-	-	-
Financial Investments - Amortised	**213,644,603**	-	-	**3,228**	-	-	-	-	-
Financial Investments – FVOCI	**6,335,656**	-	-	**238**	-	-	-	-	-
Non-Funded Facilities	**178,296,749**	**27,473,781**	-	**280,729**	**88,059**	-	**0.2%**	**.03%**	-
Total	**1,868,173,078**	**51,868,048**	**22,442,316**	**1,861,345**	**471,632**	**15,997,580**	**0.1%**	**0.9%**	**71.3%**
At 31 December 2019									
Loans and advances to customers	213,066,336	-	22,061,463	673,021	-	7,298,018	0.3%	-	33.1%
Loans and advances to banks	298,671,634	-	-	190,474	-	-	0.1%	-	-
Cash and cash equivalents	686,674,375	-	-	16,256	-	-	-	-	-
Financial Investments - Amortised	186,757,301	-	-	1,663	-	-	-	-	-
Financial Investments – FVOCI	10,319,853	-	-	74	-	-	-	-	-
Non-Funded Facilities	170,470,244	1,085,736	2,506,113	152,731	340	146,198	-	-	5.8%
Total	1,565,959,743	1,085,736	24,567,576	1,034,219	340	7,444,216	0.1%	-	30.3%

3. Financial Risk Management (continued)
(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

ECL on Financial Assets (continued)

	Gross Carrying amount			ECL			ECL %		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	USD	USD	USD	USD	USD	USD			
At 31 December 2018									
Loans and advances to customers	221,044,053	10,076,899	812,391	1,046,920	2,015,744	838,673	0.5%	20.0%	103%
Loans and advances to banks	302,101,501	-	-	205,812	-	-	-	-	-
Cash and cash equivalents	875,047,904	-	-	28,341	-	-	-	-	-
Financial Investments - Amortised	140,111,207	-	-	145	-	-	-	-	-
Financial Investments – FVOCI	7,253,476	-	-	68	-	-	-	-	-
Non-Funded Facilities	139,307,337	-	-	150,459	-	-	-	-	-
Total	1,684,865,478	10,076,899	812,391	1,431,745	2,015,744	838,673	0.1%	20.0%	103%

Note: Loans and advances to customers for stage 3 exclude interest in suspense USD1,273,791 (2019: USD152,646).

3. Financial Risk Management (continued)
(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2020

Reconciliation of the expected credit losses

	Opening ECL balance	Transfers between stages				Income statement movement					Impaired accounts written off	Time Value of Money	Reclassification in/out of AC measurement category	Closing balance	Post write-off recoveries recognised in PL
		Transfer Stage 1 to/ (from)	Transfer Stage 2 to/ (from)	Transfer Stage 3 to/ (from)	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Recovery	Total					
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Stage 1															
Corporate lending Amortised cost	673,021	-	(79,170)	-	(79,170)	47,305	-	294,749	-	342,054	-	-	-	935,905	-
Financial Investment at Amortised Costs	1,663	-	-	-	-	3,228	-	(1,663)	-	1,565	-	-	-	3,228	-
Financial Investment at FVOCI	74	-	-	-	-	238	-	(74)	-	164	-	-	-	238	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	206,730	-	-	-	-	588,539	-	(154,024)	-	434,515	-	-	-	641,245	-
Non-Funded Facilities at Amortised Cost	152,731	-	-	-	-	135,923	-	(8,037)	-	127,886	-	-	-	280,617	-
Total	1,034,219	-	(79,170)	-	(79,170)	775,233	-	130,951	-	906,184	-	-	-	1,861,233	-
Stage 2															
Corporate lending Amortised cost	-	79,170	-	-	79,170	-	-	304,403	-	304,403	-	-	-	383,573	-
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	340	-	-	-	-	-	-	87,719	-	87,719	-	-	-	88,059	-
Total	340	79,170	-	-	79,170	-	-	392,122	-	392,122	-	-	-	471,632	-
Stage 3 (excluding IIS)															
Corporate lending Amortised cost	7,298,018	-	-	-	-	-	-	8,565,936	-	8,565,936	-	133,626	-	15,997,580	-
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	146,198	-	-	-	-	-	-	(146,198)	-	(146,198)	-	-	-	-	-
Total	7,444,216	-	-	-	-	-	-	8,419,738	-	8,419,738	-	133,626	-	15,997,580	-
Total ECL	8,478,775	79,170	(79,170)	-	-	775,233	-	8,942,811	-	9,718,044	-	133,626	-	18,330,445	-

3. Financial Risk Management (continued)
(a) Credit Risk (continued)
(ii) Analysis of credit quality (continued)

31 December 2020

Credit exposure at amortised cost

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Interest in suspense	Balance sheet impairments for non performing specifically impaired loans (stage 3)
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful			
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
On-balance sheet exposures												
Corporate lending Amortised cost	206,348,504	40,901,714	-	118,610,207	9,239,548	-	15,154,719	12,008,812	10,433,504	22,442,316	1,273,791	15,997,580
Financial Investment at Amortised Costs	213,644,603	213,644,603	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	6,335,656	6,335,656	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	1,310,384,149	182,969,761	-	1,127,414,339	-	49	-	-	-	-	-	-
Off-balance sheet exposures	-	-	-	-	-	-	-	-	-	-	-	-
Non Funded Facilities at Amortised Cost	205,770,530	89,437,315	-	88,859,434	22,426,037	-	5,047,744	-	-	-	-	-
Gross carrying value of financial assets subject to credit risk	1,942,483,442											
Less: Total ECL for financial assets subject to credit risk	(18,330,445)											
Stage 1	(1,861,233)											
Stage 2	(471,632)											
Stage 3	(15,997,580)											
Interest In Suspense (IIS)	(1,273,791)											
Net carrying value of financial assets subject to credit risk	1,922,879,206											

Loans and advances include the element of MTM amounting USD626,384 from Hedge accounting.

3. Financial Risk Management (continued)
(a) Credit Risk (continued)
(ii) Analysis of credit quality (continued)

31 December 2019

Reconciliation of the expected credit losses

	Opening ECL balance	Transfers between stages				Income statement movement				Impaired accounts written off	Time Value of Money	Reclassification in/out of AC measurement category	Closing balance	Post write-off recoveries recognised in PL
		Transfer Stage 1 to/(from)	Transfer Stage 2 to/(from)	Transfer Stage 3 to/(from)	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Total					
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Stage 1														
Corporate lending Amortised cost	1,046,919	-	-	(25,221)	(25,221)	158,227	-	(506,904)	(348,677)	-	-	-	673,021	-
Financial Investment at Amortised Costs	68	-	-	-	-	74	-	(68)	6	-	-	-	74	-
Financial Investment at FVOCI	145	-	-	-	-	1,663	-	(145)	1,518	-	-	-	1,663	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	234,154	-	-	-	-	146,614	-	(174,038)	(27,424)	-	-	-	206,730	-
Non-Funded Facilities at Amortised Cost	150,459	-	-	-	-	23,343	-	(21,071)	2,272	-	-	-	152,731	-
Total	1,431,745	-	-	(25,221)	(25,221)	329,921	-	(702,226)	(372,305)	-	-	-	1,034,219	-
Stage 2														
Corporate lending Amortised cost	2,015,744	-	-	(2,015,744)	(2,015,744)	-	-	-	-	-	-	-	-	-
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	-	-	-	-	-	172	-	168	340	-	-	-	340	-
Total	2,015,744	-	-	(2,015,744)	(2,015,744)	172	-	168	340	-	-	-	340	-
Stage 3 (excluding IIS)														
Corporate lending Amortised cost	838,673	25,221	2,015,744	-	2,040,965	-	-	5,387,128	5,387,128	(837,047)	(131,701)	-	7,298,018	(770)
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	-	-	-	-	-	-	-	146,198	146,198	-	-	-	146,198	-
Total	838,673	25,221	2,015,744	-	2,040,965	-	-	5,533,326	5,533,326	(837,047)	(131,701)	-	7,444,216	(770)
Total ECL	4,286,162	25,221	2,015,744	(2,040,965)	-	330,093	-	4,831,268	5,161,361	(837,047)	(131,701)	-	8,478,775	(770)

3. Financial Risk Management (continued)
(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2019

Credit exposure at amortised cost

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Balance sheet impairments for non performing specifically impaired loans (stage 3)
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful		
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
On-balance sheet exposures											
Corporate lending Amortised cost	235,127,799	68,813,306	-	144,253,030	-	-	-	11,994,491	10,066,972	22,061,463	7,298,018
Financial Investment at Amortised Costs	186,757,301	186,757,301	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	10,319,853	10,319,853	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	985,346,009	978,339,292	-	7,006,617	-	100	-	-	-	-	-
Off-balance sheet exposures	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	174,062,093	71,849,108	-	98,621,135	1,085,736	-	-	2,506,113	-	-	146,198
Gross carrying value of financial assets subject to credit risk	1,591,613,055										
Less: Total ECL for financial assets subject to credit risk	(8,478,775)										
Stage 1	(1,034,219)										
Stage 2	(340)										
Stage 3	(7,444,216)										
Interest In Suspense (IIS)	(152,646)										
Net carrying value of financial assets subject to credit risk	1,582,981,634										

Loans and advances include the element of MTM amounting USD598,843 from Hedge accounting.

3. Financial Risk Management (continued)
(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2018

Reconciliation of the expected credit losses

	Opening ECL balance	Transfers between stages				Income statement movement				Impaired accounts written off	Closing balance
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Originated "New" impair-ments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Total		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1											
Corporate lending Amortised cost	704,725	-	-	-	-	541,724	-	(199,530)	342,194	-	1,046,919
Financial Investment at Amortised Costs	2,071	-	-	-	-	-	-	(2,003)	-2,003	-	68
Financial Investment at FVOCI	-	-	-	-	-	145	-	-	145	-	145
Bank lending/Cash and Cash Equivalent at Amortised Cost	204,636	-	-	-	-	55,308	-	(25,790)	29,518	-	234,154
Non-Funded Facilities at Amortised Cost	138,743	-	-	-	-	130,057	-	(118,341)	11,716	-	150,459
Total	1,050,175	-	-	-	-	727,234	-	(345,664)	381,570	-	1,431,745
Stage 2											
Corporate lending Amortised cost	971,650	-	-	-	-	1,044,094	-	-	1,044,094	-	2,015,744
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-
Total	971,650	-	-	-	-	1,044,094	-	-	1,044,094	-	2,015,744
Stage 3 (excluding IIS)											
Corporate lending Amortised cost	808,997	-	-	-	-	29,676	-	-	29,676	-	838,673
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-
Total	808,997	-	-		-	29,676	-	-	29,676	-	838,673
Total ECL	2,830,822	-	-	-	-	1,801,004	-	(345,664)	1,455,340	-	4,286,162

3. Financial Risk Management (continued)
(a) Credit Risk (continued)
(ii) Analysis of credit quality (continued)

31 December 2018

Credit exposure at amortised cost

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3	Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
On-balance sheet exposures										
Corporate lending Amortised cost	232,247,656	46,878,723	-	174,165,329	-	-	10,076,899	-	1,126,705	812,391
Financial Investment at Amortised Costs	140,111,207	140,111,207	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	7,253,476	7,253,476	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	1,160,843,769	1,152,204,481	-	8,639,288	-	-	-	-	-	-
Off-balance sheet exposures	-	-	-	-	-	-	-	-	-	-
Non Funded Facilities at Amortised Cost	139,307,337	44,669,899	-	94,637,438	-	-	-	-	-	-
Gross carrying value of financial assets subject to credit risk	1,679,763,445									
Less: Total ECL for financial assets subject to credit risk	(4,286,162)									
Stage 1	(1,431,745)									
Stage 2	(2,015,744)									
Stage 3	(838,673)									
Interest In Suspense (IIS)	(314,314)									
Net carrying value of financial assets subject to credit risk	1,675,162,969									

Loans and advances include the element of MTM amounting USD387,000 from Hedge accounting.

3. Financial Risk Management (continued)
(a) Credit Risk (coninued)
(ii) Analysis of credit quality (continued)

Loans and Advances to Customers

	2020 USD	2019 USD	2018 USD
Neither past due nor impaired	**183,906,188**	213,066,336	231,120,951
Past due but not impaired	**-**	-	-
Individually Impaired	**21,168,525***	21,908,817*	812,391*
Total Gross Amount	**205,074,713**	234,975,153	231,933,342
Allowance for Impairment			
Stage 3 ECL/Individual	**(15,997,580)**	(7,298,018)	(838,673)
Stage 1&2 ECL Collective	**(1,319,478)**	(673,021)	(3,062,663)
Total Allowance for Impairment	**(17,317,058)**	(7,971,039)	(3,901,336)
Net Carrying Amount	**187,757,655**	227,004,114	228,032,006

*Amount is net of interest in suspense of USD1,273,791 (2019: USD152,646 2018: USD314,314).

Other than loans and advances to customers disclosed above, all financial assets subject to credit risk were classified as neither past due nor impaired.

Performing Loans to Customers

	Total Gross advances	Normal Monitoring	Close Monitoring
	USD	USD	USD
2020			
Neither past due nor impaired	**183,906,188**	**174,724,650**	**9,181,538**
2019			
Neither past due nor impaired	213,066,336	212,766,206	300,130
2018			
Neither past due nor impaired	231,120,951	221,044,052	10,076,899

Non-Performing Loans to Customers

	Total Impaired advances	Sub-standard	Doubtful	Loss
	USD	USD	USD	USD
2020				
Individually Impaired	**21,168,525**	**11,158,591**	**10,009,934**	**-**
2019				
Individually Impaired	21,908,817	11,841,845	10,066,972	-
2018				
Individually Impaired	812,391	-	-	812,391

Close monitoring: These are exposures placed under watchlist showing early signs of potential future distress.

Normal monitoring: These are all performing loans to customers excluding those in close monitoring.

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(iii) Collaterals held and other credit enhancements, and their financial effect

Loans and Advances to customers Against neither past due nor impaired	2020 USD	2019 USD	2018 USD
Property	56,501,434	60,837,525	25,478,800
Equities	-	263,887	776,267
Other floating charges/assignments and pledges	107,112,249	116,363,870	164,545,425
Total	163,613,683	177,465,282	190,800,492
Past due but not impaired			
Floating charge	-	-	-
Property	-	-	-
	-	-	-
Against Individually Impaired			
Floating charge	12,008,812	11,994,491	-
Property	10,433,504	10,066,972	-
	22,442,316	22,061,463	-

Wherever warranted, the Bank attempts to mitigate credit risk and the mitigation options include the use of collateral. The collateral is monitored on a regular basis in accordance with our Collateral Valuation Guidelines.

Collaterals held are made up of fixed charge on property, listed shares, corporate guarantees and letters of support.

The Bank does not generally hold collaterals against loans and advances to banks, trading assets and financial investments.

(iv) Reconciliation of impaired loans and advances

The table below sets out a reconciliation of changes in the amount of impaired loans and advances to customers:

	2020 USD	2019 USD	2018 USD
Impaired loans and advances to customers at 01 January	21,908,817	812,391	812,391
New loans originated/subsequent changes	380,853	22,061,463	-
Amount written off	-	(812,391)	-
Interest in suspense	(1,121,145)	(152,646)	-
Impaired loans and advances to customers at 31 December	21,168,525	21,908,817	812,391

(v) Concentration risk

Refer to Note 11(b) for the concentration risk disclosure for loans and advances to customers by industry sectors and Note 11(c) for concentration by geographical area.

3. Financial Risk Management (continued)

(b) Liquidity risk

For the definition of liquidity risk and information of how liquidity risk is managed by the Bank, please refer to pages 39 to 41 under the Risk and Capital Management section.

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods at reporting date to the contractual maturity date.

(i) Maturity Analysis of financial assets and financial liabilities

31 December 2020	Carrying Value/ Contractual cash flows	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 1 year and up to 5 years	2018 Over 5 years
Financial Liabilities	USD	USD	USD	USD	USD	USD
Deposits from banks	100,391,984	100,391,984	-	-	-	-
Deposits from customers	1,504,399,401	1,494,543,583	3,109,521	6,501,528	244,769	-
Derivative liabilities	3,232,991	2,362,001	183,692	421,470	265,828	-
Other borrowed funds	-	-	-	-	-	-
Lease liabilities	2,805,235	154,457	156,719	329,126	2,164,933	-
Other liabilities	4,312,452	4,312,452	-	-	-	-
	1,615,142,063	1,601,764,477	3,449,932	7,252,124	2,675,530	-
Financial Assets						
Cash and cash equivalents	1,050,583,021	1,050,583,021	-	-	-	-
Trading assets	1,013,864	-	-	1,013,864	-	-
Loan and advances to banks	260,865,852	37,607	99,735,120	32,477,783	128,615,342	-
Loan and advances to customers	204,234,068	74,353,954	476,719	16,679,705	112,723,690	-
Financial investments	217,381,518	94,014,431	100,300	5,166,487	118,100,300	-
Derivative assets	2,591,021	2,394,046	196,975	-	-	-
Other assets	6,547,188	6,547,188	-	-	-	-
Loan commitments	182,306,931	182,306,931	-	-	-	-
	1,925,523,463	1,410,237,178	100,509,114	55,337,839	359,439,332	-

Non-financial assets relating to prepayments and VAT amounting to USD456,292 were excluded from other assets as at 31 December 2020 (2019: USD731,476; 2018: USD427,613).

Non-financial liabilities relating to retirement benefit obligations, provisions and taxes amounting to USD5,121,258 have been excluded from other liabilities as at 31 December 2020 (2019: USD4,983,753; 2018: USD1,960,545).

3. Financial Risk Management (continued)
(b) Liquidity risk (continued)
(i) Maturity Analysis of financial assets and financial liabilities (continued)

31 December 2019	Carrying Value/ Contractual cash flows	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 12 months	Over 1 year and up to 5 years	2018 Over 5 years
Financial Liabilities	USD	USD	USD	USD	USD	USD
Deposits from banks	88,402,630	88,402,630	-	-	-	-
Deposits from customers	1,213,031,655	1,125,788,773	7,175,893	72,506,652	7,560,337	-
Derivative liabilities	1,705,225	919,091	144,263	-	641,871	-
Other borrowed funds	470,766	-	470,766	-	-	-
Lease liabilities	3,387,780	156,824	156,824	313,648	2,760,484	-
Other liabilities	7,139,907	7,139,907	-	-	-	-
	1,314,137,963	1,222,407,225	7,947,746	72,820,300	10,962,692	-
Financial Assets						
Cash and cash equivalents	686,658,119	686,658,119	-	-	-	-
Trading assets	3,690,943	3,690,943	-	-	-	-
Loan and advances to banks	304,455,945	456,329	70,967,318	184,000,220	42,119,381	6,912,697
Loan and advances to customers	258,493,878	100,285,727	3,203,609	16,705,795	137,926,894	371,853
Financial investments	197,574,391	6,112,792	96,913,532	1,513,067	93,035,000	-
Derivative assets	1,151,716	990,697	161,019	-	-	-
Other assets	7,330,860	7,330,860	-	-	-	-
Loan commitments	144,069,523	144,069,523	-	-	-	-
	1,603,425,375	949,594,990	171,245,478	202,219,082	273,081,275	7,284,550
31 December 2018						
Financial Liabilities						
Deposits from banks	34,716,399	34,716,399	-	-	-	-
Deposits from customers	1,387,631,188	1,343,926,674	17,526,263	21,584,165	4,594,086	-
Derivative liabilities	1,671,872	1,132,515	125,464	611	413,282	-
Other borrowed funds	1,412,299	-	-	-	1,412,299	-
Other liabilities	42,553,358	42,553,358	-	-	-	-
	1,467,985,116	1,422,328,946	17,651,727	21,584,776	6,419,667	-
Financial Assets						
Cash and cash equivalents	875,019,563	875,019,563	-	-	-	-
Trading assets	2,476,608	2,476,608	-	-	-	-
Loan and advances to banks	301,918,540	2,415,853	56,974,221	168,637,417	65,721,499	8,169,550
Loan and advances to customers	259,368,970	95,431,779	19,153,487	22,730,325	121,630,686	422,693
Financial investments	147,709,941	145,516,959	730,994	1,461,988	-	-
Derivative assets	1,278,202	1,100,615	176,633	954	-	-
Other assets	9,358,033	9,358,033	-	-	-	-
Loan commitments	102,959,205	102,959,205	-	-	-	-
	1,700,089,062	1,234,278,615	77,035,335	192,830,684	187,352,185	8,592,243

3. Financial Risk Management (continued)
(c) Market risk

For the definition of market risk and information of how market risk is managed by the Bank, please refer to pages 41 to 42 under Risk Management section.

(i) Assets and liabilities subject to market risk between trading and non-trading portfolios:

31 December 2020	USD	USD	USD
Assets subject to market risk	**Carrying Amount**	**Trading Portfolios**	**Non-trading portfolios**
Cash and cash equivalents	**1,050,583,021**	-	**1,050,583,021**
Trading assets	**1,013,864**	**1,013,864**	-
Derivative assets	**2,591,021**	**2,591,021**	-
Loans and advances to banks	**259,159,883**	-	**259,159,883**
Loans and advances to customers	**187,757,655**	-	**187,757,655**
Financial investments	**219,976,793**	-	**219,976,793**
Other assets	**6,547,188**	-	**6,547,188**
Liabilities subject to market risk			
Deposits from banks	**100,378,191**	-	**100,378,191**
Deposits from customers	**1,504,343,412**	-	**1,504,343,412**
Derivative liabilities	**3,232,991**	**3,232,991**	-
Lease liabilities	**2,805,235**	-	**2,805,235**
Other liabilities	**4,312,452**	-	**4,312,452**
31 December 2019			
Assets subject to market risk			
Cash and cash equivalents	686,658,119	-	686,658,119
Trading assets	3,690,943	3,690,943	-
Derivative assets	1,151,716	1,151,716	-
Loans and advances to banks	298,481,160	-	298,481,160
Loans and advances to customers	227,004,114	-	227,004,114
Financial investments	197,075,417	-	197,075,417
Other assets	7,330,860	-	7,330,860
Liabilities subject to market risk			
Deposits from banks	88,402,630	-	88,402,630
Deposits from customers	1,211,097,476	-	1,211,097,476
Derivative liabilities	1,705,225	1,705,225	-
Other borrowed funds	470,766	-	470,766
Lease liabilities	3,387,780	-	3,387,780
Other liabilities	7,139,907	-	7,139,907
31 December 2018			
Assets subject to market risk			
Cash and cash equivalents	875,019,563	-	875,019,563
Trading assets	2,473,961	2,473,961	-
Derivative assets	1,278,203	1,278,203	-
Loans and advances to banks	301,895,689	-	301,895,689
Loans and advances to customers	228,032,006	-	228,032,006
Financial investments	147,364,470	-	147,364,470
Other assets	9,358,033	-	9,358,033
Liabilities subject to market risk			
Deposits from banks	34,716,399	-	34,716,399
Deposits from customers	1,387,631,188	-	1,387,631,188
Derivative liabilities	1,671,872	1,671,872	-
Other borrowed funds	1,412,299	-	1,412,299
Other liabilities	42,553,358	-	42,553,358

3. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Exposure to market risks – Value at risk

VaR constitutes an integral part of the Bank's market risk control regime and limits and triggers are established by the Board annually for all trading and non trading portfolios (fair valued only). VaR expresses the potential loss which can be incurred based on a certain confidence interval.

Normal VaR is calculated on a historical simulation basis with 250 days of market data and uses a 95% confidence interval and a one day holding period.

Diversified Normal VaR Exposures (USD'000)

2020	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	**183.3**	**1.0**	**31.0**	**30.4**	**255.0**
FX Trading	**183.9**	**0.9**	**31.3**	**30.5**	**250.0**
Interest Rate Trading	**7.2**	**0.1**	**0.4**	**0.2**	**30.0**
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	**6.8**	**0.5**	**0.9**	**1.1**	**88.0**

2019	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	117.0	0.8	30.5	4.1	255.0
FX Trading	117.0	0.7	30.5	4.1	250.0
Interest Rate Trading	0.2	0.0	0.1	0.1	30.0
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	1.3	0.3	0.8	0.7	88.0

2018	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	159.9	0.6	30.6	51.4	255.0
FX Trading	160.0	0.5	30.5	51.4	250.0
Interest Rate Trading	1.9	0.1	0.6	0.1	30.0
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	4.9	0.6	2.1	0.8	88.0

3. Financial Risk Management (continued)

(c) Market risk (continued)

(iii) Stress tests

Stress VaR uses a similar methodology to Normal VaR but is based on a period of financial stress and assumes a 10-day holding period and worst-case scenario.

Stress VaR Exposures (USD'000)

2020	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	**214.8**	**2.2**	**64.0**	**47.8**	**1,180.0**
FX Trading	**214.5**	**1.9**	**64.6**	**47.2**	**1,020.0**
Interest Rate Trading	**47.8**	**0.6**	**3.9**	**6.7**	**600.0**
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	**67.3**	**12.7**	**23.7**	**43.8**	**465.0**

2019	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	265.7	1.9	73.5	56.2	1,180.0
FX Trading	265.5	1.6	74.0	56.4	1,020.0
Interest Rate Trading	6.4	0.9	2.9	1.8	600.0
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	50.9	9.5	30.9	29.3	465.0

2018	**Diversified Normal VaR (USD '000) – Trading Book**				
Desk Name	Max	Min	Avg	31-Dec	Limit
Bank-wide	251.9	3.7	61.3	117.4	1,180.0
FX Trading	253.1	1.1	60.4	117.1	1,020.0
Interest Rate Trading	11.0	1.2	5.3	1.7	600.0
	Normal VaR (USD '000) - FVOCI				
Desk Name	Max	Min	Avg	31-Dec	Limit
Money Markets Banking	42.8	9.5	25.4	17.6	465.0

3. Financial Risk Management (continued)

(d) Interest rate risk

For the definition of interest rate risk and information of how interest rate risk is managed by the Bank, please refer to page 42 under Risk Management section.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or are repriced at different times. Risk management activities are aimed at maximising net interest income; given market interest rate levels are consistent with the Bank's strategies. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The Bank's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates.

The Bank's treasury team monitors banking book interest rate risk on a monthly basis operating under the oversight of the Bank's ALCO. The Bank's interest rate risk management is predominantly controlled by the Bank treasury team under policies approved by the board of directors. The Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management, the Bank applies fair value hedge accounting in respect of the interest rate risk element only, present within specifically identified long-term fixed interest rate loans and advances and deposits. To manage the risk associated with such risk exposures the Bank uses one or more fix for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the underlying risk exposure.

The Bank observes interest rate risk in respect of these exposures using an unfunded interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only.

The Bank uses a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The bank elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in note 9.3.3.

The table below summarises the Bank's exposure to interest rate risks for the **non-trading portfolio**. The Bank's assets and liabilities at carrying amount are categorised by their repricing dates:

31 December 2020	**Less than three Months**	**Between three months and one year**	**Over one year**	**Non-Rate sensitive**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**
Financial Assets					
Cash and cash equivalents	**1,050,520,578**	**-**	**-**	**62,443**	**1,050,583,021**
Loans and advances to banks	**37,607**	**133,027,576**	**126,094,700**	**-**	**259,159,883**
Loans and advances to customers	**73,506,635**	**16,958,634**	**97,292,386**	**-**	**187,757,655**
Financial investments	**94,119,451**	**5,066,187**	**120,791,155**	**-**	**219,976,793**
	1,218,184,271	**155,052,397**	**344,178,241**	**62,443**	**1,717,477,352**
Financial Liabilities					
Deposits from banks	**100,378,191**	**-**	**-**	**-**	**100,378,191**
Deposits from customers	**1,494,037,253**	**10,067,000**	**239,159**	**-**	**1,504,343,412**
Other borrowed funds	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**154,457**	**485,845**	**2,164,933**	**-**	**2,805,235**
	1,594,569,901	**10,552,845**	**2,404,092**	**-**	**1,607,526,838**

Other assets and other liabilities are mainly non-interest rate sensitive and have been excluded from table above.

3. Financial Risk Management (continued)

(d) Interest rate risk (continued)

31 December 2019	**Less than three Months**	**Between three months and one year**	**Over one year**	**Non-Rate sensitive**	**Total**
	USD	USD	USD	USD	USD
Financial Assets					
Cash and cash equivalents	686,582,778	-	-	75,341	686,658,119
Loans and advances to banks	145,051,972	153,429,188	-	-	298,481,160
Loans and advances to customers	209,045,115	17,958,999	-	-	227,004,114
Financial investments	11,115,463	93,580,005	92,379,949	-	197,075,417
	1,051,795,328	264,968,192	92,379,949	75,341	1,409,218,810
Financial Liabilities					
Deposits from banks	88,402,630	-	-	-	88,402,630
Deposits from customers	799,956,007	65,519,771	-	345,621,698	1,211,097,476
Other borrowed funds	-	470,766	-	-	470,766
Lease liabilities	156,824	470,472	2,760,484	-	3,387,780
	888,515,461	66,461,009	2,760,484	345,621,698	1,303,358,652

31 December 2018					
	USD	USD	USD	USD	USD
Financial Assets					
Cash and cash equivalents	874,953,980	-	-	65,583	875,019,563
Loans and advances to banks	256,243,030	40,592,659	5,060,000	-	301,895,689
Loans and advances to customers	226,619,863	-	1,412,143	-	228,032,006
Financial investments	145,221,490	2,142,980	-	-	147,364,470
	1,503,038,363	42,735,639	6,472,143	65,583	1,552,311,728
Financial Liabilities					
Deposits from banks	34,716,399	-	-	-	34,716,399
Deposits from customers	978,584,571	38,565,355	4,513,040	365,968,222	1,387,631,188
Other borrowed funds	-	-	1,412,299	-	1,412,299
Lease liabilities					
	1,013,300,970	38,565,355	5,925,339	365,968,222	1,423,759,886

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non standard interest rate scenarios. Analysis of the Bank's sensitivity to an increase or decrease in market interest rate, assuming no asymmetrical movement in yield curves on a constant balance sheet position, is as follows:

The Bank has assets and liabilities primarily in USD, EUR, GBP, MUR and ZAR. These 5 currencies constitute more than 95% of the balance sheet with US Dollar being the primary component with a weighting of around 80% on the overall balance sheet. A stress test of a 100 basis points increase in US Dollar interest rates on the US Dollar book would have resulted into an increase in net interest income of USD193,198. A stress test of a 100 basis points decrease in US Dollar interest rates on the US Dollar book would have resulted into a decrease in net interest income of USD729,464.

3. Financial Risk Management (continued)

(d) Interest rate risk (continued)

The table below shows the net interest income sensitivity of the US Dollar book for a change of 100 basis points.

	2020	2019	2018
NII Sensitivity for a 100-bps increase	**1.37%**	8.90%	13.96%
NII Sensitivity for a 100-bps decrease	**(5.16%)**	(7.77%)	(15.12%)

(e) Currency risk

The Bank is exposed to currency risk through fluctuations in foreign currency exchange rates on its foreign currency positions. The Bank's main operations in addition to US Dollars are in Euro, Pound Sterling, South African Rand and Mauritian Rupees. Limits on the level of exposure by currency and in total for both overnight and intraday positions are being set by the Board and are monitored on an ongoing basis. As the Bank's reporting currency is in United States Dollars, any fluctuations between movements in the reporting currency and the foreign currencies will be reflected on the financial statements as foreign currency gains or losses.

The table below summarises the Bank's exposure to foreign currency at year end:

Currency	2020	2019	2018
	USD	USD	USD
GBP	**65,054**	110,504	(46,974)
EUR	**577,364**	158,820	414,062
ZAR	**167,684**	242,668	(27,799)
Others	**(364,010)**	345	(1,440,846)
	446,092	512,337	(1,101,557)

(f) Capital Management

For details and information on capital management please refer to pages 30 to 53 of the Risk and Capital Management section.

4. Fair values of financial instruments

Determining Fair Values

In terms of IFRS, the Bank is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions.

When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the bank and in particular provides assurance that the risk and return measures that the Bank has taken are accurate and complete.

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of its assets and liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Bank establishes fair value using valuation techniques that incorporate inputs that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) for such assets and liabilities. Where such inputs are not available, the Bank makes use of unobservable inputs in establishing fair value. The valuation models and techniques used in determining fair values are subject to independent validation and approval by appropriate technical teams respectively and are reviewed on at least an annual basis or more frequently if considered appropriate.

4. Fair values of financial instruments (continued)

The table below shows the Bank's financial assets and financial liabilities as at 31 December 2020 classified according to their measurement category.

Prices quoted in an active market (continued)

31 December 2020	FVTPL	FVOCI	Amortised costs	Carrying Value	Fair Value
	USD	USD	USD	USD	USD
ASSETS					
Cash and cash equivalents	**-**	**-**	**1,050,583,021**	**1,050,583,021**	**1,050,583,021**
Trading assets	**1,013,864**	**-**	**-**	**1,013,864**	**1,013,864**
Derivative assets	**2,591,021**	**-**	**-**	**2,591,021**	**2,591,021**
Loans and advances to banks	**-**	**-**	**259,159,883**	**259,159,883**	**259,159,883**
Loans and advances to customers	**-**	**-**	**187,757,655**	**187,757,655**	**187,757,655**
Financial investments	**-**	**6,335,418**	**213,641,375**	**219,976,793**	**219,976,793**
Other assets	**6,242,309**	**-**	**304,879**	**6,547,188**	**6,547,188**
	9,847,194	**6,335,418**	**1,711,446,813**	**1,727,629,425**	**1,727,629,425**
LIABILITIES					
Deposits	**-**	**-**	**1,604,721,603**	**1,604,721,603**	**1,604,721,603**
Trading liabilities	**-**	**-**	**-**	**-**	**-**
Derivative liabilities	**3,232,991**	**-**	**-**	**3,232,991**	**3,232,991**
Other liabilities	**-**	**-**	**4,312,452**	**4,312,452**	**4,312,452**
Lease liabilities	**-**	**-**	**2,805,235**	**2,805,235**	**2,805,235**
	3,232,991	**-**	**1,611,839,290**	**1,615,072,281**	**1,615,072,281**
31 December 2019					
ASSETS					
Cash and cash equivalents	-	-	686,658,119	686,658,119	686,658,119
Trading assets	3,690,943	-	-	3,690,943	3,690,943
Derivative assets	1,151,716	-	-	1,151,716	1,151,716
Loans and advances to banks	-	-	298,481,160	298,481,160	298,481,160
Loans and advances to customers	-	-	227,004,114	227,004,114	227,004,114
Financial investments	-	10,319,779	186,755,638	197,075,417	197,075,417
Other assets	7,150,640	-	180,220	7,330,860	7,330,860
	11,993,299	10,319,779	1,399,079,251	1,421,392,329	1,421,392,329
LIABILITIES					
Deposits	-	-	1,299,500,106	1,299,500,106	1,299,500,106
Trading liabilities	-	-	-	-	-
Derivative liabilities	1,705,225	-	-	1,705,225	1,705,225
Other borrowed funds	-	-	470,766	470,766	470,766
Other liabilities	-	-	7,139,907	7,139,907	7,139,907
Lease liabilities	-	-	3,387,780	3,387,780	3,387,780
	1,705,225	-	1,310,498,559	1,312,203,784	1,312,203,784
31 December 2018					
ASSETS					
Cash and cash equivalents	-	-	875,019,563	875,019,563	875,019,563
Trading assets	2,473,961	-	-	2,473,961	2,473,961
Derivative assets	1,278,203	-	-	1,278,203	1,278,203
Loans and advances to banks	-	-	301,895,689	301,895,689	301,895,689
Loans and advances to customers	-	-	228,032,006	228,032,006	228,032,006
Financial investments	-	7,253,408	140,111,062	147,364,470	147,364,470
Other assets	8,687,635	-	670,398	9,358,033	9,358,033
	12,439,799	7,253,408	1,545,728,718	1,565,421,925	1,565,421,925
LIABILITIES					
Deposits	-	-	1,422,347,587	1,422,347,587	1,422,347,587
Trading liabilities	-	-	-	-	-
Derivative liabilities	1,671,872	-	-	1,671,872	1,671,872
Other borrowed funds	-	-	1,412,299	1,412,299	1,412,299
Other liabilities	-	-	42,553,358	42,553,358	42,553,358
	1,671,872	-	1,466,313,244	1,467,985,116	1,467,985,116

4. Fair values of financial instruments (continued)

The tables that follow analyse the Bank's financial assets and liabilities at the end of the reporting period, by level of fair value hierarchy as required by IFRS. The different levels are based on the extent to which observable market data and inputs are used in the calculation of the fair value of the financial assets and liabilities.

The levels of the hierarchy are defined in Note 2.1.

31 December 2020	Level 1	Level 2	Level 3	Carrying Value	Fair Value
	USD	USD	USD	USD	USD
ASSETS					
Trading assets	**-**	**1,013,864**	**-**	**1,013,864**	**1,013,864**
Derivative assets	**-**	**2,591,021**	**-**	**2,591,021**	**2,591,021**
Financial investments through OCI	**-**	**6,335,418**	**-**	**6,335,418**	**6,335,418**
Other assets	**6,242,309**	**-**		**6,242,309**	**6,242,309**
	6,242,309	**9,940,303**	**-**	**16,182,612**	**16,182,612**
LIABILITIES					
Derivative liabilities	**-**	**3,232,991**	-	**3,232,991**	**3,232,991**
31 December 2019	USD	USD	USD	USD	USD
ASSETS					
Trading assets	-	3,690,943	-	3,690,943	3,690,943
Derivative assets	-	1,151,716	-	1,151,716	1,151,716
Financial investments through OCI	-	10,319,779	-	10,319,779	10,319,779
Other assets	7,150,640	-		7,150,640	7,150,640
	7,150,640	15,162,438	-	22,313,078	22,313,078
LIABILITIES					
Derivative liabilities	-	1,705,225	-	1,705,225	1,705,225
31 December 2018					
ASSETS					
Trading assets	-	2,473,961	-	2,473,961	2,473,961
Derivative assets	-	1,278,203	-	1,278,203	1,278,203
Financial investments through OCI	-	7,253,408	-	7,253,408	7,253,408
Other assets	8,687,635	-	-	8,687,635	8,687,635
	8,687,635	11,005,572	-	19,693,207	19,693,207
LIABILITIES					
Derivative liabilities	-	1,671,872	-	1,671,872	1,671,872

There has been no transfer between the different fair value levels during the year.

Fair value measurement disclosures – level 2

The valuation techniques used in determining the fair value of assets and liabilities classified within level 2 of the fair value hierarchy is the discounted cash flow model and other valuation techniques commonly used by market participants. Such models are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources such as third-party quotes, recent transaction prices or suitable proxies. The inputs used include discount rates (including credit spreads), liquidity discount rates, risk-free and volatility rates, risk premiums, volatilities and correlations.

Fair value measurement disclosures – level 3

The fair value of level 3 assets and liabilities is determined using valuation techniques which incorporate assumptions that are not supported by prices from observable current market transactions in the same asset or liability and are not based on available observable market data. Changes in these assumptions could affect the reported fair values of these financial assets and liabilities. Where discounted cash flow analysis are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for a financial asset or liability with similar terms and conditions.

Although the Bank believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of its assets and liabilities. The behaviour of the unobservable parameters used to fair value level 3 financial assets and liabilities is not necessarily independent and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments.

5. Use of estimates and judgement

Key sources of estimation uncertainty

In preparing the annual financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances. Unless otherwise stated, no material changes to assumptions have occurred during the year.
Allowances for credit losses

Allowances for credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI 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). Explanations of inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 2.1b. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

Detailed information about the judgements and estimated made by the Bank in the above areas is set out in note 2.1b.
Management assessed and considered the sensitivity of the IFRS 9 provision against the forward-looking economic conditions at a client level.

The reviews and ratings of each client are performed at least annually. This process entails credit analysts completing a credit scorecard and incorporating forward looking information. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting IFRS 9 provision for the individual client. Therefore, the impact of forward-looking economic conditions is embedded into the total IFRS 9 provision for each CIB client and cannot be stressed or separated out of the overall IFRS 9 provision.

Retirement Benefit Obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in the assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year and which are validated by the Bank. 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 actuary 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 liability. Other key assumptions for pension obligations are based in part on current market conditions.

The sensitivity analysis for the key assumptions are disclosed in Note 31(c).

6. Segmental reporting

Statement of Financial Position as at 31 December 2020

		Segment A			Segment B			Bank		
	Notes	2020	2019	2018	2020	2019	2018	2020	2019	2018
Assets		USD	USD	USD	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	7	14,822,226	6,668,698	16,305,636	1,035,760,795	679,989,421	858,713,927	1,050,583,021	686,658,119	875,019,563
Trading assets	8	1,013,864	3,690,943	2,473,961	-	-	-	1,013,864	3,690,943	2,473,961
Derivative assets	9	2,594	7,412	-	2,588,427	1,144,304	1,278,203	2,591,021	1,151,716	1,278,203
Loans and advances to banks	10	37,607	4,336,472	3,129,680	259,122,276	294,144,688	298,766,009	259,159,883	298,481,160	301,895,689
Loans and advances to customers	11	3,760,946	9,642,461	25,898,300	183,996,709	217,361,653	202,133,706	187,757,655	227,004,114	228,032,006
Financial investments	12	6,335,418	10,319,779	7,253,408	213,641,375	186,755,638	140,111,062	219,976,793	197,075,417	147,364,470
Property, plant and equipment	13	84,508	216,686	-	3,091,805	3,699,184	3,177,587	3,176,313	3,915,870	3,177,587
Intangible assets	14	428,077	941,278	-	15,661,648	16,069,185	18,143,248	16,089,725	17,010,463	18,143,248
Right-of-use assets	15	70,781	182,953	-	2,589,602	3,123,306	-	2,660,383	3,306,259	-
Deferred Tax Assets	16	(55,387)	-	-	209,074	-	-	153,687	-	-
Other assets	17	6,624,179	7,873,985	9,390,921	379,301	188,351	394,725	7,003,480	8,062,336	9,785,646
Total Assets		33,124,813	43,880,667	64,451,906	1,717,041,012	1,402,475,730	1,522,718,467	1,750,165,825	1,446,356,397	1,587,170,373
Liabilities										
Deposits from banks	18	43,001,632	20,230,089	24,650,591	57,376,559	68,172,541	10,065,808	100,378,191	88,402,630	34,716,399
Deposits from customers	19	65,133,427	85,324,754	101,987,539	1,439,209,985	1,125,772,722	1,285,643,649	1,504,343,412	1,211,097,476	1,387,631,188
Derivatives liabilities	9	-	7,133	13,701	3,232,991	1,698,092	1,658,171	3,232,991	1,705,225	1,671,872
Other borrowed funds	20	-	-	-	-	470,766	1,412,299	-	470,766	1,412,299
Lease liabilities	15	74,635	187,464	-	2,730,600	3,200,316	-	2,805,235	3,387,780	-
Current tax liabilities	21	102,973	162,153	193,837	119,796	714,628	479,425	222,769	876,781	673,262
Deferred tax liabilities	16	-	62,000	87,340	-	373,000	672,660	-	435,000	760,000
Other liabilities	22	3,288,180	4,838,058	5,796,010	6,145,530	7,285,602	38,717,893	9,433,710	12,123,660	44,513,903
Total Liabilities		111,600,847	110,811,651	132,729,018	1,508,815,461	1,207,687,667	1,338,649,905	1,620,416,308	1,318,499,318	1,471,378,923
Shareholder's Equity										
Share capital	23	-	-	-	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Statutory and Other Reserves		2,376,621	2,423,040	2,370,529	20,901,197	21,390,712	16,873,053	23,277,818	23,813,752	19,243,582
Retained earnings		9,596,176	9,487,770	3,901,951	61,875,523	59,555,557	57,645,917	71,471,699	69,043,327	61,547,868
Total Equity attributable to equity holder		11,972,797	11,910,810	6,272,480	117,776,720	115,946,269	109,518,970	129,749,517	127,857,079	115,791,450
Total Equity and Liabilities		123,573,644	122,722,461	139,001,498	1,626,592,181	1,323,633,936	1,448,168,875	1,750,165,825	1,446,356,397	1,587,170,373

6. Segmental reporting (continued)

Income statement for the year ended 31 December 2020

		Segment A			Segment B			Bank		
	Notes	2020	2019	2018	2020	2019	2018	2020	2019	2018
		USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income		418,265	952,961	916,678	27,381,429	43,926,021	36,996,904	27,799,694	44,878,982	37,913,582
Interest expense		(799,849)	(1,279,225)	(1,023,111)	(4,217,115)	(11,199,624)	(8,185,471)	(5,016,964)	(12,478,849)	(9,208,582)
Net interest (expense)/income	25	(381,584)	(326,264)	(106,433)	23,164,314	32,726,397	28,811,433	22,782,730	32,400,133	28,705,000
Fee and commission income		238,297	468,323	677,131	5,526,129	6,463,073	6,471,833	5,764,426	6,931,396	7,148,964
Fee and commission expense		(135,615)	(311,241)	(407,468)	-	-	-	(135,615)	(311,241)	(407,468)
Net fee and commission income	26	102,682	157,082	269,663	5,526,129	6,463,073	6,471,833	5,628,811	6,620,155	6,741,496
Net trading income	27	869,907	2,381,774	2,444,172	5,198,552	5,017,843	9,166,015	6,068,459	7,399,617	11,610,187
Net income from other financial instruments carried at fair value	28	54,846	40,066	106,357	-	-	-	54,846	40,066	106,357
Other operating income	29	280,300	336,855	316,141	(4,794)	-	-	275,506	336,855	316,141
		1,205,053	2,758,695	2,866,670	5,193,758	5,017,843	9,166,015	6,398,811	7,776,538	12,032,685
Operating income		926,151	2,589,513	3,029,900	33,884,201	44,207,313	44,449,281	34,810,352	46,796,826	47,479,181
Net impairment (charge)/gain on financial assets	30									
Personnel expenses	31	1,227	2,143	(70,906)	(9,719,383)	(5,162,734)	(1,384,435)	(9,718,156)	(5,160,591)	(1,455,341)
Operating lease expenses	32	(184,010)	(527,636)	(554,028)	(6,732,179)	(9,007,629)	(8,127,712)	(6,916,189)	(9,535,265)	(8,681,740)
		(1,939)	(7,530)	(49,576)	(70,936)	(128,546)	(727,289)	(72,875)	(136,076)	(776,865)
Depreciation on ROU Assets	15	(17,184)	(39,042)	-	(628,692)	(666,514)	-	(645,876)	(705,556)	-
Depreciation and amortisation	13&14	(59,977)	(114,533)	-	(2,194,296)	(1,955,277)	(1,970,598)	(2,254,273)	(2,069,810)	(1,970,598)
Other income/(expenses)	33	(180,988)	129,518	(493,795)	(6,756,205)	(6,257,096)	(6,796,526)	(6,937,193)	(6,127,578)	(7,290,321)
		(442,871)	(557,080)	(1,168,305)	(26,101,691)	(23,177,796)	(19,006,560)	(26,544,562)	(23,734,876)	(20,174,865)
Profit before income tax		483,280	2,032,433	1,861,595	7,782,510	21,029,517	25,442,721	8,265,790	23,061,950	27,304,316
Income tax expense	34	(204,347)	(213,357)	(354,286)	(594,896)	(580,380)	(1,377,132)	(784,727)	(808,253)	(1,731,418)
Profit for the year		278,933	1,819,076	1,507,309	7,202,130	20,434,621	24,065,589	7,481,063	22,253,697	25,572,898

6. Segmental reporting (continued)

Statement of profit or loss and other comprehensive Income as at 31 December 2020

	Notes	Segment A			Segment B			Bank		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
		USD	USD	USD	USD	USD	USD	USD	USD	USD
Profit for the year		**278,933**	1,819,076	1,507,309	**7,202,130**	20,434,621	24,065,589	**7,481,063**	22,253,697	25,572,898
Other comprehensive Income										
Item that may be reclassified to profit or loss		-	-	-	-	-	-	-	-	-
Net (loss) /gain on fair value of debt instruments		**(8,905)**	22,474	14,276	-	-	-	**(8,905)**	22,474	14,276
Item that may not be reclassified to profit or loss		-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit liabilities		**(15,424)**	(13,802)	-	**(564,296)**	(235,619)	-	**(579,720)**	(249,421)	-
Other comprehensive income for the year		**(24,329)**	8,672	14,276	**(564,296)**	(235,619)	-	**(588,625)**	(226,947)	14,276
Total comprehensive income for the year		**254,604**	1,827,748	1,521,585	**6,637,834**	20,199,002	24,065,589	**6,892,438**	22,026,750	25,587,174

7. Cash and cash equivalents

	2020	2019	2018
	USD	USD	USD
Bank Total			
Cash in hand	**54,732**	54,784	59,766
Foreign currency notes and coins	**7,711**	20,558	6,459
Unrestricted balances with Central Bank	**14,759,783**	6,203,320	16,239,411
Balances with local banks	**-**	390,042	-
Balances with banks abroad	**1,035,882,109**	680,005,671	858,742,268
Less Stage 1 ECL Collective Allowance	**(121,314)**	(16,256)	(28,341)
	1,050,583,021	686,658,119	875,019,563
Segment A			
Cash in hand	**54,732**	54,784	59,766
Foreign currency notes and coins	**7,711**	20,558	6,459
Unrestricted balances with Central Bank	**14,759,783**	6,203,320	16,239,411
Balance with local banks	**-**	390,042	-
Less Stage 1 ECL Collective Allowance	**-**	(6)	-
	14,822,226	6,668,698	16,305,636
Segment B			
Balances with banks abroad	**1,035,882,109**	680,005,671	858,742,268
Less Stage 1 ECL Collective Allowance	**(121,314)**	(16,250)	(28,341)
	1,035,760,795	679,989,421	858,713,927

	2020	2019	2018
Net debt reconciliation			
Cash and cash equivalents	**1,050,583,021**	686,658,119	875,019,563
Lease liabilities	**(2,805,235)**	(3,387,780)	-
At 31 December	**1,047,777,786**	683,270,339	875,019,563

	Cash	Lease liabilities	Total
Net debt analysis			
Net debt at 01 January 2020	**686,658,119**	(3,387,780)	683,270,339
Cash flows (i)	**364,061,500**	734,887	364,796,387
Net foreign exchange difference	**(31,540)**	-	(31,540)
Other changes (ii)	**(105,058)**	-	(105,058)
Net changes to leases (iii)	**-**	(152,342)	(152,342)
Net debt at 31 December 2020	**1,050,583,021**	(2,805,235)	1,047,777,786
Net debt at 31 December 2019	875,019,563	-	875,019,563
Recognised on adoption of IFRS 16 (Note 15)	-	(3,938,098)	(3,938,098)
Cash flows (i)	(187,700,995)	783,525	(186,917,470)
Net foreign exchange difference	(648,363)	-	(648,363)
Other changes (ii)	(12,086)	-	(12,086)
Net changes to leases (iii)	-	(233,207)	(233,207)
Net debt at 31 December 2019	686,658,119	(3,387,780)	683,270,339)
Net debt as at 01 January 2018	570,823,648	-	570,823,648
Net foreign exchange difference	(262,821)	-	(262,821)
Other changes (ii)	2,366	-	2,366
Cash flows	304,456,370	-	304,456,370
Net debt as at 31 December 2018	875,019,563	-	875,019,563

(i) Cashflows for lease liabilities include principal portion payment classified within financing activities and interest payment classified within operating activities.
(ii) Other changes include effect of IFRS 9 impairment charge on cash and cash equivalents.
(iii) Net changes to leases include non-cash movements relating to interest expense and acquisition of leases.

7. Cash and cash equivalents (continued)

31 December 2020

Reconciliation of the expected credit losses for cash and cash equivalents at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Closing balance
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1											
Cash and cash equivalents	(16,256)	-	-	-	-	(101,678)	-	(3,380)	-	(105,058)	(121,314)
Total	(16,256)	-	-	-	-	(101,678)	-	(3,380)	-	(105,058)	(121,314)

Credit risk exposure of Loans and advances to Bank at amortised cost.

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Gross specific impairment coverage %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Cash and cash equivalents	1,050,704,335	182,932,152	-	867,772,134	-	49	-	-	-	-	-
Less: Total expected credit loss provision for loans and advances to Bank at amortised cost	(121,314)	-	-	-	-	-		-	-	-	-
Stage 1	(121,314)										
Stage 2	-										
Stage 3	-										
Interest In Suspense (IIS)	-										
Net carrying value of loans and advances at amortised cost	1,050,583,021										

7. Cash and cash equivalents (continued)

31 December 2019

Reconciliation of the expected credit losses for cash and cash equivalents at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Closing balance
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1											
Cash and cash equivalents	(28,341)	-	-	-	-	(11,413)	-	23,498	-	12,085	(16,256)
Total	(28,341)	-	-	-	-	(11,413)	-	23,498	-	12,085	(16,256)

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Gross specific impairment coverage %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Cash and cash equivalents	686,674,375	686,581,335	-	867,772,134	-	92,940	-	100	-	-	-
Less: Total expected credit loss provision for loans and advances to Bank at amortised cost	(16,256)	-	-	-	-	-	-	-	-	-	-
Stage 1	(16,256)										
Stage 2	-										
Stage 3	-										
Interest In Suspense (IIS)	-										
Net carrying value of loans and advances at amortised cost	686,658,119										

7. Cash and cash equivalents (continued)

31 December 2018

Reconciliation of the expected credit losses for cash and cash equivalents at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Closing balance
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1											
Bank lending	(28,295)	-	-	-	-	(23,932)	-	23,886	-	(46)	(28,341)
Total	(28,295)	-	-	-	-	(23,932)	-	23,886	-	(46)	(28,341)

Credit risk exposure of cash and cash equivalents at amortised cost.

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Gross specific impairment coverage %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Corporate lending	875,047,904	875,020,515	-	27,389	-	-	-	-	-	0%	0%
Sovereign lending	-										
Bank lending											
Intercompany											
Gross carrying value of cash and cash equivalents	875,047,904										
Less: Total expected credit loss provision for cash and cash equivalents at amortised cost	(28,341)										
Stage 1	(28,341)										
Stage 2	-										
Stage 3	-										
Interest In Suspense (IIS)	-										
Net carrying value of loans and advances at amortised cost	875,019,563										

8. Trading assets

Bank – Total & Segment A	2020	2019	2018
	USD	USD	USD
Sovereign	1,013,864	3,690,943	2,473,961
Current	1,013,864	3,690,943	2,473,961

9. Derivative instruments

All derivatives are classified as either derivatives held-for-trading or derivatives held-for-hedging. A summary of the fair values of the derivative assets and derivative liabilities is as follows:

	Fair value of assets			Fair value of liabilities		
	2020	2019	2018	2020	2019	2018
	USD	USD	USD	USD	USD	USD
Bank Total						
Held-for-trading	2,591,021	1,151,716	1,278,203	2,546,347	1,063,354	1,258,594
Held-for-hedging	-	-	-	686,644	641,871	413,278
	2,591,021	1,151,716	1,278,203	3,232,991	1,705,225	1,671,872
Segment A						
Held-for-trading	2,594	7,412	-	-	7,133	13,701
	2,594	7,412	-	-	7,133	13,701
Segment B						
Held-for-trading	2,588,427	1,144,304	1,278,203	2,546,347	1,056,221	1,244,893
Held-for-hedging	-	-	-	686,644	641,871	413,278
	2,588,427	1,144,304	1,278,203	3,232,991	1,698,092	1,658,171
Current	2,591,021	1,151,716	1,278,203	2,967,163	1,063,354	1,258,594
Non-current	-	-	-	265,828	641,871	413,278

9. Derivative instruments (continued)

9.1 Use and measurement of derivative instruments

In the normal course of business, the Bank enters into a variety of derivative transactions for both trading purposes and hedging foreign exchange, interest rate and credit exposures. Derivative instruments used by the Bank in both trading and hedging activities include swaps, options, forwards and other similar types of instruments based on foreign exchange rates, credit risk and interest rates. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range to take into account possible correlations.

9.2 Derivatives held-for-trading

The Bank transacts derivative contracts to address client demand, both as a market maker in the wholesale markets and in structuring tailored derivatives for clients. The Bank also takes proprietary positions for its own account. Trading derivative products include the following:

	2020			2019			2018		
	Fair value assets	**Fair value liabilities**	**Nominal amount**	**Fair value assets**	Fair value liabilities	Nominal amount	Fair value assets	Fair value liabilities	Nominal amount
	USD	**USD**	**USD**	USD	USD	USD	USD	USD	USD
Bank Total									
Foreign exchange derivatives	**2,591,021**	**2,546,347**	**518,971,310**	1,151,716	1,063,354	341,738,476	1,278,203	1,258,594	357,988,812
Segment A									
Foreign exchange derivatives	**2,594**	**-**	**1,905,972**	7,412	7,133	3,570,670	-	13,701	1,248,064
Segment B									
Foreign exchange derivatives	**2,588,427**	**2,546,347**	**517,065,338**	1,144,304	1,056,221	338,167,806	1,278,203	1,244,893	356,740,748

* The notional amount is the sum of the absolute value of all bought or sold contracts for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the bank's participation in derivative contracts.

9.3 Financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. In 2020, the Bank has applied hedge accounting in respect of interest rate risk on fixed rate loans.

9. Derivative instruments (continued)

9.3 Financial instruments held-for-hedging (continued)

9.3.1 Derivatives designated as hedging instruments in fair value hedging relationships:

Bank and Segment B	Fair value of assets	Fair value of liabilities	Fair value gain/(loss)	Contract/ notional amount	Less than one year	Between one to five years	Over five years	Net fair value
	USD	USD	USD	USD	USD	USD	USD	USD
31 December 2020								
Interest rate risk fair value hedging relationships								
Interest rate swaps	**-**	**686,644**	**(44,773)**	**17,845,223**	**420,816**	**265,828**	**-**	**(686,644)**
Total derivatives designated as hedging instruments in fair value hedging relationships	**-**	**686,644**	**(44,773)**	**17,845,223**	**420,816**	**265,828**	**-**	**(686,644)**
31 December 2019 Interest rate risk fair value hedging relationships Interest rate swaps	-	641,871	(228,593)	17,845,223	-	641,871	-	(641,871)
Total derivatives designated as hedging instruments in fair value hedging relationships	-	641,871	(228,593)	17,845,223	-	641,871	-	(641,871)
31 December 2018 Interest rate risk fair value hedging relationships Interest rate swaps	-	413,278	(413,278)	17,845,223	-	413,278	-	(413,278)
Total derivatives designated as hedging instruments in fair value hedging relationships	-	413,278	(413,278)	17,845,223	-	413,278	-	(413,278)

9.3.2 Hedge items classified as fair value hedges:

Bank and Segment B	Fair value of assets	Fair value of liabilities	Fair value gain/(loss)	Fair value gain/ (loss) used to test hedge ineffectiveness	Accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments for which hedge accounting stopped
	USD	USD	USD	USD	USD	USD
31 December 2020						
Loans and advances						
Interest rate risk fair value hedging relationships	**18,186,731**	**-**	**27,540**	**27,540**	**626,384**	**-**
Total items classified as fair value hedges	**18,186,731**	**-**	**27,540**	**27,540**	**626,384**	**-**
31 December 2019 Loans and advances Interest rate risk fair value hedging relationships	18,580,138	-	211,839	211,839	598,843	-
Total items classified as fair value hedges	18,580,138	-	211,839	211,839	598,843	-
31 December 2018 Loans and advances Interest rate risk fair value hedging relationships	18,436,011	-	387,004	387,004	387,004	-
Total items classified as fair value hedges	18,436,011	-	387,004	387,004	387,004	-

9. Derivative instruments (continued)

9.3 Financial instruments held-for-hedging (continued)

9.3.3 Hedge ineffectiveness recognised in profit or loss:

Bank and Segment B	Trading revenue	Other fair value movements	Net interest income
	USD	USD	USD
31 December 2020 **Fair value hedges** **Interest rate risk fair value hedging relationships**	-	-	**(39,038)**
31 December 2019 Fair value hedges Interest rate risk fair value hedging relationships	-	-	(2,491)
31 December 2018 Fair value hedges Interest rate risk fair value hedging relationships	-	-	(679)

10. Loans and advances to banks

	2020	2019	2018
	USD	USD	USD
Bank Total			
Loans and advances to banks	**259,679,814**	298,671,634	302,101,501
Less Stage 1 ECL Collective Allowance	**(519,931)**	(190,474)	(205,812)
	259,159,883	298,481,160	301,895,689
Segment A			
Loans and advances to banks	**37,608**	4,336,939	3,129,842
Less Stage 1 ECL Collective Allowance	**(1)**	(467)	(162)
	37,607	4,336,472	3,129,680
Segment B			
Loans and advances to banks	**259,642,206**	294,334,695	298,971,659
Less Stage 1 ECL Collective Allowance	**(519,930)**	(190,007)	(205,650)
	259,122,276	294,144,688	298,766,009

	2020	2019	2018
Remaining term to maturity			
Bank Total			
Up to 3 months	**37,608**	65,041	2,415,737
Over 3 months and up to 6 months	**99,321,900**	66,469,100	56,925,966
Over 6 months and up to 12 months	**33,873,187**	184,647,869	168,662,049
Over 1 year and up to 5 years	**126,447,119**	40,575,947	65,485,850
Over 5 years	**-**	6,913,677	8,611,899
	259,679,814	298,671,634	302,101,501
Remaining term to maturity			
Segment A			
Up to 3 months	**37,608**	65,041	2,415,737
Over 3 months and up to 6 months	**-**	4,271,898	512,764
Over 6 months and up to 12 months	**-**	-	201,341
	37,608	4,336,939	3,129,842
Remaining term to maturity			
Segment B			
Up to 3 months	**-**	-	-
Over 3 months and up to 6 months	**99,321,900**	62,197,202	56,413,202
Over 6 months and up to 12 months	**33,873,187**	184,647,869	168,460,708
Over 1 year and up to 5 years	**126,447,119**	40,575,947	65,485,850
Over 5 years	**-**	6,913,677	8,611,899
	259,642,206	294,334,695	298,971,659
Current assets	**133,232,695**	251,182,010	228,003,752
Non-current assets	**126,447,119**	47,489,624	74,097,749

10. Loans and advances to banks (continued)

31 December 2020

Reconciliation of the expected credit losses for loans and advances to bank at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Impaired accounts written off	Currency translation and other movements	Reclassification in/out of AC measurement category	Closing balance
		Transfer Stage 1 to/ from	Transfer Stage 2 to/ from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1														
Bank lending	(190,474)	-	-	-	-	(486,861)	-	157,404	-	(329,457)				(519,931)
Total	(190,474)	-	-	-	-	(486,861)	-	157,404	-	(329,457)				(519,931)

Credit risk exposure of loans and advances to Bank at amortised cost.

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)	Balance sheet impairments for non-performing specifically impaired loans (Stage 3 and purchased or originated credit impaired)	Gross specific impairment coverage %	Non-performing loans %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful						
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD		
Bank lending	259,679,814	37,608	-	259,642,206	-	-	-	-	-	-	-	-	-	-	-
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying value of loans and advances	259,679,814	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit loss provision at amortised cost	(519,931)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 1	(519,931)														
Stage 2	-														
Stage 3	-														
Purchased/originated credit impaired															
Interest In Suspense (IIS)	-														
Net carrying value at amortised cost	259,159,883														

10. Loans and advances to banks (continued)

31 December 2019

Reconciliation of the expected credit losses for loans and advances to bank at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Impaired accounts written off	Currency translation and other movements	Reclassification in/out of AC measurement category	Closing balance
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1														
Bank lending	(205,812)	-	-	-	-	(135,201)	-	150,539	-	15,338	-	-	-	(190,474)
Total	(205,812)	-	-	-	-	(135,201)	-	150,539	-	15,338	-	-	-	(190,474)

Credit risk exposure of loans and advances to Bank at amortised cost.

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)	Balance sheet impairments for non-performing specifically impaired loans (Stage 3 and purchased or originated credit impaired)	Gross specific impairment coverage %	Non-performing loans %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful						
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD		
Bank lending	298,671,634	291,757,957	-	6,913,677	-	-	-	-	-	-	-	-	-	-	-
Gross carrying value of loans and advances	298,671,634	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit loss provision at amortised cost	(190,474)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 1	(190,474)														
Stage 2	-														
Stage 3	-														
Purchased/originated credit impaired															
Interest In Suspense (IIS)	-														
Net carrying value at amortised cost	298,481,160														

10. Loans and advances to banks (continued)

31 December 2018

Reconciliation of the expected credit losses for loans and advances to bank at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement					Impaired accounts written-off	Currency translation and other movements	Reclassification in/out of AC measurement category	Closing balance
		Transfer Stage 1 to/ from	Transfer Stage 2 to/ from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1														
Bank lending	(176,340)	-	-	-	-	(168,921)	-	139,449	-	(29,472)	-	-	-	(205,812)
Total	(176,340)	-	-	-	-	(168,921)	-	139,449	-	(29,472)	-	-	-	(205,812)

Credit risk exposure of loans and advances to Bank at amortised cost.

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)	Balance sheet impairments for non-performing specifically impaired loans (Stage 3 and purchased or originated credit impaired)	Gross specific impairment coverage %	Non-performing loans %
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful						
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD		
Corporate lending	302,101,501	293,489,602	-	8,611,899	-	-	-	-	-	-	-	-	-	0%	0%
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying value of loans and advances	302,101,501														
Less: Total expected credit loss provision at amortised cost	-205,812														
Stage 1	-205,812														
Stage 2	-														
Stage 3	-														
Purchased/originated credit impaired															
Interest In Suspense (IIS)	-														
Net carrying value at amortised cost	301,895,689														

11. Loans and advances to customers

	2020	2019	2018
	USD	USD	USD
Bank-Total			
Personal Loans	-	574,422	1,164,085
Corporate Customers	**152,972,887**	184,948,696	178,813,375
Entities outside Mauritius	**52,101,826**	49,452,035	51,955,882
Gross Loans and Advances to customers*	**205,074,713**	234,975,153	231,933,342
Less stage 3 ECL/specific allowance	**(15,997,580)**	(7,298,018)	(838,673)
Less stage 1&2 ECL collective allowance	**(1,319,478)**	(673,021)	(3,062,663)
	187,757,655	227,004,114	228,032,006

* Amount is net of interest in suspense of USD1,273,791 (2019: USD152,646: 2018: USD314,414)

	2020	2019	2018
Segment A			
Personal Loans	-	263,887	776,267
Corporate Customers	**3,765,017**	9,400,485	25,994,326
	3,765,017	9,664,372	26,770,593
Less stage 3 ECL/specific allowance		-	(838,673)
Less stage 1&2/ ECL collective allowance	-	(21,911)	(33,620)
	3,760,946	9,642,461	25,898,300
Segment B			
Personal Loans	-	310,535	387,818
Corporate Customers	**149,207,870**	175,548,211	152,819,049
Entities outside Mauritius	**52,101,826**	49,452,035	51,955,882
	201,309,696	225,310,781	205,162,749
Less stage 3 ECL/specific allowance	**(15,997,580)**	(7,298,018)	-
Less stage 1&2 ECL/collective allowance	**(1,315,407)**	(651,110)	(3,029,043)
	183,996,709	217,361,653	202,133,706

11.(a) Remaining term to maturity

	2020	2019	2018
Bank Total			
Up to 3 months	**73,479,131**	90,360,964	110,597,416
Over 3 months and up to 6 months	**535,156**	581,251	1,877,335
Over 6 months and up to 12 months	**18,266,676**	12,601,125	15,291,721
Over 1 year and up to 5 years	**112,793,750**	131,121,278	103,830,643
Over 5 years	-	310,535	336,227
	205,074,713	234,975,153	231,933,342
Segment A			
Up to 3 months	**3,765,017**	9,400,485	26,770,593
Over 3 months and up to 6 months	-	263,887	-
Over 6 months and up to 12 months	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
	3,765,017	9,664,372	26,770,593

11. Loans and advances to customers (continued)

(a) Remaining term to maturity(continued)

	2020	2019	2018
	USD	USD	USD
Segment B			
Up to 3 months	**69,714,114**	80,960,479	83,826,823
Over 3 months and up to 6 months	**535,156**	317,364	1,877,335
Over 6 months and up to 12 months	**18,266,676**	12,601,125	15,291,721
Over 1 year and up to 5 years	**112,793,750**	131,121,278	103,830,643
Over 5 Years	**-**	310,535	336,227
	201,309,696	225,310,781	205,162,749
Current assets	**92,280,963**	103,543,340	127,766,472
Non-current assets	**112,793,750**	131,431,813	104,166,870

(b) Credit concentration of risk by industry sectors

	2020	2019	2018
Bank Total			
Consumer	**6,688,690**	5,635,618	35,682,812
Financial Institutions	**2,405,404**	6,234,997	10,988,688
Industrials	**84,904**	-	-
Mining and Metals	**23,684,488**	23,212,544	-
Personal	**-**	574,422	1,164,085
Power and Infrastructure	**-**	359,025	11,006,045
Real Estate	**23,003,357**	23,410,337	20,272,663
Global Business Licence Holders	**149,207,870**	175,548,210	152,819,049
	205,074,713	234,975,153	231,933,342
Segment A			
Consumer	**1,274,709**	2,806,464	3,999,593
Financial Institutions	**2,405,404**	6,234,997	10,988,688
Industrials	**84,904**	-	-
Mining and Metals	**-**	-	-
Personal	**-**	263,887	776,267
Power and Infrastructure	**-**	359,025	11,006,045
Real Estate	**-**	-	-
Global Business Licence Holders	**-**	-	-
	3,765,017	9,664,372	26,770,593
Segment B			
Consumer	**5,413,981**	2,829,155	31,683,219
Financial Institutions	**-**	-	-
Industrials	**-**	-	-
Mining and Metals	**23,684,488**	23,212,544	-
Personal	**-**	310,535	387,818
Power and Infrastructure	**-**	-	-
Real Estate	**23,003,357**	23,410,337	20,272,663
Global Business Licence Holders	**149,207,870**	175,548,210	152,819,049
	201,309,696	225,310,781	205,162,749

Sectors have been amended to reflect the actual sector distribution in line with our business model.

11. Loans and advances to customers (continued)

(c) Segmental Analysis - Geographical Area

	2020	2019	2018
	USD	USD	USD
Africa	**181,390,225**	197,172,135	229,721,910
Australia	**-**	13,700,914	387,818
Europe	**23,684,488**	24,102,104	1,823,614
	205,074,713	234,975,153	231,933,342

(d) Allowance for credit impairment

	Stage 3 ECL/ specific allowance	Stage 1&2 ECL collective allowance	Total
	USD	USD	USD
Balance at 01 January 2018	839,384	1,125,523	1,964,907
IFRS 9 transition: 1 January 2018	(30,387)	550,853	520,466
Provision for credit impairment for the year	29,676	1,585,817	1,615,493
Provisions released	-	(199,530)	(199,530)
Balance at 31 December 2018	838,673	3,062,663	3,901,336
Loans written off	(837,047)	-	(837,047)
Provision for credit impairment for the year	5,255,427	158,227	5,413,654
Transfer between stages	2,040,965	(2,040,965)	-
Provisions released	-	(506,904)	(506,904)
Balance at 31 December 2019	**7,298,018**	**673,021**	**7,971,039**
Provision for credit impairment for the year	**-**	**47,305**	**47,305**
Transfer between stages	**-**	**-**	**-**
Provisions raised	**8,699,562**	**599,152**	**9,298,714**
Balance at 31 December 2020	**15,997,580**	**1,319,478**	**17,317,058**
2020			
Segment A	**-**	**4,071**	
Segment B	**15,997,580**	**1,315,407**	
2019			
Segment A	-	21,911	
Segment B	7,298,018	651,110	
2018			
Segment A	838,673	33,018	
Segment B	-	3,029,645	

11. Loans and advances to customers (continued)

(e) Allowance for credit impairment by industry sectors	2020 Gross amount of loans	2020 Impaired loans	2020 Stage 3 ECL/ specific allowance	2020 Stage 1&2 ECL collective allowance	2020 Total allowances for credit impairment	2019 Total allowances for credit impairment	2018 Total allowances for credit impairment
Bank – Total	USD	USD	USD	USD	USD	USD	USD
Consumer	6,688,690	-	-	68,560	68,560	25,408	156,602
Financial Institutions	2,405,404	-	-	2,176	2,176	13,479	5,187
Industrials	84,904	-	-	683	683	-	-
Mining and Metals	23,684,488	-	-	415	415	2,598	-
Personal	-	-	-	-	-	5,744	2,819
Power and Infrastructure	-	-	-	-	-	199	842,361
Real Estate	23,003,357	-	-	5,629	5,629	7,351	179,374
Global Business Licence Holders	149,207,870	21,168,525	15,997,580	1,242,015	17,239,595	7,916,260	2,714,993
	205,074,713	21,168,525	15,997,580	1,319,478	17,317,058	7,971,039	3,901,336
Segment A							
Consumer	1,274,709	-	-	1,212	1,212	5,594	21,928
Financial Institutions	2,405,404	-	-	2,176	2,176	13,479	5,187
Industrials	84,904	-	-	683	683	-	-
Mining and Metals	-	-	-	-	-	-	-
Oil and Gas	-	-	-	-	-	-	-
Personal	-	-	-	-	-	2,639	2,215
Power and Infrastructure	-	-	-	-	-	199	842,361
Real Estate	-	-	-	-	-	-	-
Global Business Licence Holders	-	-	-	-	-	-	-
	3,765,017	-	-	4,071	4,071	21,911	871,691
Segment B							
Consumer	5,413,981	-	-	67,348	67,348	19,814	134,674
Financial Institutions	-	-	-	-	-	-	-
Industrials	-	-	-	-	-	-	-
Mining and Metals	23,684,488	-	-	415	415	2,598	-
Personal	-	-	-	-	-	3,105	604
Power and Infrastructure	-	-	-	-	-	-	-
Real Estate	23,003,357	-	-	5,629	5,629	7,351	179,374
Telecoms and Media	-	-	-	-	-	-	-
Global Business Licence Holders	149,207,870	21,168,525	15,997,580	1,242,015	17,239,595	7,916,260	2,714,993
	201,309,696	21,168,525	15,997,580	1,315,407	17,312,987	7,949,128	3,029,645

Impaired loans of USD21,168,525 as at 31 December 2020 (2019: 21,908,817) were from clients resident in Zimbabwe and Mozambique.

11. Loans and advances to customers (continued)

31 December 2020

Reconciliation of the expected credit losses for loans and advances at amortised cost

	Opening ECL balance	Transfers between stages: Transfer Stage 1 to/from	Transfers between stages: Transfer Stage 2 to/ from	Transfers between stages: Transfer Stage 3 to/from	Transfers between stages: Total	Income statement movement: Originated "New" impairments raised	Income statement movement: Changes in ECL - due to modifications	Income statement movement: Subsequent changes in ECL	Income statement movement: Total	Time Value of Money	Closing balance	Post write-off recoveries recognised in PL
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Stage 1												
Corporate lending Amortised cost	673,021	-	(79,170)	-	(79,170)	47,305	-	294,749	342,054	-	935,905	-
Financial Investment at Amortised Costs	1,663	-	-	-	-	3,228	-	(1,663)	1,565	-	3,228	-
Financial Investment at FVOCI	74	-	-	-	-	238	-	(74)	164	-	238	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	206730	-	-	-	-	588,539	-	(154,024)	434,515	-	641,245	-
Non-Funded Facilities at Amortised Cost	152,731	-	-	-	-	135,923	-	(8,037)	127,886	-	280,617	-
Total	1,034,219	-	(79,170)	-	(79,170)	775,233	-	130,951	906,184	-	1,861,233	-
Stage 2												
Corporate lending Amortised cost	-	79,170	-	-	79,170	-	-	304,403	304,403	-	383,573	-
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	340	-	-	-	-	-	-	87,719	87,719	-	88,059	-
Total	340	79,170	-	-	79,170	-	-	392,122	392,122	-	471,632	-
Stage 3 (excluding IIS)												
Corporate lending Amortised cost	7,298,018	-	-	-	-	-	-	8,565,936	8,565,936	133,626	15,997,580	-
Financial Investment at Amortised Costs	-	-	-	-	-	-	-	-	-	-	-	-
Financial Investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending/Cash and Cash Equivalent at Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-
Non-Funded Facilities at Amortised Cost	146,198	-	-	-	-	-	-	(146,198)	(146,198)	-	-	-
Total	7,444,216	-	-	-	79,170	-	-	8,419,738	8,419,738	133,626	15,997,580	-
Total ECL	8,478,775	79,170	(79,170)	-	-	775,233	-	8,942,811	9,718,044	133,626	18,330,445	-

11. Loans and advances to customers (continued)

31 December 2020

Credit risk exposure of Loans and advances at Amortised cost

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)	Balance sheet impairments for non-performing specifically impaired loans (stage 3)
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending*	206,348,504	40,901,714	0	118,610,207	9,239,548	0	15,154,719	12,008,812	10,433,504	22,442,316	5,170,945	1,273,791	15,997,580
Gross carrying value of loans and advances	206,348,504	-	-	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit loss provision for cash and cash equivalents at amortised cost	(17,317,058)	-	-	-	-	-	-	-	-	-	-	-	-
Stage 1	(935,905)												
Stage 2	(383,573)												
Stage 3	(15,997,580)												
Purchased/originated credit impaired	-												
Interest In Suspense (IIS)	(1,273,791)												
Net carrying value of loans and advances at amortised cost	187,757,655												

*The corporate lending exclude interest in suspense.

Loans and advances include the element of MTM amounting USD626,384 from Hedge accounting (ref note 9.3.2).

11. Loans and advances to customers (continued)

31 December 2019

Reconciliation of the expected credit losses for loans and advances at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement				Impaired accounts written off	Time Value of Money	Reclassification in/out of AC measurement catogory	Closing balance	Post write-off recoveries recognised in PL
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Total					
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1														
Corporate lending	1,046,919	-	-	(25,221)	(25,221)	158,227	-	(506,904)	(348,677)	-	-	-	673,021	-
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,046,919	-	-	(25,221)	(25,221)	158,227	-	(506,904)	(348,677)	-	-	-	673,021	-
Stage 2														
Corporate lending	2,015,744	-	-	(2,015,744)	(2,015,744)	-	-	-	-	-	-	-	-	-
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,015,744	-	-	(2,015,744)	(2,015,744)	-	-	-	-	-	-	-	-	-

11. Loans and advances to customers (continued)

31 December 2019

Reconciliation of the expected credit losses for loans and advances at amortised cost (continued)

	Opening ECL balance	Transfers between stages				Income statement movement				Impaired accounts written off	Time Value of Money	Reclassification in/out of AC measurement catogory	Closing balance	Post write-off recoveries recognised in PL
		Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Total					
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 3 (excluding IIS)														
Corporate lending	838,673	25,221	2,015,744	-	2,040,965	-	-	5,387,128	5,387,128	(837,047)	(131,701)	-	15,997,580	(770)
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	838,673	25,221	2,015,744	-	2,040,965	-	-	5,387,128	5,387,128	(837,047)	(131,701)	-	15,997,580	-
Purchased/originated credit impaired														
Corporate lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
														-
Total ECL	3,901,336	25,221	2,015,744	(2,040,965)	-	158,227	-	4,880,224	5,038,451	(837,047)	(131,701)		7,971,039	(770)

11. Loans and advances to customers (continued)

31 December 2019

Credit risk exposure of loans and advances at amortised cost

	Gross Carrying value	SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3		Total gross carrying amount of non-performing loans	Balance sheet impairments for non-performing specifically impaired loans (stage 3)
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub standard	Doubtful		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending*	235,127,799	68,813,306	-	144,253,030	-	-	-	11,994,491	10,066,972	22,061,463	7,298,018
Gross carrying value of loans and advances	235,127,799	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit loss provision for cash and cash equivalents at amortised cost	(7,971,039)	-	-	-	-	-	-	-	-	-	-
Stage 1	(673,021)										
Stage 2	-										
Stage 3	(7,298,018)										
Purchased/originated credit impaired	-										
Interest In Suspense (IIS)	(152,646)										
Net carrying value of loans and advances at amortised cost	227,004,114										

*The corporate lending exclude interest in suspense.

Loans and advances include the element of MTM amounting USD from 598,843 Hedge accounting (ref note 9.3.2).

11. Loans and advances to customers (continued)

31 December 2018

Reconciliation of the expected credit losses for loans and advances at amortised cost

	Opening balance	Transfers between stages: Transfer to/from Stage 1	Transfer to/from Stage 2	Transfer to/from Stage 3	Total	Income statement movement: Originated "New" impairments raised	Subsequent changes in ECL	De-recognition	Total	Closing ECL
		USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1										
Corporate lending	(704,725)	-	-	-	-	(541,724)	199,530	-	(342,194)	(1,046,919)
Sovereign lending	-	-	-	-	-	-	-	-	-	-
Bank lending					-	-			-	-
Intercompany	-	-	-	-	-	-	-	-	-	-
Total	(704,725)	-	-	-	-	(541,724)	199,530	-	(342,194)	(1,046,919)
Stage 2										
Corporate lending	(971,650)	-	-	-	-	(1,044,094)	-	-	(1,044,094)	(2,015,744)
Sovereign lending	-	-	-	-	-	-	-	-	-	-
Bank lending					-	-			-	-
Intercompany	-	-	-	-	-	-	-	-	-	-
Total	(971,650)	-	-	-	-	(1,044,094)	-	-	(1,044,094)	(2,015,744)
Stage 3 (excl IIS)										
Corporate lending	(808,997)		-	-	-	(29,676)	-	-	(29,676)	(838,673)
Sovereign lending	-	-	-	-	-	-	-	-	-	-
Bank lending					-	-			-	-
Intercompany	-	-	-	-	-	-	-	-	-	-
Total	(808,997)	-	-	-	-	(29,676)	-	-	(29,676)	(838,673)
Total ECL	(2,485,372)	-	-	-	-	(1,615,494)	199,530	-	(1,415,964)	(3,901,336)

31 December 2018

Credit risk exposure of Loans and advances at amortised cost

	Gross Carrying value	SB 1 - 12 Stage 1	SB 1 - 12 Stage 2	SB 13 - 20 Stage 1	SB 13 - 20 Stage 2	SB 21 - 25 Stage 1	SB 21 - 25 Stage 2	Stage 3 Sub standard	Stage 3 Doubtful	Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending*	232,247,656	46,878,723	-	174,165,329	-	-	10,076,899	-	1,126,705	1,126,705	812,391	314,314
Sovereign lending	-	-	-	-	-	-	-	-	-	-	-	-
Bank lending	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying value of loans and advances	232,247,656											
Less: Total expected credit loss provision for cash and cash equivalents at amortised cost	(3,901,336)											
Stage 1	(1,046,919)											
Stage 2	(2,015,744)											
Stage 3	(838,673)											
Purchased/originated credit impaired	-											
Interest In Suspense (IIS)	(314,314)											
Net carrying value of loans and advances at amortised cost	228,032,006											

Loans and advances include the element of MTM amounting USD387,004 from Hedge accounting (ref note 9.3.2).

12. Financial investments

	Segment A 2020	Segment A 2019	Segment A 2018	Segment B 2020	Segment B 2019	Segment B 2018	Bank - Total 2020	Bank - Total 2019	Bank - Total 2018
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Comprising of									
Sovereign bonds	6,335,418	10,319,779	7,253,408	213,641,375	186,755,638	140,111,062	219,976,793	197,075,417	147,364,470
	6,335,418	10,319,779	7,253,408	213,641,375	186,755,638	140,111,062	219,976,793	197,075,417	147,364,470
Classified as:									
Net debt financial investments measured at amortised cost	-	-	-	213,641,375	186,755,638	140,111,062	213,641,375	186,755,638	140,111,062
Gross debt financial investments measured at amortised cost	-	-	-	213,644,603	186,757,301	140,111,207	213,644,603	186,757,301	140,111,207
Less: Expected credit losses for debt financial investments measured at amortised cost (note 12.4)	-	-	-	(3,228)	(1,663)	(145)	(3,228)	(1,663)	(145)
Net debt financial investments measured at fair value through OCI	6,335,418	10,319,779	7,253,408	-	-	-	6,335,418	10,319,779	7,253,408
Gross debt financial investments measured at fair value through OCI	6,335,656	10,319,853	7,253,476	-	-	-	6,335,656	10,319,853	7,253,476
Less: Expected credit losses (ECL) for debt financial investments measured at fair value through OCI	(238)	(74)	(68)	-	-	-	(238)	(74)	(68)

12.1 Maturity analysis

	Segment A 2020	Segment A 2019	Segment A 2018	Segment B 2020	Segment B 2019	Segment B 2018	Bank - Total 2020	Bank - Total 2019	Bank - Total 2018
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Current:									
Up to 3 months	1,277,224	6,098,962	5,105,953	92,851,338	-	140,111,062	94,128,562	6,098,962	145,217,015
Over 3 months and up to 6 months	-	2,728,584	-	-	93,333,639	-	-	96,062,223	-
Over 6 months and up to 12 months	5,058,194	1,492,233	2,147,455	-	-	-	5,058,194	1,492,233	2,147,455
Non-current:									
Over 1 year and up to 5 years	-	-	-	120,790,037	93,421,999	-	120,790,037	93,421,999	-
	6,335,418	10,319,779	7,253,408	213,641,375	186,755,638	140,111,062	219,976,793	197,075,417	147,364,470

12. Financial investments (continued)

12.2 Reconciliation of Financial investments measured at fair value through OCI

	Segment A	Segment B	Total
2020	USD	USD	USD
Balance at 01 January 2020	**10,319,779**	-	**10,319,779**
Purchase of Financial Investments	**6,310,218**	-	**6,310,218**
Matured	**(10,319,779)**	-	**(10,319,779)**
Accrued Interest	**13,952**	-	**13,952**
Fair value movements	**11,486**	-	**11,486**
Impairment - ECL	**(238)**	-	**(238)**
Balance at 31 December 2020	**6,335,418**	-	**6,335,418**
2019			
Balance at 01 January 2019	7,253,408	-	7,253,408
Purchase of Financial Investments	10,221,650	-	10,221,650
Matured	(7,253,408)	-	(7,253,408)
Accrued Interest	75,655	-	75,655
Fair value movements	22,548	-	22,548
Impairment - ECL	(74)	-	(74)
Balance at 31 December 2019	10,319,779	-	10,319,779
2018			
Balance at 01 January 2018	5,230,260	19,719,130	24,949,390
Purchase of Financial Investments	1,933,120	-	1,933,120
Matured	-	(19,719,130)	(19,719,130)
Accrued Interest	75,752	-	75,752
Fair value movements	14,344	-	14,344
Impairment - ECL	(68)	-	(68)
Balance at 31 December 2018	7,253,408	-	7,253,408

12. Financial investments (continued)

12.3 Reconciliation of Financial investments measured at amortised cost

	Segment A	Segment B	Total
2020	USD	USD	USD
Balance at 01 January 2020	-	**186,755,638**	**186,755,638**
Purchase of Financial Investments	-	**121,720,890**	**121,720,890**
Matured	-	**(93,580,257)**	**(93,580,257)**
Accrued Interest	-	**(1,253,331)**	**(1,253,331)**
Fair value movements	-	-	-
Impairment - ECL	-	**(1,565)**	**(1,565)**
Balance at 31 December 2020	-	**213,641,375**	**213,641,375**
2019			
Balance at 01 January 2019	-	140,111,062	140,111,062
Purchase of Financial Investments	-	185,962,545	185,962,545
Matured	-	(140,111,062)	(140,111,062)
Accrued Interest	-	794,756	794,756
Fair value movements	-	-	-
Impairment - ECL	-	(1,663)	(1,663)
Balance at 31 December 2019	-	186,755,638	186,755,638
2018			
Balance at 01 January 2018	-	98,663,423	98,663,423
Purchase of Financial Investments	-	139,405,855	139,405,855
Matured	-	(98,663,423)	(98,663,423)
Accrued Interest	-	705,352	705,352
Fair value movements	-	-	-
Impairment - ECL	-	(145)	(145)
Balance at 31 December 2018	-	140,111,062	140,111,062

12. Financial investments (continued)
12.4 Reconciliation of expected credit losses for debt financial investments measured at amortised cost
31 December 2020

	Opening ECL 1 January 2020	Transfers between stages	Income statement movement				Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2020
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign										
Stage 1	1,663	-	3,228	-	(1,663)	-	1,565	-	-	3,228
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	1,663	-	3,228	-	(1,663)	-	1,565	-	-	3,228

12.5 Reconciliation of expected credit losses for debt financial investments measured at fair value through OCI

	Opening ECL 1 January 2020	Transfers between stages	Income statement movement				Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2020
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign										
Stage 1	74	-	238	-	(74)	-	164	-	-	238
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	74	-	238	-	(74)	-	164	-	-	238

12. Financial investments (continued)
12.6 Reconciliation of expected credit losses for debt financial investments measured at amortised cost
31 December 2019

	Opening ECL 1 January 2019	Transfers between stages	Income statement movement				Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2019
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign										
Stage 1	145	-	1,663	-	-	(145)	1,518	-	-	1,663
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	145	-	1,663	-	-	(145)	1,518	-	-	1,663

12.7 Reconciliation of expected credit losses for debt financial investments measured at fair value through OCI

	Opening ECL 1 January 2019	Transfers between stages	Income statement movement				Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2019
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign										
Stage 1	68	-	74	-	-	(68)	6	-	-	74
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	68	-	74	-	-	(68)	6	-	-	74

13. Property, Plant and Equipment

	Computer Equipment	Office Equipment	Furniture and Fittings	Motor Vehicles	Total
	USD	USD	USD	USD	USD
Bank Total Cost					
Balance at 01 January 2018	3,890,204	821,056	2,261,071	200,908	7,173,239
Acquisitions	423,434	6,418	1,294,246	-	1,724,098
Balance at 31 December 2018	4,313,638	827,474	3,555,317	200,908	8,897,337
Acquisitions	297,890	214,316	910,373	-	1,422,579
Disposals	(1,612,718)	(86,919)	(17,045)	-	(1,716,682)
Balance at 31 December 2019	**2,998,810**	**954,871**	**4,448,645**	**200,908**	**8,603,234**
Acquisitions	**256,604**	**8,402**	**31,140**	**-**	**296,146**
Transfers	**-**	**-**	**(246,628)**	**-**	**(246,628)**
Disposals	**(1,637)**	**-**	**-**	**(13,687)**	**(15,324)**
Balance at 31 December 2020	**3,253,777**	**963,273**	**4,233,157**	**187,221**	**8,637,428**
Depreciation and Impairment Losses					
Balance at 01 January 2018	3,189,084	606,129	1,293,149	47,442	5,135,804
Depreciation for the year	265,041	74,694	216,885	27,326	583,946
Balance at 31 December 2018	3,454,125	680,823	1,510,034	74,768	5,719,750
Depreciation for the year	299,124	79,645	277,612	25,053	681,434
Disposal	(1,612,577)	(85,746)	(15,497)	-	(1,713,820)
Balance at 31 December 2019	**2,140,672**	**674,722**	**1,772,149**	**99,821**	**4,687,364**
Depreciation for the year	**347,908**	**86,329**	**329,785**	**25,053**	**789,075**
Disposal	**(1,637)**	**-**	**-**	**(13,687)**	**(15,324)**
Balance at 31 December 2020	**2,486,943**	**761,051**	**2,101,934**	**111,187**	**5,461,115**
Carrying Amounts					
Balance at 31 December 2020	**766,834**	**202,222**	**2,131,223**	**76,034**	**3,176,313**
Balance at 31 December 2019	858,138	280,149	2,676,496	101,087	3,915,870
Balance at 31 December 2018	859,513	146,651	2,045,283	126,140	3,177,587

	Segment A	Segment B	Total
2020	USD	USD	USD
Depreciation	**(20,994)**	**(768,081)**	**(789,075)**
Carrying amounts	**84,508**	**3,091,805**	**3,176,313**
2019			
Depreciation	(37,707)	(643,727)	(681,434)
Carrying amounts	216,686	3,699,184	3,915,870
2018			
Depreciation	-	(583,946)	(583,946)
Carrying amounts	-	3,177,587	3,177,587

14. Intangible assets

	Computer Software	Other Intangible	Total
	USD	USD	USD
Bank - Total			
Cost			
Balance at 01 January 2018	276,308	19,815,739	20,092,047
Acquisitions	12,321	-	12,321
Balance at 31 December 2018	288,629	19,815,739	20,104,368
Acquisitions	-	255,591	255,591
Disposals	(154,861)	-	(154,861)
Balance at 31 December 2019	133,768	20,071,330	20,205,098
Acquisitions	22,318	522,142	544,460
Disposals	-	-	-
Balance at 31 December 2020	**156,086**	**20,593,472**	**20,749,558**
Amortisation and Impairment Losses			
Balance at 01 January 2018	178,056	396,412	574,468
Amortisation for the year	24,888	1,361,764	1,386,652
Balance at 31 December 2018	202,944	1,758,176	1,961,120
Amortisation for the year	22,352	1,366,024	1,388,376
Disposals	(154,861)	-	(154,861)
Balance at 31 December 2019	70,435	3,124,200	3,194,635
Amortisation for the year	24,956	1,440,242	1,465,198
Disposals	-	-	-
Balance at 31 December 2020	**95,391**	**4,564,442**	**4,659,833**
Carrying amount at 31 December 2020	**60,695**	**16,029,030**	**16,089,725**
Carrying amount at 31 December 2019	63,333	16,947,130	17,010,463
Carrying amount at 31 December 2018	85,685	18,057,563	18,143,248

There were no capitalised borrowing costs related to the acquisition of software during the year (2019: Nil).

	Segment A	Segment B	Total
2020	USD	USD	USD
Depreciation	**(38,983)**	**(1,426,215)**	**(1,465,198)**
Carrying amounts	**428,077**	**15,661,648**	**16,089,725**
2019			
Depreciation	(76,826)	(1,311,550)	(1,388,376)
Carrying amounts	941,278	16,069,185	17,010,463
2018			
Depreciation	-	(1,386,652)	(1,386,652)
Carrying amounts	-	18,143,248	18,143,248

15. Leases

(i) Amounts recognised in statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2020	31 December 2019	01 January 2019
	USD	USD	USD
Right-of-use assets			
Buildings	**2,253,434**	2,799,711	3,355,178
Others	**406,949**	506,548	582,920
	2,660,383	3,306,259	3,938,098
Lease liabilities			
Current	**640,302**	627,296	550,318
Non-Current	**2,164,933**	2,760,484	3,387,780
	2,805,235	3,387,780	3,938,098

Additions to the right-of-use assets during the 2020 financial year were nil. (2019: USD44,819)

(ii)Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020	2019	2018
	USD	USD	USD
Depreciation charge of right-of-use assets			
Buildings	**(546,277)**	(599,909)	-
Others	**(99,599)**	(105,647)	-
	(645,876)	(705,556)	-
Interest expense (note 25)	**(152,342)**	(204,502)	-
Expense relating to short-term lease (note 32)	**(72,875)**	(136,076)	-

The total cash outflow for leases in 2020 was USD734,887 (2019: USD828,344).

	Segment A	Segment B	Bank
2020	USD	USD	USD
Depreciation	**(17,184)**	**(628,692)**	**(645,876)**
Carrying amounts of right-of-use assets	**70,781**	**2,589,602**	**2,660,383**
Lease liabilities	**(74,635)**	**(2,730,600)**	**(2,805,235)**
2019			
Depreciation	(39,042)	(666,514)	(705,556)
Carrying amounts of right-of-use assets	182,953	3,123,306	3,306,259
Lease liabilities	187,464	3,200,316	3,387,780

16. Deferred tax assets/(liabilities)

The movement on the deferred tax amount is as follows:	2020	2019	2018
	USD	USD	USD
Bank - Total			
At 01 January	**(435,000)**	(760,000)	(38,000)
Impact of IFRS 9 adjustment	**-**	-	15,000
Balance after IFRS 9 adjustment	**(435,000)**	(760,000)	(23,000)
Movement during the year recognised in profit or loss (note 34)	**557,835**	325,000	(737,000)
Movement during the year recognised in OCI	**30,852**	-	-
At 31 December	**153,687**	(435,000)	(760,000)
Segment A			
At 01 January	**(62,000)**	(87,340)	237,660
Impact of IFRS 9 adjustment	**-**	-	(13,000)
Balance after IFRS 9 adjustment	**(62,000)**	(87,340)	224,660
Movement during the year recognised in profit or loss	**5,482**	25,340	(312,000)
Movement during the year recognised in OCI	**1,131**	-	-
Deferred tax liability as at 31 December	**(55,387)**	(62,000)	(87,340)
Segment B			
At 01 January	**(373,000)**	(672,660)	(275,660)
Impact of IFRS 9 adjustment	**-**	-	28,000
Balance after IFRS 9 adjustment	**(373,000)**	(672,660)	(247,660)
Movement during the year recognised in profit or loss	**552,353**	299,660	(425,000)
Movement during the year recognised in OCI	**29,721**	-	-
Deferred tax asset/(liability) as at 31 December	**209,074**	(373,000)	(672,660)
Deferred income tax assets and liabilities are attributable to the following items:			
Deferred tax assets:			
Expected credit losses	**913,254**	425,000	175,000
Other temporary differences	**55,067**	26,000	35,000
Impact of IFRS 9 adjustment	**-**	-	15,000
	968,321	451,000	225,000
Deferred tax liabilities:			
Accelerated depreciation	**(814,634)**	(886,000)	(985,000)
	(814,634)	(886,000)	(985,000)

16. Deferred tax assets/(liabilities) (continued)

The deferred tax (release)/charge in profit or loss comprise the following differences:	2020	2019	2018
	USD	USD	USD
Expected credit losses	(488,254)	(235,000)	10,000
Other temporary differences	1,785	9,000	50,000
Accelerated depreciation	(71,366)	(99,000)	677,000
	(557,835)	(325,000)	737,000

17. Other assets

Mandatory balances with Central Bank	6,242,309	7,150,640	8,687,635
Other	761,171	911,696	1,098,011
	7,003,480	8,062,336	9,785,646
Segment A			
Mandatory balances with Central Bank	6,242,309	7,150,640	8,687,635
Other	381,870	723,345	703,286
	6,624,179	7,873,985	9,390,921
Segment B			
Other	379,301	188,351	394,725
	379,301	188,351	394,725
Current	7,003,480	8,062,336	9,785,646

1. Deposits are placed with the Central Bank for the purpose of reserve requirements and are therefore not available for use.
2. Other consists of prepayment, stock for stationery, sundry debtor vendor and withholding tax.

18. Deposits from banks

Bank – Total			
Money Market Deposits	97,076,705	35,238,690	30,041,705
Other deposits from banks	3,301,486	53,163,940	4,674,694
	100,378,191	88,402,630	34,716,399
Segment A			
Money Market Deposits	40,070,267	20,230,089	20,038,889
Other deposits from banks	2,931,365	-	4,611,702
	43,001,632	20,230,089	24,650,591
Segment B			
Money Market Deposits	57,006,438	15,008,601	10,002,816
Other deposits from banks	370,121	53,163,940	62,992
	57,376,559	68,172,541	10,065,808
Current	100,378,191	88,402,630	34,716,399

19. Deposits from customers

	2020	2019	2018
	USD	USD	USD
Bank Total			
Corporates			
- Demand deposits			
Current accounts	388,785,370	349,356,964	373,479,903
Savings accounts	5,521	20,089	6,175,472
Call accounts	638,174,325	529,250,397	598,151,869
- Time deposits			
Up to 3 months	467,548,873	247,015,629	366,119,430
Over 3 months and up to 6 months	2,093,575	7,118,952	17,526,263
Over 6 months and up to 12 months	7,542,632	71,062,812	21,584,165
Over 1 year and up to 5 year	193,116	7,272,633	4,594,086
Over 5 years	-	-	-
	1,504,343,412	1,211,097,476	1,387,631,188
Segment A			
- Demand deposits			
Current accounts	17,574,686	27,523,920	22,858,584
Savings accounts	5,521	20,089	6,175,472
Call accounts	43,555,684	18,134,041	24,897,192
- Time deposits			
Up to 3 months	691,996	9,276,027	41,886,767
Over 3 months and up to 6 months	1,426	554,322	4,736,515
Over 6 months and up to 12 months	3,304,114	29,816,355	1,433,009
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
	65,133,427	85,324,754	101,987,539
Segment B			
- Demand deposits			
Current accounts	371,210,684	321,833,044	350,621,319
Call accounts	594,618,641	511,116,356	573,254,677
- Time deposits			
Up to 3 months	466,856,877	237,739,602	324,232,664
Over 3 months and up to 6 months	2,092,149	6,564,630	12,789,747
Over 6 months and up to 12 months	4,238,518	41,246,457	20,151,156
Over 1 year and up to 5 years	193,116	7,272,633	4,594,086
Over 5 years	-	-	-
	1,439,209,985	1,125,772,722	1,285,643,649
Current liabilities	1,504,150,293	1,203,824,843	1,383,037,102
Non-current liabilities	193,119	7,272,633	4,594,086

20. Other Borrowed Funds

Bank Total and segment B			
Borrowings from banks	-	470,766	1,412,299
Current	-	470,766	1,412,299

21. Current tax liabilities

	2020	2019	2018
	USD	USD	USD
Bank Total			
Income tax based on chargeable income	1,107,001	1,175,000	1,194,000
Withholding taxes	(33,268)	-	-
Advanced payments made	(850,964)	(298,219)	(520,738)
	222,769	876,781	673,262
Segment A			
Income tax based on chargeable income	125,613	318,000	356,000
Advanced payments made	(22,640)	(155,847)	(162,163)
	102,973	162,153	193,837
Segment B			
Income tax based on chargeable income	981,388	857,000	838,000
Withholding taxes	(33,268)	-	-
Advanced payments made	(828,324)	(142,372)	(358,575)
	119,796	714,628	479,425

22. Other liabilities

Accrued expense		1,692,836	1,945,216	1,960,546
Unsettled money market transactions[1]		-	2,908,320	35,956,035
Retirement benefit obligations	31(c)	1,422,660	751,580	-
Other liabilities & provisions		606,469	1,007,628	1,280,002
Sundry Creditors		1,308,001	1,220,288	1,398,360
Others[2]		4,403,744	4,290,628	3,918,960
		9,433,710	12,123,660	44,513,903
Segment A				
Accrued expense		45,039	107,640	136,143
Retirement benefit obligations		37,851	41,562	-
Other liabilities & provisions		40,339	1,007,628	1,005,547
Sundry Creditors		1,308,001	1,220,288	1,398,360
Others[2]		1,856,950	2,460,940	3,255,960
		3,288,180	4,838,058	5,796,010
Segment B				
Accrued expense		1,647,797	1,837,576	1,824,403
Unsettled money market transactions[1]		-	2,908,320	35,956,035
Retirement benefit obligations		1,384,809	710,018	-
Other liabilities & provisions		566,130	-	274,455
Others[2]		2,546,794	1,829,688	663,000
		6,145,530	7,285,602	38,717,893
Current		8,573,292	11,263,242	43,649,703
Non-Current		860,418	860,418	864,200

[1] Relate to uncleared balances on nostro accounts for money market transactions with value date after trade date. These are usually cleared within 2 business days.
(2) Others comprise of clearance settlement, credit in transit, VAT and provision for off-balance sheet.

23. Share capital

	2020	2019	2018
	USD	USD	USD
Authorised capital:			
Ordinary (40,000,000 shares of USD1 each)	40,000,000	40,000,000	40,000,000
Issued and paid capital			
Ordinary (35,000,000 shares of USD1 each)	35,000,000	35,000,000	35,000,000
Unissued capital			
Ordinary (5,000,000 shares of USD1 each)	5,000,000	5,000,000	5,000,000

24. Contingent liabilities

	2020	2019	2018
	USD	USD	USD
Total Bank			
Guarantees on account of customers	12,792,706	22,504,859	21,424,246
Letters of credit and other obligations on account of customers	10,316,151	7,209,848	14,807,646
	23,108,857	29,714,707	36,231,892
Less IFRS 9 provision on off-balance sheet exposures	(14,047)	(21,406)	(34,219)
	23,094,810	29,693,301	36,197,673
Segment A			
Guarantees on account of customers	137,971	1,010,758	763,875
Letters of credit and other obligations on account of customers	-	630,960	662,112
	137,971	1,641,718	1,425,987
Less IFRS 9 provision on off-balance sheet exposures	(633)	(2,212)	(4,604)
	137,338	1,639,506	1,421,383
Segment B			
Guarantees on account of customers	12,654,735	21,494,101	20,660,371
Letters of credit and other obligations on account of customers	10,316,151	6,578,888	14,145,534
	22,970,886	28,072,989	34,805,905
Less IFRS 9 provision on off-balance sheet exposures	(13,414)	(19,194)	(26,615)
	22,957,472	28,053,795	34,779,290

24. (a) Reconciliation of the allowance for expected credit loss for "off balance sheet" exposures, by class

	O/B	Transfers between stages				Income statement movement				Closing ECL balance
		Trf to/from Stage 1	Trf to/from Stage 2	Trf to/from Stage 3	Total	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total	
31 December 2020	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1 & 2										
Letters of credit	5,709	-	-	-	-	-	(1,435)	-	(1,435)	4,274
Guarantees	15,697	-	-	-	-	81	(6,005)	-	(5,924)	9,773
Total	21,406	-	-	-	-	81	(7,440)	-	(7,359)	14,047

	O/B	Transfers between stages				Income statement movement				Closing ECL balance
		Trf to/from Stage 1	Trf to/from Stage 2	Trf to/from Stage 3	Total	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total	
31 December 2019	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1										
Letters of credit	1,275	-	-	-	-	3,041	1,393	-	4,434	5,709
Guarantees	32,944	-	-	-	-	13,729	(30,976)	-	(17,247)	15,697
Total	34,219	-	-	-	-	16,770	(29,583)	-	(12,813)	21,406

	O/B	Transfers between stages				Income statement movement				Closing ECL balance
		Trf to/from Stage 1	Trf to/from Stage 2	Trf to/from Stage 3	Total	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total	
31 December 2018	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1										
Letters of credit	62	-	-	-	-	1,275	(62)	-	1,213	1,275
Guarantees	55,298	-	-	-	-	26,346	(48,700)	-	(22,354)	32,944
Total	55,360	-	-	-	-	27,621	(48,762)	-	21,141	34,219

25. Net interest income

	2020	2019	2018
	USD	USD	USD
Bank- Total			
Interest income measured at amortised cost			
Loans and advances to banks	14,632,462	27,066,873	25,556,655
Loans and advances to customers	10,337,454	13,562,851	9,626,721
Financial investments	2,525,869	3,753,411	2,042,933
Other (IFRS Unwinding)	181,148	233,218	180,676
Total interest income	27,676,933	44,616,353	37,406,985
Interest income on items measured at fair value through OCI			
Financial investments	122,761	262,629	506,597
Total	27,799,694	44,878,982	37,913,582
Interest expense			
Interest expense on items measured at amortised cost			
Deposits from banks	(586,483)	(1,261,543)	(1,094,473)
Deposits from customers	(4,278,139)	(11,012,804)	(8,114,109)
Other:			
Interest on lease liabilities	(152,342)	(204,502)	-
Total interest expense	(5,016,964)	(12,478,849)	(9,208,582)
Net interest income	22,782,730	32,400,133	28,705,000
Segment A			
Interest income measured at amortised cost			
Loans and advances to banks	78,583	124,050	109,212
Loans and advances to customers	216,921	566,282	567,983
Total interest income	295,504	690,332	677,195
Interest Income on items measured at fair value through OCI			
Financial investments	122,761	262,629	239,483
Total	418,265	952,961	916,678
Interest expense			
Interest expense on items measured on an amortised cost			
Deposits from banks	(404,689)	(575,770)	(402,886)
Deposits from customers	(242,818)	(498,953)	(620,225)
Other:			
Interest on lease liabilities	(152,342)	(204,502)	-
Total interest expense	(799,849)	(1,279,225)	(1,023,111)
Net interest (expense)/income	(381,584)	(326,264)	(106,433)
Segment B			
Interest income measured at amortised cost			
Loans and advances to banks	14,553,879	26,942,823	25,447,443
Loans and advances to customers	10,120,533	12,996,569	9,058,738
Financial investments	2,525,869	3,753,411	2,042,933
Other (IFRS Unwinding)	181,148	233,218	180,676
Total	27,381,429	43,926,021	36,729,790
Interest income on items measured at fair value through OCI			
Financial investments	-	-	267,114
Total interest income	27,381,429	43,926,021	36,996,904
Interest expense on items measured on an amortised cost			
Deposits from banks	(181,794)	(685,773)	(691,587)
Deposits from customers	(4,035,321)	(10,513,851)	(7,493,884)
Total interest expense	(4,217,115)	(11,199,624)	(8,185,471)
Net interest income	23,164,314	32,726,397	28,811,433

26. Net fee and commission income

	2020 USD	2019 USD	2018 USD
Fee and commission income			
Corporate banking customer fees	3,938,973	4,570,726	4,746,472
Corporate banking credit-related fees	1,646,244	1,728,839	1,791,748
Investment Banking fees	21,750	295,304	33,284
Custody fees	157,459	336,527	577,460
Total fee and commission income	5,764,426	6,931,396	7,148,964
Fee and commission expense	(135,615)	(311,241)	(407,468)
Net fee and commission income	5,628,811	6,620,155	6,741,496
Segment A			
Fee and commission income			
Corporate banking customer fees	47,977	71,595	51,085
Corporate banking credit-related fees	32,861	60,201	48,586
Custody fees	157,459	336,527	577,460
Total fee and commission income	238,297	468,323	677,131
Fee and commission expense	(135,615)	(311,241)	(407,468)
Net fee and commission income	102,682	157,082	269,663
Segment B			
Fee and commission income			
Corporate banking customer fees	3,890,996	4,499,131	4,695,387
Corporate banking credit-related fees	1,613,383	1,668,638	1,743,162
Investment Banking fees	21,750	295,304	33,284
Total fee and commission income	5,526,129	6,463,073	6,471,833
Net fee and commission income	5,526,129	6,463,073	6,471,833

27. Net trading income

	2020 USD	2019 USD	2018 USD
Fixed Income/Money Market	46,311	59,557	(434,531)
Foreign exchange	6,022,148	7,331,860	11,980,973
Other	-	8,200	63,745
	6,068,459	7,399,617	11,610,187
Segment A			
Fixed Income/Money Market	46,311	59,557	(434,531)
Foreign exchange	823,596	2,322,217	2,814,958
Other		-	63,745
	869,907	2,381,774	2,444,172
Segment B			
Fixed Income/Money Market		-	-
Foreign exchange	5,198,552	5,009,643	9,166,015
Other	-	8,200	-
	5,198,552	5,017,843	9,166,015

28. Net income from other financial instruments carried at fair value

	2020 USD	2019 USD	2018 USD
Bank Total and Segment A			
Government Bonds/Treasury Bills	54,964	40,066	105,647
Other	(118)	-	710
	54,846	40,066	106,357

29. Other operating income

	2020 USD	2019 USD	2018 USD
Bank Total			
Total other Income	275,506	336,855	316,141
Segment A			
Rental income and recharges	280,300	336,855	316,141
Segment B			
Currency Sell-off	(4,794)	-	-

30. Net impairment (charge)/gain on financial assets

	2020 USD	2019 USD	2018 USD
Bank Total			
Loans and advances to customers*	(9,212,393)	(5,038,450)	(1,415,964)
Loans and advances to banks & cash and cash equivalents	(434,515)	27,423	(29,518)
Financial investments	(1,729)	(1,524)	1,858
Non-funded facilities**	(69,519)	(148,810)	(11,717)
Recoveries on loans and advances previously written off	-	770	-
	(9,718,156)	(5,160,591)	(1,455,341)
Segment A			
Loans and advances to customers	17,840	12,551	(57,595)
Loans and advances to banks & cash and cash equivalents	472	(311)	(146)
Financial investments	(164)	(6)	303
Non-funded facilities	(16,921)	(10,861)	(13,468)
Recoveries on loans and advances previously written off	-	770	-
	1,227	2,143	(70,906)
Segment B			
Loans and advances to customers	(9,230,233)	(5,051,001)	(1,358,369)
Loans and advances to banks & cash and cash equivalents	(434,987)	27,734	(29,372)
Financial investments	(1,565)	(1,518)	1,555
Non-funded facilities	(52,598)	(137,949)	1,751
	(9,719,383)	(5,162,734)	(1,384,435)

* Loans and advanced to customers include unwind time value of money USD265,127.
** Impairment charge relates to off-balance sheet exposures.

31. (a) Personnel expenses

	2020 USD	2019 USD	2018 USD
Bank Total			
Wages and salaries	4,658,517	5,087,752	4,880,071
Other personnel expenses	1,535,154	3,051,083	3,012,636
Compulsory social security obligations	16,112	23,060	20,460
Contributions to defined contribution plans	481,184	523,361	508,193
Retirement benefit cost	119,136	502,159	-
Share-based payment - cash settled	106,086	347,850	260,380
	6,916,189	9,535,265	8,681,740
Segment A			
Wages and salaries	123,943	281,532	311,423
Other personnel expenses	40,844	168,833	192,252
Compulsory social security obligations	429	1,276	1,306
Contributions to defined contribution plans	12,802	28,960	32,431
Retirement benefit cost	3,170	27,787	-
Share-based payment - cash settled	2,822	19,248	16,616
	184,010	527,636	554,028
Segment B			
Wages and salaries	4,534,574	4,806,220	4,568,648
Other personnel expenses	1,494,310	2,882,250	2,820,384
Compulsory social security obligations	15,683	21,784	19,154
Contributions to defined contribution plans	468,382	494,401	475,762
Retirement benefit cost	115,966	474,372	-
Share-based payment - cash settled	103,264	328,602	243,764
	6,732,179	9,007,629	8,127,712

31. (b) Share Based Payments

(i) Share Incentive Scheme

	Option price range (cents)	Number of Options		
		2020	2019	2018
		USD	USD	USD
Share Incentive Scheme reconciliation				
Options outstanding at beginning of year		-	23,125	26,188
Transfers		-	-	-
Exercised	98.80	-	(23,125)	(3,063)
Options outstanding at end of year		-	-	23,125

At 31 December 2020, the Bank issued nil (2019: 23,125) SBG shares to settle outstanding appreciated rights value.

(ii) Deferred bonus scheme (DBS)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the regions. The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the group's share price on vesting date.

The final value is calculated with reference to the number of units multiplied by the Standard Bank Group share price and is delivered in cash in Mauritius. The award also accrues notional dividends during the vesting period, payable at vesting.

The provision in respect of liabilities at 31 December 2020 and the amount charged for the year under the scheme amounts to USD185,715 (2019: USD257,129). Total expenses recognised in staff costs for 2020 was USD106,086 (2019: USD347,850).

	Units		
	2020	2019	2018
Reconciliation	USD	USD	USD
Units outstanding at beginning of year	-	7,189	18,812
Granted	983	-	-
Transferred out	1,176	-	-
Exercised	(458)	(7,189)	(11,623)
Lapsed	-	-	-
	1,701	-	7,189
Units outstanding at end of the year			
Weighted average fair value at grant date (R)	152.64	n/a	n/a
Expected life (years)	2.51	n/a	n/a
Risk-free interest rate (%)	n/a	n/a	n/a

(iii) Cash settled deferred bonus scheme (CSDBS)

Employees granted an annual performance award over a threshold have part of their award deferred. In addition, the Group makes special awards of CSDBS to qualifying employees.

The award units are denominated in employee's host countries' local currency, the value of which moves parallel to the changes in the price of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. Final pay-out is determined with reference to SBG share price on vesting date.

(iii) Cash settled deferred bonus scheme (CSDBS) (continued)

31 December 2020

Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance (Unit)	Granted (Unit)	Forfeited (Unit)	Exercised (Unit)	Transferred between group companies (Unit)	Outstanding (Unit)
MUR	152.64	2.51	115,342	51,269	(3,702)	(52,932)	-	109,977
UGX	-	-	-			(15,085)	30,171	15,086

31 December 2019

Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance (Unit)	Granted (Unit)	Forfeited (Unit)	Exercised (Unit)	Transferred between group companies (Unit)	Outstanding (Unit)
MUR	182.43	2.51	80,379	66,189	-	(32,358)	1,132	115,342

31 December 2018

Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance (Unit)	Granted (Unit)	Forfeited (Unit)	Exercised (Unit)	Transferred between group companies (Unit)	Outstanding (Unit)
MUR	220.97	2.51	46,745	49,214	-	(15,580)	-	80,379

31. (c) Retirement Benefits

The Bank participates in a defined contribution pension plan. Its contribution for DC employees is expensed to the income statement and amounted to USD458,071 for December 2020 (2019: USD523,361).

The Bank has recognised a net defined liability of USD1,422,660 as at 31 December 2020 (2019: USD751,580) in respect of employees whose benefits from the DC plan are not expected to fully offset the Bank's retirement gratuity obligations under the Workers' Rights Act (WRA) 2019 and in respect of any retirement and death gratuities for employees who are not members of any pension plan.

The Bank is subject to an unfunded defined benefit plan for its employees. The plan exposes the Bank to normal risks described below:

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the DC plan debt's investments and a decrease in inflationary pressures on salary and pension increases.

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

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

31. (c) Retirement Benefits (continued)

	2020	2019
	USD	USD
Reconciliation of Net Defined Benefit Liability		
Opening balance	751,580	-
Amount recognised in profit or loss	119,136	502,159
Amount recognised in other comprehensive income*	610,572	249,421
Less benefits paid	(58,628)	-
Closing Balance	1,422,660	751,580
Reconciliation of Present Value of Defined Benefit Obligation		
Opening balance	751,580	-
Current service cost	82,745	477,913
Interest expense	36,391	24,246
Benefits paid	(58,628)	-
Liability experience loss	49,098	205,764
Liability loss due to change in financial assumptions	561,474	43,657
Closing Balance	1,422,660	751,580
Components of amount recognised in profit or loss		
Current service cost	82,745	477,913
Net Interest on net defined benefit liability	36,391	24,246
	119,136	502,159
Components of amount recognised in other comprehensive income		
Liability experience loss	49,098	205,764
Liability loss due to change in financial assumptions	561,474	43,657
	610,572	249,421

During the year, benefits paid for the unfunded scheme amounted to USD58,628 (2019: USD nil). The Bank anticipates to make payment of USD62,008 in the coming 12 months to employees reaching retirement age in the unfunded plan. One staff has been assumed to be retiring in the next reporting year.

	2020	2019
Principal assumptions used at end of year		
Discount rate	3.0%	5.6%
Rate of salary increases	2.5%	2.8%
Average retirement age (ARA)	60	60
	USD	USD
Sensitivity analysis on defined benefit obligation at end of year		
Increase due to 1% decrease in discount rate	324,675	225,175
Decrease due to 1% increase in discount rate	283,025	185,885

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

Future cashflows
The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

Expected employer contribution for the next year	62,008
Weighted average duration of the defined benefit obligation	17 years

* Remeasurement of defined benefit liabilities net of tax amount to USD579,720.

32. Operating lease expenses

	2020	2019	2018
	USD	USD	USD
Bank Total			
Operating lease expense	72,875	136,076	776,865
Segment A			
Operating lease expense	1,939	7,530	49,576
Segment B			
Operating lease expense	70,936	128,546	727,289

Operating lease commitments
The future minimum lease payments under non-cancellable operating lease are as follows:

	2020	2019	2018
Bank Total			
Buildings			
Less than one year	5,199	6,140	907,455
Between one and five years	-	-	3,825,322
	5,199	6,140	4,732,777
Bank Total			
Buildings			
Less than one year	42,452	38,109	88,221
Between one and five years	39,925	4,489	7,411
	82,377	42,598	95,632

From 01 January 2019, the Bank has recognised right of use assets for most of its operating lease. The operating lease commitments comprise mainly of rental of PC's, laptops and photocopiers. The lease terms make provision for a yearly charge in the operating lease charges as per the rental agreement.

33. Other expenses

	2020	2019	2018
	USD	USD	USD
Bank Total			
Software licensing and other information technology cost	**1,254,654**	1,560,177	1,459,583
Professional Fees	**1,210,320**	1,720,320	1,587,336
Marketing & Advertising	**232,562**	266,056	404,295
Bank Charges	**835,079**	996,786	832,103
Other	**3,404,578**	1,584,239	3,007,004
	6,937,193	6,127,578	7,290,321
Segment A			
Software licensing and other information technology cost	**33,382**	86,333	93,144
Professional Fees	**32,494**	99,096	129,857
Marketing & Advertising	**6,187**	14,722	25,800
Bank Charges	**22,218**	55,157	53,101
Other	**86,707**	(384,826)	191,893
	180,988	(129,518)	493,795
Segment B			
Software licensing and other information technology cost	**1,221,272**	1,473,844	1,366,439
Professional Fees	**1,177,826**	1,621,224	1,457,479
Marketing & Advertising	**226,375**	251,334	378,495
Bank Charges	**812,861**	941,629	779,002
Other	**3,317,871**	1,969,065	2,815,111
	6,756,205	6,257,096	6,796,526

34. Income tax expense

	2020	2019	2018
	USD	USD	USD
Income tax charge	**1,342,562**	1,133,253	994,418
Deferred tax (release)/charge (note 16)	**(557,835)**	(325,000)	737,000
Income tax expense	**784,727**	808,253	1,731,418
Bank-Total			
Net profit before income taxes	**8,265,790**	23,061,950	27,304,316
Current tax based on adjusted profit	**422,956**	976,400	1,079,753
Non-allowable expenses	**21,523**	(117,509)	17,854
Tax rate differentials	**-**	(204,663)	418,701
Under/(over) provision in previous years	**80,161**	(109,250)	(290,714)
Under provision of tax in current year	**80,450**	18,285	21,693
Special Levy	**79,121**	177,486	392,999
Absorbed Value Added Tax	**21,454**	17,522	39,304
Other taxes	**79,062**	49,982	51,828
	784,727	808,253	1,731,418
Segment A			
Net profit before income taxes	**483,280**	2,032,433	1,861,595
Current tax based on adjusted profit	**33,830**	345,514	316,471
Non-allowable expenses	**789**	(136,327)	5,751
Tax rate differentials	**-**	(39,509)	135,900
Under/(over) provision in previous years	**45,678**	(84,165)	(340,065)
Under/(over) provision of tax in current year	**43,347**	(53,378)	96,811
Special Levy	**79,121**	177,486	131,872
Absorbed Value Added Tax	**571**	970	3,256
Other taxes	**1,011**	2,766	4,290
	204,347	213,357	354,286

34. Income tax expense (continued)

	2020	2019	2018
	USD	USD	USD
Segment B			
Net profit before income taxes	**7,782,510**	21,029,517	25,442,721
Current tax based on adjusted profit	**389,126**	630,886	763,282
Non-allowable expenses	**20,734**	18,818	12,103
Tax rate differentials	**-**	(165,154)	282,801
Under/(over) provision in previous years	**34,483**	(25,085)	49,351
Under/(over) provision of tax in current year	**37,103**	71,663	(75,118)
Special Levy	**-**	-	261,127
Absorbed Value Added Tax	**20,883**	16,552	36,048
Other taxes	**78,051**	47,216	47,538
	580,380	594,896	1,377,132

35. Statutory and Other Reserves

	Credit Risk Reserves	Fair Value Reserves	Share Based Payment	Employee Benefits Reserves	Total
	USD	USD	USD	USD	USD
Balance at 01 January 2018	115,666	(14,954)	29,360	-	130,072
Net gain on fair value of debt instruments	-	14,276	-	-	14,276
Share based payment	-	-	94,373	-	94,373
Transfer from credit risk reserve	(115,666)	-	-	-	(115,666)
Balance at 01 January 2019	-	(678)	123,733	-	123,055
Net gain on fair value of debt instruments	-	22,474	-	-	22,474
Remeasurement of defined benefit liabilities	-	-	-	(249,421)	(249,421)
Share based payment	-	-	2,137	-	2,137
Transfer to credit risk reserve	1,456,926	-	-	-	1,456,926
Balance at 01 January 2020	**1,456,926**	**21,796**	**125,870**	**(249,421)**	**1,355,171**
Net gain on fair value of debt instruments	**-**	**(8,905)**	**-**	**-**	**(8,905)**
Remeasurement of defined benefit liabilities	**-**	**-**	**-**	**(579,720)**	**(579,720)**
Share-based payment	**-**	**-**	**(125,870)**	**-**	**(125,870)**
Transfer from credit risk reserve	**(943,599)**	**-**	**-**	**-**	**(943,599)**
	513,327	**12,891**	**-**	**(829,141)**	**(302,923)**

	2020	2019	2018
	USD	USD	USD
Statutory reserves	**23,580,741**	22,458,581	19,120,527
Other reserves	**(302,923)**	1,355,171	123,055
Statutory & other reserves	**23,277,818**	23,813,752	19,243,582

Credit Risk Reserves
The Bank makes an appropriation from retained earnings to credit risk reserves to comply with the prudential guideline issued.

Fair Value Reserves
The fair value reserves include the cumulative net change in the fair value of other comprehensive income for financial investments, including impairment losses until the investment is derecognised.

Share Based Payments
The fair value of share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve.

36. Commitments

	2020	2019	2018
Bank Total			
Loans and other facilities	USD	USD	USD
Undrawn credit facilities	**182,661,673**	144,347,386	103,075,445
Less Stages 1 and 2 ECL Collective Allowance	**(354,741)**	(131,665)	(116,240)
Less Stage 3 Specific Allowance	**-**	(146,198)	-
	182,306,932	144,069,523	102,959,205

36. Commitments (continued)

A reconciliation of the allowance for expected credit loss for "off-balance sheet" exposures, by class:

2020

	Opening Balance	Transfers between stages				Income statement movement			Closing ECL balance
		Trf to/from Stage 1	Trf to/from Stage 2	Trf to/from Stage 3	Total	Originated "New" impairments raised	Subsequent changes in ECL	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1									
Irrevocable facilities	131,497	-	-	-	-	135,842	(597)	135,245	266,742
Stage 2									
Irrevocable facilities	168	-	-	-	-	-	87,831	87,831	87,999
Stage 3									
Irrevocable facilities	146,198	-	-	-	-	-	(146,198)	(146,198)	-
Total	277,863	-	-	-	-	135,842	(58,963)	76,879	354,741

37. Related Parties

	2020	2019	2018
	USD	USD	USD
Emoluments			
Full time directors	944,946	1,042,774	1,009,068
Non-executive directors	119,443	130,344	104,470
Key management personnel	1,606,929	1,794,696	1,816,400
Emoluments – Key Management Personnel			
Short-Term Employee Benefits	1,557,607	1,717,491	1,871,765
Recharges	-	-	(113,166)
Deferred bonus scheme	49,322	77,205	57,801
	1,606,929	1,794,696	1,816,400
Long Term Employment Benefit			
Full-time directors	95,421	43,588	45,248
Key management personnel	163,778	96,257	87,118

The following transactions were carried out with related parties:

	2020	2019	2018
(I) Balances and placements with Parent	USD	USD	USD
At 01 January	595,911,452	824,848,382	712,416,023
Made during the years	33,258,887,547	31,672,205,611	45,540,353,552
Repaid during the year	(32,736,093,668)	(31,901,142,541)	(45,427,921,193)
At 31 December	1,118,705,331	595,911,452	824,848,382
Analysis by related party			
Standard Bank of South Africa	1,118,705,331	595,911,452	824,848,382
Loans and advances to Parent			
At 01 January	-	-	-
Repaid during the year	-	-	-
At 31 December	-	-	-
Loans and advances related to Standard Bank of South Africa			
Interest received from parent during the year	13,241,988	21,719,315	21,817,300
Analysis by related party			
Standard Bank of South Africa	13,241,988	21,719,315	21,817,300
Accrued interest receivable from parent at 31 December	5,152,517	2,959,160	3,108,649
Analysis by related party			
Standard Bank of South Africa	5,152,517	2,959,160	3,108,649

37. Related Parties (continued)

(ii) Balances and placements with Other Related parties	2020 USD	2019 USD	2018 USD
At 01 January	**2,013,987**	89,804,042	100,293,240
Repaid during the year	**(2,006,214)**	(87,790,055)	(10,489,198)
At 31 December	**7,773**	2,013,987	89,804,042
Loans and advances to Other Related parties			
At 01 January	**6,912,697**	8,169,551	65,740,618
Repaid during the year	**(1,256,854)**	(1,256,854)	(57,571,067)
At 31 December	**5,655,843**	6,912,697	8,169,551
Analysis by related party			
Stanbic Bank Kenya Limited	**5,655,843**	6,912,697	8,169,551
Stanbic Bank Uganda Limited	**-**	-	-
	5,655,843	6,912,697	8,169,551
Interest received from other related entities during the year	**272,915**	438,389	1,090,569
Analysis by related party			
Stanbic Bank Kenya Limited	**272,915**	438,389	758,769
Stanbic Bank Uganda Limited	**-**	-	331,800
	272,915	438,389	1,090,569
Accrued interest receivable from other related entities at 31 December	**536**	1,122	121,862
Analysis by related party			
Stanbic Bank Kenya Limited	**536**	1,122	121,862

None of the facilities provided during the year under review was non-performing.

(iii) Borrowings from Parent	2020	2019	2018
At 01 January	**470,714**	1,412,143	2,595,414
Repaid during the year	**(470,714)**	(941,429)	(1,183,271)
At 31 December	**-**	470,714	1,412,143
Analysis by related party			
Standard Bank of South Africa	**-**	470,714	1,412,143
Interest paid during the year	**9,396**	47,082	87,198
Interest payable at 31 December	**-**	52	156

Interest paid during the year relate to Standard Bank of South Africa.

(iv) Deposits from other related parties	2020	2019	2018
At 01 January	**66,597,131**	10,108,450	35,998,522
Received during the year	**1,521,000,000**	790,000,000	1,288,000,000
Repaid during the year	**(1,530,565,077)**	(733,511,319)	(1,313,890,072)
At 31 December	**57,032,054**	66,597,131	10,108,450
Interest paid on deposits	**172,398**	638,692	604,389
Interest payable at 31 December	**6,438**	8,653	2,972

37. Related Parties (continued)

(v) Deposits from Parent	2020 USD	2019 USD	2018 USD
At 01 January	**1,257,577**	1,790,188	3,764,686
Received during the year	**-**	-	-
Repaid during the year	**(955,027)**	(532,611)	(1,974,498)
At 31 December	**302,550**	1,257,577	1,790,188
Interest paid on deposits	**-**	-	-

Balances relate to vostro accounts from Standard Bank of South Africa.

(vi) Deposits from Directors	2020	2019	2018
At 01 January	**-**	266,185	304,289
Received during the year	**-**	283,893	638,665
Repaid during the year	**-**	(550,078)	(676,768)
At 31 December	**-**	-	266,186
Interest paid during the year	**-**	1,057	5,542

(vii) Recharges	2020	2019	2018
Recharges to other related entities	**640,865**	765,138	865,759
Recharges to parent	**65,223**	79,953	85,415

(viii) Expenses	2020	2019	2018
Management fees paid to parent	**1,044,181**	1,403,973	1,424,293
Other expenses paid to parent	**2,757,142**	1,049,112	1,764,241
Other expenses paid to other related entities	**-**	-	2,100
	3,801,323	2,453,085	3,190,634

Most of the other expenses paid to parent relate to IT support costs.

(ix) Amounts accrued but not yet paid for services rendered by parent	2020	2019	2018
Management fees	**227,489**	319,974	367,396
IT Support services	**1,072,610**	748,595	875,843
License fee	**-**	148,564	148,564
Others	**7,902**	2,660	6,560
	1,308,001	1,219,793	1,398,363
(x) Dividend paid to owner	**5,000,000**	10,000,000	-

Dividend per share was USD0.14 for the year ended 31 December 2020 (2019: 0.29, 2018: nil).

(xi) Foreign Exchange transactions

The Bank conducts foreign exchange transactions with Group entities, in the hedging of its currency risk.

(xii) The Bank did not have any non-performing related party exposure as at 31st December 2020 (2019: nil and 2018: nil)

As at 31 December 2020, the Bank's top five exposures to related parties was USD1,130m which was 10 times the Bank's Tier I Capital.

38. Parent companies

The immediate parent company is Stanbic Africa Holdings Ltd, a company incorporated in the United Kingdom and the ultimate parent company is Standard Bank Group, a company incorporated in South Africa.

39. Subsequent event

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report which could significantly affect the financial position of the Bank at 31 December 2020.