Standard Bank

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Standard Bank (Mauritius) Limited

ANNUAL REPORT for the year ended 31 December 2021

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ANNUAL REPORT

for the year ended 31 December 2021

Standard Bank IT CAN BE™

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 2021. It highlights our long-term strategy (p. 10); the trends and challenges facing our business (p. 12); the performance of our business lines over the past year (p.17); the risks we face (p. 24); and the governance practices that ensure our resilience (p. 45).

It includes material information up to the date of Board approval on 23 March 2022.

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.

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BUSINESS **REVIEW**

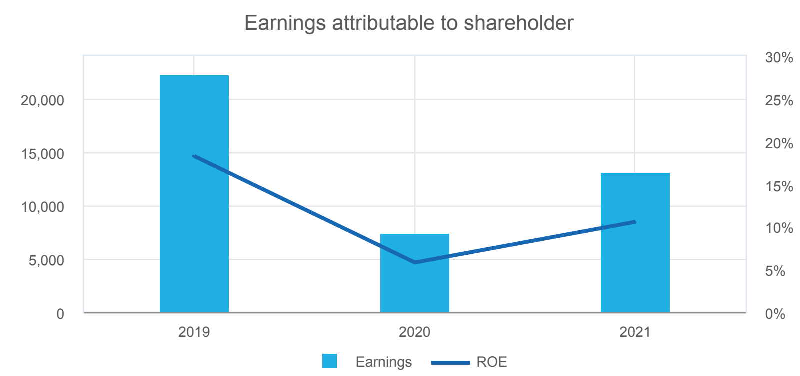
ABOUT STANDARD BANK MAURITIUS

The Bank, a wholly owned subsidiary of Standard Bank Group Limited, 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 identify opportunities, as well as risks relating to country, sector and clients. This enables us to respond quickly and appropriately to changes in our operating context. We remain focused on key sectors where we have deep sector-specific knowledge and expertise, while being sufficiently diversified across geographies and markets to reduce our exposure to risk, and demonstrate resilience in the face of an ever-changing operating environment.

Financial Highlights

	Dec-21	Dec-20	Dec-19
	USD'000	USD'000	USD'000
Earnings attributable to shareholder	**13,098**	7,481	22,254
Statement of Financial Position			
Gross Loans to Customers	**186,722**	206,349	235,128
Total Assets	**2,190,454**	1,750,166	1,446,356
Total Deposits	**2,059,139**	1,604,722	1,299,500
Shareholder's Funds	**118,716**	129,750	127,857
Common Equity Tier 1 / Tier 1 Capital before regulatory adjustment	**103,335**	112,980	109,241
Risk weighted assets	**328,851**	350,753	422,285
Performance Ratios (%)			
Return on average total assets	**0.7%**	0.5%	1.5%
Return on average equity	**10.5%**	5.8%	18.3%
Return on average Tier I Capital	**12.1%**	6.7%	21.5%
Cost to Income Ratio	**58.4%**	48.3%	39.7%
Non interest income to total income	**47.8%**	34.6%	30.8%
Loan to Deposit Ratio	**9.6%**	13.7%	19.8%
Capital Adequacy Ratio			
Common Equity Tier 1 / Tier 1 Capital Ratio	**31.4%**	32.2%	25.9%
Capital to risk weighted assets	**32.3%**	33.0%	26.1%
Asset Quality			
Non performing loans (NPL)	**22,419**	22,442	21,909
NPL Ratio (%)	**12.0%**	9.3%	9.3%
Allowance for loan impairment losses	**17,999**	18,331	8,479
Credit loss ratio (CLR)	**0.8%**	3.8%	1.9%
Number of employees	**129**	127	134



Performance Highlights

Return on Equity 10.5%

Cost to Income 58.4%

PAT USD 13.1m

Diversity Score 43%

Our Brand – It Can Be

Standard Bank Mauritius positioned itself as the partner for growth on the continent it calls home. In 2021, the Bank rolled out its brand awareness initiatives to showcase our brand promise—'Finding New Ways to Make Dreams Possible'—supported by our brand slogan 'It Can Be'. Communicated in strategic locations and across our social media platforms, '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 explore solutions to make our clients' dreams possible.

Accolades

In 2021, the prestigious magazine Global Finance recognised the Bank as 'Best Treasury & Cash Management Bank 2021' in Mauritius. Winners were chosen in 75 countries, as well as regionally. A variety of subjective and objective criteria were considered for this recognition, including: profitability, market share and reach, customer service, competitive pricing, product innovation and the extent to which treasury and cash management providers have successfully differentiated themselves from their competitors around their core service provision.

Sponsorships

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 are essential to building our brand and creating relevance in the markets in which we operate. However, with the continued sanitary restrictions related to Covid-19, our sponsorship events had to be postponed and/or cancelled. This includes the cancellation of The Standard Bank Royal Raid 2021, which was initially scheduled for November 2021.

This year, the Bank was a platinum sponsor of the Mauritius Finance Week organised by the Economic Development Board (EDB) held at the 2020 Dubai Expo, UAE. The aim was to showcase Mauritius as an International Financial Centre of choice. Our Standard Bank team in Dubai represented Standard Bank Mauritius and attended the various Business Forums. In 2022, the Bank is also set to participate in a number of webinars, where we aim to showcase our African strategy and demonstrate how Mauritius is uniquely positioned to be a sustainable hub for Africa.

Chairman's Message

Arvind Hari
Chairman

On behalf of the Board of Standard Bank (Mauritius Limited), I am honoured to present our Annual Report for the financial year ended 31 December 2021.

As I assume the position of Chairman of the Bank, I would like to pay tribute to Duncan Westcott, who sadly passed away, leaving big shoes to fill in. Over his 12-year tenure at the Bank, Duncan left an indelible mark through his extensive financial experience and his passion for the work he undertook. We are grateful for his steady leadership and friendship over the years, and I will strive to uphold his legacy.

Our performance in context

This handing-off of the baton comes at a time when we are still being impacted by the shock waves of the pandemic. The uncertainties related to Covid-19 are still playing out, with the emergence of new variants reversing much of the economic and social progress made. The FED maintained interest rates at an all-time low, inflation scaled up and there is high volatility in global capital markets.

Locally, the pace of recovery is slower than anticipated due to the sluggish recovery in tourism. However, the government's social protection schemes have played a vital role in averting a social crisis. On a positive note, a successful vaccination campaign and the reopening of borders in October 2021 have revived the Mauritian economy and spirit. The island also exited the FATF's grey list, demonstrating our willingness to strengthen our governance and regulatory frameworks, and putting us back on the map as a reliable International Financial Centre. All of this bodes well for Mauritius.

After a year of adaptation, the teams settled into the new ways of working, ensuring seamless operations across our business lines. This was enabled by flexible work arrangements, the adoption of digital tools to communicate amongst ourselves and with clients, and a new architecture that fosters collaboration and a superior client experience. These endeavours bore their fruit, delivering a strong financial performance with a Profit after Tax of USD 13.1m, a 75% improvement over 2020. With a strong capital base, we distributed dividends of USD 25m to our shareholder, Stanbic Africa Holdings Limited, during the year.

Strengthening Governance, Risk and Conduct

We are using the challenges presented by the pandemic to transform the Bank into a digital, customer-centric and resilient organisation. This prompted us to review our strategic priorities and risk management framework:

- One of the most immediate effects of the pandemic was the increased credit risk and the impact on the credit quality of our clients, leading us to review our credit ratings, exercise more prudence in extending credit lines and carry out more frequent rapid risk reviews;

- We increased the monitoring of potentially vulnerable clients across our credit portfolio and deepened our understanding of their business and jurisdictions;

- From a compliance perspective, we adhered to the new guidelines mandated by the Bank of Mauritius, coupled with an organisation-wide exercise to update client records;

- As we progress on our digital transformation journey, our cyber security capabilities and data security were strengthened.

In parallel, governance was heightened to ensure we maintain high standards of accountability, transparency and integrity, underpinned by a strong ethical culture across the organisation. Following my appointment as Chairman, changes were made to the Board Committees and a new committee, the Nomination and Remuneration Committee, was created to assist us in discharging our duties. We are also actively working towards improving the gender balance and diversity of skills on our Board to ensure we have the right mix of viewpoints, expertise and experience to perform optimally.

Our Social, Economic and Environmental (SEE) impact

As a Bank, we have long championed our essential role in uplifting our communities and protecting our natural resources. I am proud that despite the challenging circumstances, the Bank did not lose sight of this responsibility. We achieve these objectives through our CSR programme, which is centred on three core areas: education, environment and social. We are led by the conviction that education is the foundation for a sustainable and inclusive future; we therefore pursued our scholarship scheme for bright and needy students' undergraduate studies at the University of Mauritius. Under the environment pillar, we renewed our partnership with the Mauritian Wildlife Foundation on key projects, especially on protecting the Kestrel as an endangered species. In the social area, we raised funds during the Group's Stride Walkathon event, and donated them to Link to Life, an NGO that provides support to people affected by cancer.

Future outlook and acknowledgements

Looking ahead, Mauritius is on the path to a strong recovery, bringing with it a host of opportunities for us. The Bank is poised to benefit from a conducive operating environment, coupled with rising interest rates, which are expected to positively impact our earnings. Having readjusted and refreshed our strategy, keeping client centricity at the heart of our decisions, I am confident about our ability to grow our asset pipeline and improve our earnings.

I would like to thank Mr Lakshman Bheenick for his contribution to the Bank over the past few years and Mrs Michele Ah See for graciously stepping in as Acting Chief Executive and leading the Bank for the better part of the financial year. On behalf of the Board, I would also like to welcome our new Chief Executive, Mr François Gamet, who brings renewed passion and commitment to our purpose and an ambitious growth agenda for the Bank.

To my fellow Board members, thank you for placing your confidence in me. I am grateful for your counsel in navigating yet another challenging year. I would also like to express my gratitude to our clients, shareholders and regulators for their continued trust in the Bank.

This financial year has been a reminder that there is much to be learned from moments of adversity and that we must take stock of our silver linings. Having emerged stronger from the pandemic, I am confident that we have the fundamentals in place to be future-ready.

Arvind Hari
Chairman

23 March 2022

Chief Executive's Review

Francois Gamet
Chief Executive

I am honoured to be addressing you as the Chief Executive of Standard Bank Mauritius since my appointment in October 2021.

Overview of 2021

In my first few months as CE, I have been impressed by the Bank's adaptability, agility and resilience. Despite another lockdown in March 2021, we maintained high standards of operational activity, such that the operational impact of Covid-19 was invisible to our stakeholders, while remaining steadfast in our dedication to support our employees and serve our customers.

During the year, we faced a challenging operating environment plagued by low interest rates, disruptions in global supply chains and a subsequent slowdown in trading activities. While 2020 was about facing unexpected events, 2021 was about being prepared for change at every turn and understanding that uncertainty is part of the new normal. We are diligent about continuously monitoring the changing economic landscape. How we view risks has been reimagined in a post-Covid-19 world, and maintaining high levels of operational flexibility, in any circumstance, is critical. Similarly, the pandemic has fast-tracked the adoption of technology in banking services, which has fundamentally shifted the way we interact with our customers.

Executing our strategy in 2021 and building a future-fit organisation

In the midst of these challenging conditions, the Bank achieved a strong performance on the strategic, operational and risk management fronts. While most financial institutions have been hit hard by the pandemic across the globe, the Bank weathered the storm, driven by a combination of factors:

- Our client acquisition strategy, which is centred on attracting a diversity of clients from different sectors, has played a vital role in reducing our exposure to one single customer group or industry. This led to a positive impact on our portfolio of clients and reduced concentration risks.

- A more agile structure, after successfully implementing the Group architecture communicated back in 2019. The goal is to increase synergies between the Bank's various departments and teams, bringing us closer to our ambition of becoming an integrated financial services organisation. We merged our IT and Operations departments into one consolidated team and renamed certain functions to better reflect the shift in their roles.

- Close engagement with our clients. Beyond acquiring new clients, our efforts were also focused on deepening our relationships with our existing clients as they navigated choppy waters. We used data-driven insights to better understand their businesses and the jurisdictions in which they operate, anticipate their needs and improve the relevance of our services accordingly.

In shaping a future-fit organisation, we continue to measure our strategic progress and evaluate our performance against our value drivers:

Client Focus

Our clients are at the centre of everything we do. This principle has guided us in redesigning our structure, developing our digital capabilities and upskilling our people. We were rewarded with improvements in our Client Satisfaction Index, which increased to 8.4 in 2021. I believe this is the result of being flexible and adapting our services to client needs.

During the year, we rolled out a number of initiatives to meet the soaring demand for online services. Among the most notable ones were the deployment of a suite of digital services, such as the OneHub platform and the eMarket trading platform, to offer clients a range of digital solutions and more personalised experiences. Through our BOL mobile app, our customers can now access real-time information anytime, anywhere, from any device.

Today's clients are looking for more than just a service provider: they are looking for a partner who knows them, understands their needs and walks with them; a partner who is dedicated to making their dreams and aspirations come true. Our brand slogan, 'It Can Be', speaks to our desire and commitment to achieve this.

Employee Engagement

Keeping our employees protected and engaged remained one of our top priorities. The leadership and management teams did everything in their power to keep employees protected, and made sure to communicate frequently and purposefully with them, keep them updated with new developments, and offer opportunities for flexible work arrangements where possible.

Becoming future-ready cannot be achieved without the buy-in of our employees. We are working hard to nurture a People Culture conducive to continuous learning, agility and cross-collaboration. To achieve this, we invested heavily in training and development opportunities to equip our employees with the mindsets and behaviours required to quickly adapt to shifts in our markets. Our efforts are reflected in the results of our annual employee Net Promoter Score survey, which improved from 17+ last year to 25+ in 2021.

Above all, the pandemic has tested our mettle, as well as the strength of our purpose and values. Our people demonstrated their unwavering commitment to the Bank's purpose and underlying values as they seamlessly adapted to a new leadership team, new ways of working and new means of communicating—all while supporting our clients and delivering seamless customer experiences. This is an extraordinary feat and I am grateful to all our employees for their resilience in maintaining our operations despite the challenges.

Operational Excellence

In addition to the new structure of our business and teams, which largely contribute to a more efficient organisation, our transition to the Cloud took on more momentum as we formed strategic partnerships with reputed cloud providers Microsoft and Amazon. We focused on boosting our efficiencies, evidenced by the creation of a Client Due Diligence cell, which delivered quicker client onboarding and the initiation of robotics, amongst others.

Risk & Conduct and our Social, Economic and Environmental Impact were covered by the Chairman in his Report on page 6, and highlight the strides we made in strengthening our risk controls, protecting the environment and supporting our communities.

Our financial performance in 2021

Against this backdrop, the Bank delivered a robust financial performance and recorded significant improvements across key financial metrics, with headline earnings standing at USD 13.1m, up by 75.1% over 2020, and a return on equity of 10.5%. This strong revenue growth was supported by increased activity levels, which in turn led to improved trading revenues and transactional income, coupled with a significantly lower credit charge. We continued to feel the endowment impact of a persisting low-interest rate environment and our asset book saw a drop of 15.4% as our clients remained risk-averse. This drove net interest income down by 30% compared to 2020. Our deposits base, on the other hand, far exceeded our targets for the year, increasing by 29.2%, a testimony of the trust of our clients. This not only strengthened our balance sheet, which grew by 25.2%, but also our liquidity position.

Revising our strategy

To compete successfully in a world that demands greater agility, organisations must remain clear on their long-term vision, while rapidly adjusting to a changing operating environment. With this in mind, the Board approved our refreshed strategy at the end of 2021. Our three strategic priorities were redefined to reflect new realities, while also aligning themselves with the wider Group. Much of the work done in 2021 was centred on a better alignment of our structure, operations and teams with the wider Standard Bank franchise, so we can fully leverage the benefits of being part of a global institution with an extensive network of partners and clients. Our reviewed strategic priorities are now focused on:

-Transforming the client experience through a more efficient structure, digital offerings and a deeper understanding of our clients' needs;

- Executing with excellence by achieving operational efficiencies through technology, data and an engaged workforce;

- Driving sustainable growth and value for all our stakeholders, including our shareholders, employees, customers, regulators, the environment and society at large.

Underpinning this strategy is the ambition to position Standard Bank Mauritius at the forefront of the Group's African strategy. With a 20-year presence in Mauritius, the right architecture and tools in place, the support of a skilled team and progressive authorities who share our vision of making Mauritius the global gateway to Africa, I am confident that our refreshed strategy will serve this purpose.

Outlook for the future

As we enter a new financial year, the uncertainty is far from over, particularly as we have yet to feel the full impact of the pandemic's indirect effects or the consequences of major global events such as the war in Ukraine. Despite this, I am optimistic about the opportunities that lie ahead:

- We will pursue our client acquisition strategy, and also lend our support to existing clients as they recover, rebuild and explore new opportunities;
- We will build on our expertise to offer a strong value proposition to growth markets in Asia, China in particular. In parallel to this geographic diversification, we are also looking to grow our client base and servicing our clients ecosystem.
- We will continue harnessing the power of our data and technology to scale our businesses and better serve our clients. We have an extremely ambitious IT agenda, centred on cloud migration, data analytics and upskilling our teams to become more digital-savvy. Our digital transformation strategy will gather pace in 2022 as we transition our core banking system to the Cloud and initiate our platform journey, where ultimately, our ecosystem of partners will be integrated on one single platform.
- As Mauritius regains its legitimacy as an attractive financial centre, we intend to fully leverage the wider Group's network of partners to facilitate investments in Africa. Whether we achieve this or not hinges on increased collaboration and coordination between the Government and private sector.

I would like to thank our Board members and leadership team for their warm welcome and counsel in these tough times. To our customers, thank you for your continued trust and loyalty. I would also like to express my appreciation to our employees, whose courage and resilience have been nothing short of exceptional.

Having weathered the worst of the storm, I now look forward to this new chapter in Standard Bank Mauritius' story as it embarks on an ambitious regional strategy.

François Gamet
Chief Executive

23 March 2022

Management Discussion and Analysis

Strategy

We are an African-focused, client centric, digitally enabled financial services organisation. Our on-the-ground presence and relationships across Africa, with networks in international finance hubs, position us well to solve client problems and satisfy their needs in a fast-changing environment.

Our Group purpose is "Africa is our home; we drive her growth".

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

Standard Bank Mauritius Strategy

We remain focused on achieving Standard Bank Group's purpose, "Africa is our home, we drive her growth" and achieving its vision - To be the leading platform services organisation in, for and across Africa, delivering exceptional client experiences and superior value. Both reflect our commitment to the African continent and our desire to contribute to its sustainable growth.

Our strategy remains unchanged, but its execution is being accelerated alongside an evolving operating environment. In 2021, our strategy was further refined and articulated our unique differentiators, giving us the licence to operate, compete and win. It's what gives our clients, staff and shareholders confidence in us.

Our vision – What we aspire to be

To harness the power of Mauritius as the global gateway to Africa: We will create value for the Group and for our clients, joining and building platforms in Financial Services and beyond, partnering with them and growing their African businesses.

In alignment with the Group's focus to simplify its operating environment and strategic positioning, the Bank revised its three strategic priorities, which are critical in achieving its commercial goals:

Transform client experience	Execute with excellence	Drive sustainable growth and value
Using digital technology, data and human insights, we aim to understand our clients, partners and employees as deeply and empathetically as we can. We then use a combination of our human skills and digital capacities to meet their needs and enable them to achieve their goals.	We must maintain appropriate standards of risk management, uphold the highest standards of integrity and achieve operational excellence. We define operational excellence as the delivery of comprehensive solutions with maximum efficiency.	We will deliver inclusive, enduring and environmentally sustainable value to our shareholders and to the societies and economies we serve.

These focus areas and related strategic priorities have been cascaded down to each of our business lines and corporate functions for execution. In the short term, our focus was to respond to the Covid-19 crisis and manage our clients' expectations and staff's wellbeing, while continuing to support our clients and the economies they operate in as they strive to recover from the crisis.

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

To help us focus our efforts, we use six strategic value drivers to measure the progress made on our strategy and aspiration. The Bank uses Client Focus, Employee Engagement, Risk and Conduct and Operational Excellence to deliver on our Financial Outcomes, and SEE impact to evaluate our performance at every level, from how our Bank is performing overall, to assessing the progress of various teams and their individual team members. These value drivers support our implementation journey and are aligned with the Future-Ready framework that guides our execution.

OUR PURPOSE: **Africa is our home, we drive her growth**

OUR PRIORITIES: **Transform client experience** | **Execute with excellence** | **Drive sustainable growth and value**

OUR SUCCESS MEASURES: 6 VALUE DRIVERS: CLIENT FOCUS + EMPLOYEE ENGAGEMENT + RISK AND CONDUCT + OPERATIONAL EXCELLENCE = FINANCIAL OUTCOME | SEE IMPACT

Client Focus	Employee Engagement	Risk and Conduct	Operational Excellence	Financial Outcome	Social, Economic and Environmental impact
By placing the client at the heart of everything we do, we ensure the continued relevance and sustainability of our organisation.	Our people are our greatest asset. We are shaping a workforce ready to meet our clients' present and future needs. Our organisation's growth is directly correlated to the wellbeing and engagement of our team members.	Supporting our clients by doing business the right way, in compliance with relevant laws and regulations.	We use technology and data to better serve and protect our clients, reduce costs and scale our platform businesses.	Creating value for our shareholders, as measured by our financial outcomes.	Creating and maintaining shared value by contributing the Social, Economic and Environmental wellbeing of the communities in which we operate.

The impact of Covid-19 on our strategy

In 2021, Mauritius went in a second lockdown, with the majority of our employees working from home for most of the year. Based on our experience in 2020, we continued to adopt new practices, sped up our digitalisation processes both internally and for client-facing interactions, and improved our agile ways of working.

Our Strategic Outcomes

Our strategic value drivers measure our strategic progress and allow us to focus on the value we aspire to create.

CLIENT FOCUS

We provide consistently exceptional experience in the markets in which we operate and we aim to continuously improve our client experience and retain them to grow our active client portfolio. Our Client Focus is measured through our Customer Satisfaction Index (CSI), which improved from 8.1 in 2020 to 8.4 in 2021.

EMPLOYEE ENGAGEMENT

We ensure that our people feel deeply connected to our purpose, and are empowered and recognised. Employee engagement and loyalty are measured through the Employee Net Promoter Score (eNPS), which improved year on year from +17 to +25 in 2021.
We also measured our employee retention rate and employee diversity: the employee retention rate deteriorated year on year from 2.30% to 3.09% in 2021 following some key resignations during the year. Employee diversity remained above the 40% mark year on year.

RISK AND CONDUCT

Under Risk and Conduct, we ensure that we do the right business, the right way by adhering to our risk appetite. In 2021, we measured our NPL ratio at 12.0% (2020: 9.3%) as well as our credit loss ratio, which closed at 0.8% (2020: 3.8%). We also monitored our Conduct Index.

FINANCIAL OUTCOME

By keeping a close watch on these value drivers, we were able to deliver an improved financial outcome in 2021, with an ROE of 10.5% (2020: 5.8%) despite the challenging environment.

Operating Environment

Major market trends	Impact on our business	How we are responding	Link to strategic objectives
The Covid-19 pandemic and global economic slowdown In 2021, the global economy remained under the influence of the Covid-19 pandemic. The emergence of new variants has ushered in further uncertainty as to when this pandemic will come to an end. This has led to supply chain disruptions across the globe, triggering inflationary pressures. Given the global economic climate, the IMF has forecasted a global growth of 5.9% for 2021. Mauritius has been subject to multiple restrictions over the year in view of managing and mitigating the impact of the pandemic. The ongoing vaccination programme initiated under the aegis of the government has greatly contributed to maintaining economic activities. The economy is showing positive signs of recovery, with some sectors such as construction, financial services faring well, whilst the export drivers were adversely impacted. There was a marked deceleration in the tourism sector, caused by the onset of the Delta and Omicron variants and the subsequent travel bans imposed by several countries. As a result, a positive GDP growth of 4.8% is expected for 2021, making up much of the ground lost last year. Headline inflation is projected to peak at about 4.0% for 2021, with domestic inflation scaling up on account of supply side disturbances.	Our clients' business operations experienced a slowdown, as evidenced by the contraction in our trade finance activities, as well as transactional volumes. In view of the challenging economic conditions, the Bank adopted a more cautious approach in extending credit lines to customers. The Bank also reviewed its exposure to Mauritian corporates and sectors that were hard-hit by the pandemic, such as tourism and travel. The Bank pursued its strategy to diversify its client base and attract clients from a wide portfolio of sectors. This strategy proved right, as we witnessed a positive impact on our clients.	With Health and Safety risks still posing a threat, our priority was to support our clients and keep our employees safe, while also ensuring that our systems remained stable and capable of supporting client engagement. Drawing from our experiences in 2020, our approach to managing credit risk remained centred on deepening our knowledge of our clients' business and of their operating environment. We also leverage our African network to better understand the challenges faced by our clients We deployed a number of measures to enable all our employees to work from home: for instance, we introduced controls to manage data security and enhance operational resilience in their home-office environments. In addition to investing in our employees by equipping them with the tools and skills required to maintain exceptional client service, we also paid close attention to their emotional wellbeing. We provided continuous support to ensure they remained resilient and able to continue originating new business. We continued to accelerate our speed of execution and operational excellence to offer clients relevant and targeted products across a range of channels. As part of our client acquisition strategy, we have successfully embarked on our five-year plan to onboard both global multinationals with long-term aspirations to establish themselves in Africa, as well as Afri-nationals with ambitions to expand across the continent.	Risk and Conduct Employee Engagement Client Focus Operational Excellence Client Focus
A near-zero US Federal Reserve interest rate The Federal Reserve (FED) maintained interest rates at an all-time low throughout 2021.	As a USD-liability driven business, positioned for a rising interest rate environment, the decline in US interest rates has driven a steep decline in our net interest income.	To protect and preserve our earnings, the Bank performed a Balance Sheet optimisation where the duration of the tenor was extended. However, this measure was not enough to mitigate the shortfall in revenue driven by the low yields witnessed.	Financial Outcome
Industry environment During the year, following the addition of Mauritius on the Financial Action Task Force (FATF)'s Grey List due to strategic deficiencies in its anti-money laundering framework, the Government implemented legislative reforms to improve its AML/CFT regime. This has led to the country's removal from the FATF's list of jurisdictions under increased monitoring in Q1 2022. This has, in turn, prompted the removal of Mauritius from the United Kingdom's list of high-risk jurisdictions and should pave the way for its exit from the European Commission's list.	Given that our client base is primarily composed of multinationals operating in or investing in Africa, Mauritius being placed on the FATF's Grey List had little impact on the Bank. As a liability-based business, the Bank benefited from deposits made in the wider franchise by clients operating in the telecommunications, mining and pharmaceutical sectors.	The Bank strengthened its clients acquisition strategy to benefit from the removal of Mauritius from the EU's blacklist and continues to explore ways to reduce concentration in our customer base and adopt industry best practices for onboarding and retaining clients.	
We embarked on the Reference Rate Reform (RRR) project, a global transition away from the referencing Interbank Offered Rates (IBORs), and towards new reference rates that are more reliable and robust. As of 31 December 2021, the London Interbank Offer Rate (LIBOR) will cease to be used as an international interest rate benchmark for all sterling, Euro, Swiss Franc and Japanese Yen settings, as well as 1-week and 2-month US dollar LIBOR settings. As from June 2023, this cessation will apply to all remaining US dollar settings.	As from 01 December 2021, all overdraft facilities have been benchmarked against the central bank rates. Additionally, as from January 2022, all new term transactions will be benchmarked against the alternative rates, while legacy deals maturing after June 2023 will transition to the alternative rates by June 2022. During this transition, the Bank is committed to ensuring that pricing will adhere to international best practices.	A number of webinars were facilitated to address this change with clients who would be immediately impacted. The webinar speakers included various panel members and subject matter experts, who provided critical information on both the adverse impact and positive changes brought about by these new alternative rates. The Bank also set up a working group to ensure a smooth transition from LIBOR to the alternative rates. We have been working closely with our Group counterparties, along with the Bank of Mauritius, to ensure that we are proceeding in accordance with local and international market norms.	Financial Outcome
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 the ongoing monitoring and evaluation of our credit portfolio.	Our primary emphasis remains continuously monitoring our existing credit portfolio, which requires maintaining close communication with our clients to understand changes in the various jurisdictions in which they operate. The Bank focused on a number of initiatives to better understand the pandemic's impact on our clients' operations and took appropriate measures where required: • Engaged with internal Group stakeholders and sector experts to stay abreast of new developments; • Regularly reassessed the risk profiles of counterparties, as and when new information of both financial and non-financial nature emerged; • Conducted stress test scenarios; • Carried out Rapid Risk Reviews on our credit portfolio to identify potentially vulnerable clients and ensure we monitor them more closely; • Provided periodic feedback on our credit portfolio in a portfolio review call within governance and regional forums; • Names under close monitoring and under watchlist and Non-Performing Loans remain under high credit maintenance; • Our Credit Lending practices remain governed by the Group's Portfolio Risk Management Committee guidelines.	Risk and Conduct
Regulatory changes implemented by the Bank of Mauritius The Bank of Mauritius revised the Guideline on Liquidity Risk Management, with the objective of strengthening the principles for the management and monitoring of liquidity risk by banks. The amendments brought to the guideline also require the active monitoring of the liquidity risk exposures and funding needs within and across legal entities, business lines and currencies, taking into consideration legal, regulatory and operational limitations to the transferability of liquidity.	The Bank reviewed its current methodology of computing the liquidity coverage ratio to ascertain that it is commensurate with our business strategy. It has also strengthened the monitoring of the liquidity risk exposures. In applying this methodology, the Bank now has a solid process in place for identifying, measuring, monitoring and controlling liquidity risks.	The Bank is fully aligned with the revised changes made.	Risk and Conduct
The Bank of Mauritius introduced transitional arrangements for the regulatory capital treatment of IFRS 9 provisions for expected credit losses. This measure has been brought forward to alleviate the impact of the Covid-19 pandemic on provisioning levels of banks. These transitional arrangements were in line with the guidance issued by the Basel Committee for Banking Supervision.	The Bank chose not to apply for the transitional provisioning arrangements, as it did not foresee any major impact on its provisioning level and ultimately on its capital base due to the Covid-19 pandemic on its existing loan book.		Risk and Conduct
The Cross-Border Exposure Guideline issued by the Bank of Mauritius was also revised. The amendments outline a set of additional minimum standards that banks need to follow in respect of their cross-border exposures.	The Bank has embedded these additional measures with the aim of managing and mitigating its cross-border risks more effectively and efficiently. Moreover the Bank has enhanced its internal processes within its existing framework to align with the requirements of the Guideline on Cross- Border Exposure.	The Bank is fully compliant with the requirements of the Guideline.	Risk and Conduct
The Guideline on the Recognition and Use of External Credit Assessment Institutions was amended to allow financial institutions to use credit ratings assigned by Global Credit Rating Co Ltd for the computation of capital adequacy ratios.	The amendments brought provide for more flexibility in the international context. The Bank has taken note of the amendments to the guideline and will henceforth recognise credit ratings assigned by Global Credit Rating Co Ltd for the computation of capital adequacy ratios should there be any counterparty rated by the said rating agency.	The Bank uses both Moody's and Fitch Ratings for capital adequacy purposes. Following the amendment in the guideline, the Bank will use the Global Credit Rating Co Ltd as well.	Risk and Conduct
The Bank of Mauritius released a guidance on LIBOR Transition, which aims to assist banks in the transition process away from LIBOR. The guidance sets out expectations with regards to banks' governance structure, risk identification approaches and other actions in relation to the benchmark rate transition.	The Bank has already shifted to an alternative reference rate. Webinar sessions and communications to client has been made concerning the transition to the alternative reference rate.	The Bank is fully compliant with the recommendation issued by the Bank of Mauritius via the Guidance Note on LIBOR Transition.	Risk and Conduct
With new technological developments reshaping financial and banking services, the Bank of Mauritius has issued a draft Guideline on Cloud Computing, which aims to provide the appropriate guidance to financial institutions engaging in cloud-based services such that their risks are adequately identified and managed.	The Bank aims to work collaboratively with the Bank of Mauritius to enhance the framework pertaining to the Cloud Computing Guideline. This is particularly relevant to us as we have already embarked on the transition towards a cloud-based storage and hope to complete the transition by the next financial year.	We engaged frequently with the Regulator as we are in the process of migrating our systems to the Cloud. With that principle in mind, we presented our overall cloud migration strategy late in 2021 and requested approval to migrate our core banking system Finacle to the Cloud.	Risk and Conduct

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

Our COVID-19 Response

The Covid-19 crisis has challenged us to strengthen our resilience and reassess our relevance to our clients in the short, medium and long term. Throughout the Covid-19 pandemic, the Bank remained acutely aware of its potential impact on its teams, clients and ways of working. The table below outlines the measures taken by the Bank to ensure business continuity, while keeping our teams, clients and other stakeholders safe. The rigorous business continuity processes and practices we put in place back in 2020, and improved upon throughout 2021, have enabled our staff to seamlessly continue working remotely since the lockdown was implemented in March 2021.

Keeping our people safe	Adapting our business to the new normal	Supporting our clients
• Our first response to the pandemic was to do everything in our power to protect the health, safety and wellbeing of our employees, their family members and our clients. To this end, only a skeleton team returned to the office following the removal of the lockdown. • We worked hard to ensure that all our colleagues continued to feel connected to their teams, their managers and the Bank's leadership. • We were pleased that our staff adapted well to our new structure and remained highly engaged even under the circumstances. We believe these high engagement levels were achieved thanks to the continuous education, support and guidance provided through measures like a special leave for employees to receive their vaccines. • We communicated regularly with staff about the Covid-19 pandemic, providing tips on how to remain safe and productive while working from home. • We reinforced personal sanitary and social distancing measures in the workspace in line with international and local best practices.	• Our business continuity processes and practices were seamlessly adopted while working from home. • We focused on improving our operational efficiency by making use of the right digital tools. • We continued to provide our clients with all the products and services we offer under normal conditions. • We continuously monitored our credit portfolio while ensuring to stay in close touch with clients.	• Our clients' businesses have been directly impacted by the pandemic and its trickle-down effects. As a client-centric Bank, our prime objective was to remain available to our clients and servicing them in these difficult times. • 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. • We proactively engaged with our clients to anticipate their needs and provide the support they required during this challenging period. • We pursued our client acquisition plan while creating a portfolio of high-quality assets and a sustainable client base who trusts us to deliver its African strategies.

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 parastatal bodies. Our value proposition is underpinned by three product areas: Transactional Products and Services, Investment Banking and Global Markets. Drawing on its deep expertise across all of the Bank's products, the Client Coverage team cultivates and maintains long-term relationships with our clients. The team engages closely and frequently with clients, providing comprehensive strategic, capital raising, and risk management solutions designed to meet their unique requirements and help them develop a sustainable competitive advantage. As trusted strategic partners, they are uniquely positioned to gain a thorough understanding of our customers and their business, anticipate their needs, provide unbiased insights and offer high-quality, omnichannel service.

Transactional Products and Services (TPS)

TPS, which houses the short-term liability base and short-term credit facilities of the Bank, continued to be impacted by the effects of the pandemic in 2021. The greatest impact, by far, were due to extremely low level of interest rates, which have had detrimental consequences on our deposit book. For most of the year, we managed to successfully operate remotely with no impact on the quality of our service, an achievement corroborated by the positive responses from our client satisfaction survey.

Objectives set for 2021	Delivery on strategic objectives	2021 Performance	Outlook and priorities for 2022
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 Outcome	Total income for the year was 17.9 % down from 2020. The second half of the year showed a much stronger performance, and likewise, an improved performance over the corresponding period of 2020. Being a liability-driven business, TPS' Net Interest Income (NII) continued to be severely impacted as a result of the low- interest rate environment, and was down 29.9% compared to 2020. Non Interest Revenue (NIR) generated was at par with 2020 thanks to increased transactional flows, which compensated for the subdued trade finance activities we witnessed. The latter was impacted by a significant slowdown in our client activities, coupled with the implementation of a number of new regulations in some of the large countries where our key clients operate.	With the expected rate hikes in the U.S., we should see a significant improvement in our financial performance in 2022. Both the quantum and timing of the hikes will determine how well we perform. Should we maintain a strong performance like in the second half of the year, we should see a further increase in transactional volumes and working capital utilisation from both existing clients and newly acquired clients.
		Loans and advances average balances decreased by 37.1 % compared to the prior year, due to the lower utilisation of our facilities as a result of mobility restrictions and social distancing measures to limit the spread of Covid-19.	Our asset book is also expected to grow significantly from a low base as the last quarter of 2021 showed a much better utilisation of working capital facilities by our existing clients.Our asset pipeline is also looking healthy, thanks to the new clients we have acquired.
		On the other hand, the Bank's average call and current account balances grew by 71% compared to 2020, thanks to our new client acquisitions which brought in fresh deposits. Additionally, a number of large one-off deposits were made by clients, which we expect to flow out in the first quarter of 2022.	After having grown by 71% in 2021, we are expecting our deposit book to remain stable in 2022. Certain large deposits are expected to flow out in the first quarter 2022, but we expect to offset these outflows with new deposits from both existing and new clients.
Continued focus on the digitalisation of processes to improve our client experience and free up internal resources.	Operational Excellence	We made substantial progress on our digital transformation journey. 90% of all our customer payments are currently being received through electronic platforms, of which 65% are being processed through Straight Through Processing (STP). This has resulted in increased efficiency and has enabled us to deliver an improved client experience. Through SWIFT GPI, clients are now able to track their cross-border payments from end-to-end and receive prompt information on the status of their payments through a chatbot. The Bank is one of the first adopters of these digital features in the wider franchise, as well as in Mauritius.	Our aim is to further increase the usage and adoption of electronic channels to well above 90%.

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, global strategic relationships and unparalleled network enable us to identify unique opportunities and deliver growth through debt capital market solutions, innovative debt solutions and flexible primary financing solutions.

Objectives set for 2021	Delivery on strategic objectives	2021 Performance	Outlook and priorities for 2022
Build our asset book, notably via focused collaboration with the Client Coverage team 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 Focus, Operational Excellence, Financial Outcome	The focus for this year was to build our asset book, which was impacted by a more conservative approach taken by clients in view of Covid-19 since 2020. Many clients were more cautious and selective with regard to any material corporate finance activity, including taking on leverage, which slowed down the pace of existing deals in execution during most of the year. We proactively engaged with the regional and international Investment Banking teams and communicated frequently with our clients to anticipate and manage their needs, especially given the variable impact of the pandemic on their businesses. As a result, we ended the year at a moderate deficit to our 2020 asset book size. With the pick up in global investment activities, coupled with our ability to leverage Standard Bank Group's broad network to unlock value for our multinational clients, we saw a growth in our pipelines as from the third quarter of 2021.	We aim to continue pursuing the growth of our asset book, notably via focused collaboration with the Client Coverage team and Standard Bank Group Africa's stakeholders. In parallel, the continued execution of our pipelines remains our priority. With corporate activities picking up from the second half of 2021, we have built a relatively healthy pipeline going into 2022. This growth in our asset book will further our aim of diversifying exposures to build resilience against the net effect of credit impairment events and accelerating our speed of execution and operational excellence.
Deploy an upgraded loan management system that will boost efficiencies, reduce operational risks and increase security.	Operational Excellence	We successfully deployed ACBS, an upgraded loan management system, which enables us to boost efficiencies, reduce operational risks and increase security. The system, which went live in June 2021, has enabled the business to offer more structured debt products and mitigate operational risks relating to the previous system used. ACBS also enabled us to outsource transaction management and loan administration tasks to a centralised team in South Africa, which greatly improved our cost efficiency.	Having migrated our clients' transactions to ACBS, we are now working with Standard Bank Group to deploy a platform that will further digitalise our Investment Banking processes and facilitate the lives of our clients by enabling them to access information about their interest due, capital repayment, covenants, etc.

Global Markets (GM)

Our Global Markets (GM) team provides clients with innovative solutions to manage their foreign exchange and interest rate requirements using risk mitigation and yield enhancement strategies. GM's income stream comprises trading revenue and net interest income (NII), which is generated primarily from the management of the Bank's excess funds, while trading revenue is driven by client flows.

Objectives set for 2021	Delivery on strategic value drivers	2021 Performance	Outlook and priorities for 2022
Improve our client value proposition.	Financial Outcome	Trading Income grew by 36.4% in 2021, driven by flows from existing and new clients. With G10 currencies constituting the bulk of our business, FX flows increased by 53% to a record high of USD 7.6bn, while margins remained stable on average.	Our goal is to continue growing our trading revenue line by increasing the wallet share of existing clients and by acquiring new ones.
Enhance yields on our excess funds.	Financial Outcome	NII declined by 26.7% in 2021. Although placement amounts were higher compared to the previous year, yields showed a persistent downward trend as our long-term deposits were renewed at lower rates. We took several measures during the year to boost NII, including participating in MCB's syndicated loan facility to the tune of USD 13m, diversifying our placement counterparties and extending the duration of our placements.	Our focus remains to enhance and deploy our excess funds in an efficient way.
Improve our client portfolio diversification across sectors, geographies and ecosystems, in order to reduce concentration risks in the medium to long term.	Client Focus	Close engagement with our clients remained at the forefront of our sales activities. Regular interactions with them gave us a deeper understanding of the challenges they were facing, and enabled us to offer innovative solutions in response. Additionally, through data mining, we leveraged our data to gather insights into our clients with a view to adding value to their businesses and improve the relevance of our services. Our Customer Satisfaction Index (CSI) survey rating improved for the third year in a row to 8.4, which validates our initiatives in building a client-centric organisation. Our client acquisition initiative yielded positive results and directly contributed to the Bank's good performance this year and in reducing revenue concentration.	Client engagement will remain our priority next year. Our objective is to deepen and broaden our relationships with our clients, and use these insights to deliver more value to their businesses. The drive to acquire new clients will remain key in our efforts to further reduce revenue concentration in the medium to long term.
Step up engagements with existing clients with the objective of deepening our understanding of and adding greater value to their businesses.	Operational Excellence	We continued to promote our eMarket 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 also obtained approval from the New Product Committee to develop the mobile application version of eMarket trader, which we aim to launch in 2022.	We are scheduled to launch African Market Tracker, the mobile version of eMarket Trader, to provide our clients with convenient access to information.

Underpinning these product areas is our desire to be a Truly Human and Truly Digital organisation. Combined, these two ambitions fall under a new Value Driver, which we implemented in 2021: Operational Excellence.

Operational Excellence

Operational Excellence, which entails being both human-driven and digitally-driven, cuts across the various areas of the Bank.

To achieve operational efficiency, a Client Due Diligence (CDD) team was set up at the end of March. Its role is to provide an outstanding client experience, while also ensuring that we adhere to all applicable legislations and regulations. The CDD function has taken over the following units—Data Services Team (DST), Know Your Client (KYC), Business Control Unit (BCU) and Client Coverage/TPS Support teams—and is comprised of two cells: the CDD and the DST cells. Both work in conjunction to offer a seamless client experience.

The CDD cell's main responsibilities are client engagement for onboarding, changes, and periodic client reviews; the Data Services cell, for its part, is responsible for looking after data maintenance and uploading documents on the relevant platforms: account closures; regulatory verifications and KYC-related regulatory reporting, amongst others. This new set-up has allowed for:

a. Simplified CDD and KYC processes, with clearly defined roles and responsibilities.
b. Enhanced client engagement for onboarding, changes, reviews, and follow-up to obtain reliable and up-to-date client data.

This has resulted the Bank's KYC Compliance status reaching 99.9% of the total book and 100% completion rate for client reviews at the end of year.

To further improve our operational efficiency, the teams have been working on digitising archived client documentation and legacy records. These efforts, which we named The Project Records Digitization, involved creating digital copies of all documents requested in respect of Regulatory reporting and/or Court Order requests, amongst others. These documents, which were identified as a 'digitisation need' both from a KYC and Payments perspective, were scanned, categorised, and loaded to the Bank's Document Management System for future reference. All of this has allowed for a more efficient searching methodology, making it easier for our teams to access the files they need at any time. Employees responsible for servicing clients are, therefore, more focused on their daily deliverables to our clients.

Truly Digital: Digitalisation and IT

Digitalisation and customer centricity are core to the Bank's strategy. To meet these objectives, the Bank has embarked on a transformative journey from a Traditional Banking Organisation to a Platform Business able to deliver an exceptional digital client experience through constant innovation and an improved Time To Market of our solutions. Technology is a key partner in realising the Bank's strategic objectives, and we are proud that 2021 has seen the execution of the foundational work for the Platform Business Technology and delivery of signature Digitalisation Programmes.

Cloud Strategy

The Cloud is an enabler for our platform business as it provides a number of qualitative benefits (Ease of integration with market-leading services) and quantitative advantages (Capacity on Demand). In collaboration with Global System Integrators, the Bank performed an assessment based on industry benchmarks to determine the approach and viability; we then established a roadmap to migrate our applications, including our Core Banking System, to reputed Cloud Service Providers such as Amazon AWS and Microsoft Azure.

Digitalisation and Robotic Process Automation

The digitalisation of our processes is one of the key strategic pillars for the Bank's future-ready transformation strategy to improve internal efficiency, create capacity by liberating our resources from repetitive activities to focus on value-added tasks and on delivering exceptional service to our clients. Our staff has contributed to a wide range of new digital assets this year, while maintaining our cyber security posture. A cross-functional team explored the use of robots that mimic human actions to complete their repetitive, mundane tasks. The Robotic Process Automation (RPA) platform, piloted with Microsoft Power Automate, was rolled out in January 2021 for the processing of MNS (client's regulatory) Payments. The adoption of the RPA technology has eliminated part of our workforce's routine and repetitive tasks, and the process automation has allowed 60% of such transactions to be processed without any human intervention. The stakeholders involved in this project are currently working on delivering more complex tasks, which will result in an increased percentage of automation and require the team to only intervene in the MNS process to handle exceptions.

In light of the Bank's continued focus on the digitalisation of our processes, the Bank also rolled out the OneHub platform in June 2021. OneHub is an online marketplace that gives our clients access to a range of digital solutions that have been developed by the Bank and its trusted network of partners. OneHub has been recognised by Global Finance as one of 10 'outstanding innovations in corporate finance' as part of its annual recognition programme, 'The Innovators'. The first product on Standard Bank's OneHub platform to be made available to clients is the OneHub Virtual Assistant, also known as Digital Client Service (DCS). This secured functionality enables clients to easily access their corporate accounts to request statements, perform balance enquiries and track their payments. Each service is automated and available around the clock, enabling clients to execute these queries at their convenience and receive feedback in real-time.

The Bank embarked on an organisation-wide programme to implement an automation platform and deliver on a scope of 20 processes in two phases by mid-2022, while building a pipeline of enhancements and additional processes in the spirit of continuous improvement.

An Investment Banking Debt Management Solution, which is used for commercial lending purposes and specialising in structured and syndicated loan processing, was implemented to improve the customer service. In-house applications were also developed to enhance the KYC review and tracking process.

Data Strategy and Reporting Automation

We pursued our focus on data quality improvement and consolidation, leading to eleven manual-intensive reports being automated across the Bank in 2021. A total of 33 regulatory reports, including Risk-Based Supervision (RBS) reports, are expected to be automated by the end of 2022.

In terms of Data monetisation, the Bank leveraged the SWIFT GPI data and its Group Data Reservoir to develop a number of key insights on forex conversion opportunities, payment value chain opportunities and from other Standard Bank franchises paying into Mauritius.

Business Resilience & Cyber security

Being Always On & Always Secure is core to our business. With this in mind, multiple initiatives were delivered to improve the Bank's Business Resilience (Migration to a Tier 3 Disaster Recovery Data centre in 2021 and the planned migration to a Tier 4 Production Data centre in 2022) and network stability & capacity, while improving our cyber security posture (1st in the Security World map of Standard Bank Group) and enhancing our remote working capabilities.

Future-Ready Skills

Building a future-ready workforce is crucial to thrive in a constantly changing environment and successfully deliver on our strategy. Through our Standard Bank Training platform, we have been upskilling our people in areas such as Business Agility and Cloud Platforms, notably Salesforce, Azure and Amazon Web services. Moreover, in partnership with Microsoft and Amazon, we have further customised a training plan with certification paths to enable the Bank to support our transition to the Cloud and to the Platform Business.

Truly Human: Employee Engagement

Employee engagement is one of the Bank's core strategic drivers, and a critical component of our journey towards being Truly Human. 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, not just across different business units, but also at every level of seniority. This is monitored via the annual 'Are you a fan?' survey.

In 2021, the Bank pursued its Culture and Transformation journey, where various initiatives were deployed:

Leadership Circle

The Leadership Circle initiated in 2020 as part of the Culture Journey for the Bank's top management tier was to ensure the alignment of values and behaviours across the leadership team, which would drive the strategic initiatives of the Bank. The development and customisation of the programme, along with the learnings of the leadership team, were cascaded across the Bank after the programme was completed in 2021.

Gearing our People to be Future-ready

A fundamental change in the Bank's existing culture is required to drive our transition into a digitally-enabled, platform-based financial services organisation. To facilitate this shift in culture, the Bank has deployed various initiatives:

- The Executive Committee and Board participated in a number of 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;
- Trainings on the topic of 'Future-ready transformation' were carried out online. These include: Ecosystems learning, Data and Literacy, Platform Business and Behavioural Science. Agile workshops were also organised for all staff to enhance mindset shifts for the future-ready journey.

Enabling the delivery of the Group's new architecture

The changes in the Group's architecture initiated in 2019 were successfully implemented locally in 2021. Key changes included:

- The integration and consolidation of IT and Operations as one single function;
- The renaming of functions to better reflect their roles:

Previous Appellation	New Appellation
Human Capital	People & Culture
Marketing & Communications	Brand & Marketing
Finance	Finance & Value Management

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

Looking Forward

The economic environment is expected to be on the road to recovery in 2022. Now that vaccinations have been made available to all, we hope the worst phase of the pandemic is behind us. The strong momentum experienced by our underlying businesses is expected to continue, driven by a recovery in client activity and an improved outlook for the coming year. We remain resilient and committed to supporting our customers, employees and communities. We will continue to deepen our existing client relationships and pursue our client acquisition plan, which has yielded positive results so far. Our business transformation is 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 for 2022 remain unchanged in the delivery of our future-ready transformation. Our immediate priorities for the next year are to:

- Keep our employees safe, healthy, connected and motivated; we also aim to return to more 'normal' ways of working as soon as it is safe to do so, while building on the new capacities, accelerated pace of delivery and increased flexibility we developed in 2021;
- Support our clients as they recover, rebuild and explore new opportunities. Our objective is to maintain the growth momentum of target client segments in Africa through service excellence and a market-based ecosystem approach;
- Continue improving the client experience through operational efficiency and by scaling up the digitisation momentum.

Over the medium term, we will continue to:

- Ensure that we offer our clients a comprehensive range of financial solutions, increasingly supplemented by ancillary and additional services'
- Execute with excellence using technology and data to better serve and protect our clients, reduce costs and scale our businesses.

Financial Review

The forecasted financial metrics outlined in the table below are the sole responsibility of the Board and have not been reviewed by the auditors. These forward-looking statements are based on assumptions and beliefs which reflect Management's current views with respect to future events, and are subject to risk and uncertainties that may cause the Bank's actual results to differ materially from those contained in these statements. We therefore caution our readers to not place undue reliance on them.

Table 1: Performance against Objectives by key area

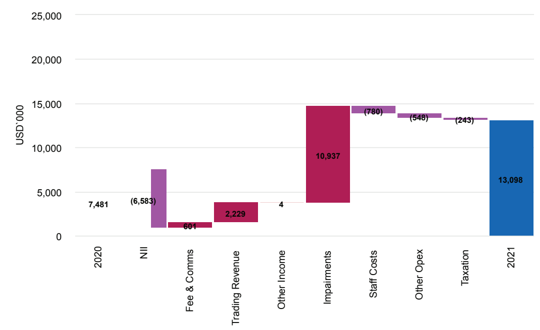
	Objectives set for 2021	Performance against objectives in 2021	Objectives for 2022
Return on Equity (ROE)	ROE expected to be around 13.5%.	ROE closed below expectations at 10.5%, adversely impacted by the declining interest rate environment, as well as a low asset growth.	ROE is expected to be around 14.3%.
Return on Average Assets (ROA)	ROA estimated at 0.8%.	Our Return on Average Assets decreased to 0.7% as a result of lower earnings.	ROA is estimated at 0.8%.
Operating Income	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 income was 14.1% lower than our targeted objective, due to a lower net interest income driven by a declining interest rate environment and reduced yields.	NII is expected to increase by 35.3%, driven by asset growth as our client acquisition strategy unfolds. Non-interest income is also expected to increase by 5.3%, as client transactional and Forex activities pick up.
Operating expenses	Operating costs are expected to increase by 5.26%, on account of increases in the annual inflation rate and higher IT support costs.	Our operating costs improved by 12.7% against our objectives following the implementation of rigorous cost containment measures.	Our operating costs are expected to increase by 14.2%, attributable to sizeable technological investments (cloud migration costs, amongst others) as we work towards building a future-ready organisation.
Cost to Income	The cost-to-income ratio is expected to increase to 49%.	Our cost-to-income ratio deteriorated to 58.4%, driven by the lower revenues generated this year.	The cost-to-income ratio is expected to improve to 55.2% as our revenues improve.
Loans & Advances Growth	The loan book is expected to grow by 33% on account of anticipated growth in our client base.	In view of the ongoing pandemic and the subsequent drop in customers' appetite, our loan book contracted by 9.5%.	We expect the operating environment to be on the way to a strong recovery in 2022, and as we accompany both our new and existing clients on this journey, our loan book is expected to grow by 76%.
Deposit Growth	Deposits are expected to increase by 11.0% from existing and new business.	Customer deposits surged, enabling us to surpass our targets by 14.3%	Our deposit base is expected to remain flat as clients begin utilising their funds in the context of the world moving out of the pandemic.
Portfolio Quality	NPL ratio is not expected to deteriorate further.	The ratio of non-performing loans to gross loans increased to 12.0%, driven by the contraction witnessed in the loan base.	NPL ratio is not expected to deteriorate further.
Capital Management	Capital adequacy ratio is targeted at 25.4% with CET 1 to be at 24.8%.	The capital adequacy ratio closed at 32.3%, with CET Tier I ratio at 31.4%.	Capital adequacy ratio is targeted at 23.8%, with CET 1 aimed at 23.1%.

2021 was yet another difficult year, with the global economy still being impacted by the Covid-19 pandemic, particularly with the threat of rapidly spreading virus mutations. Despite these headwinds, the national vaccination programme has proven effective, yielding encouraging results in helping sustain economic activity. Lockdown restrictions were reintroduced in March 2021, albeit less restrictive than the ones imposed in 2020. Travel and trade have resumed, which bodes well for the Mauritian economy; however, supply chain disruptions still remain a concern. Interest rates, which remain at an all-time low, have had an adverse impact on the Bank's revenue, since our balance sheet is liability-driven.

The Bank's financial results reflect this unfavourable operating environment, which placed the Bank under strain and prevented us from meeting the targets initially set for the year. However, the Bank demonstrated great resilience as it delivered a solid performance in a challenging environment compared to the prior year. The Bank's profitability (Net Profit after Tax) improved by 75.1% to USD 13.1m for the year, while return on equity (ROE) also improved by 10.5% (2020: 5.8%). This rise was driven by a pick up in client transactional flows in the second half of the year, coupled with an increase in client flows, which supported the growth in trading income. A lower Net Interest Income (NII) evidenced by the negative endowment impact, was offset by lower credit impairment charges. The combination of higher costs, which grew by 7.9%, and lower revenues generated led to a deterioration in cost-to-income ratio from 48.3% to 58.4% in 2021.

The balance sheet remained robust, with total assets of USD 2.2bn, a 25.2% rise on 2020, led by the 29.2% growth in the deposit book, which is indicative of the Bank's strong funding and liquidity positions. Clients' prudent approach with regard to investments continued well into 2021, resulting into a dampened loan book, which declined by 9.5%. The Bank's capital position remains strong, with a Common Equity Tier1 capital adequacy (CET1) of 31.4% and a Capital Adequacy Ratio (CAR) closing at 32.3%. In line with the Bank's strong capital position, a dividend of USD 25m was paid out to Stanbic Africa Holdings Limited.

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



Analysis of Results

Revenue

Total operating income decreased by 10.8%, attributable to Net Interest Income declining by 28.9%, driven by margin compression. A lower average interest rate contributed to a lower NII by 28.9%. This was offset by the good performance on Non Interest Revenue, which shored up by 23.6%.

Review by Financial Priority Area

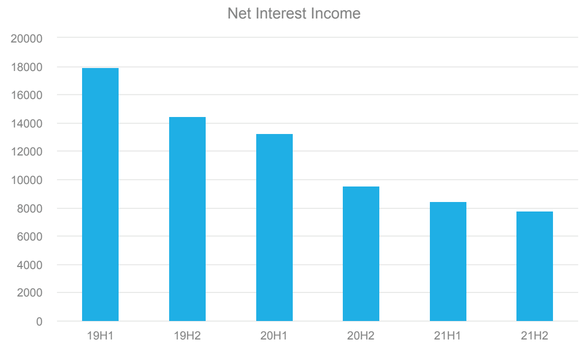
Net Interest income (NII)

The Bank remained adversely impacted by the declining USD interest rate environment, being a USD liability-driven balance sheet, and also felt the associated endowment impact. Coupled with a lower asset growth and margin contraction, NII declined by 28.9% compared to 2020.

During the year, the market remained flushed with USD liquidity. As a result, rates associated with money market activities remained at an all-time low, and income earned from bank placements remained challenging in view of these factors. Diluted earnings remained a concern during the year, with the downward repricing of higher-yielding assets. In response, to alleviate further dilution, the Bank optimised some if its revenue by extending the tenor of its bank placements at fixed interest rates. The marked increase in the volumes of deposit inflows witnessed in 2021 was not sufficient to mitigate the dampening of income from bank placements. To enhance our protection against this low interest rate environment, we also entered an endowment hedge of USD 92m and invested in US treasury bills at a fixed tenor of five years.

The decline in interest income was further exacerbated by early loan repayments and the lower utilisation of short-term facilities as most clients were flushed with liquidity and therefore adopted a more conservative approach in their business expansion and trading activities. This is evidenced in the 9.5% shrinkage of our loan book compared to last year.

This translated into a significant drop in yields, as noted by the drop in net interest margin from 1.4% in 2020 to 0.8% in 2021.

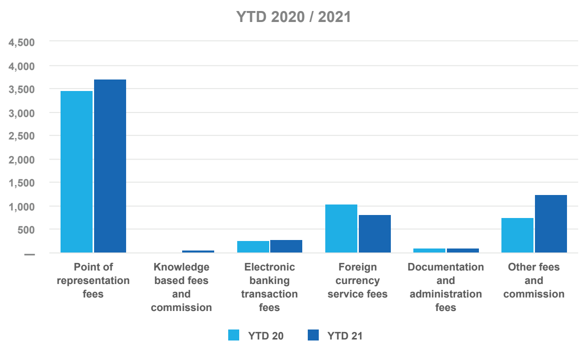


Non-Interest Revenue (NIR)

Non-Interest Revenue increased by 23.6% to USD 14.9m, driven by a 10.7% rise in net fees and commissions revenue and a strong trading income performance, which rose by 36.4%.

Fees and commissions scaled up by 10.7% as consumer activity levels and transactional volumes improved. Electronic banking fees recorded a 7.8% growth as an increasing number of clients onboarded our digital solutions. However, trade finance activities declined by 17.9% due to a slowdown in client activities.

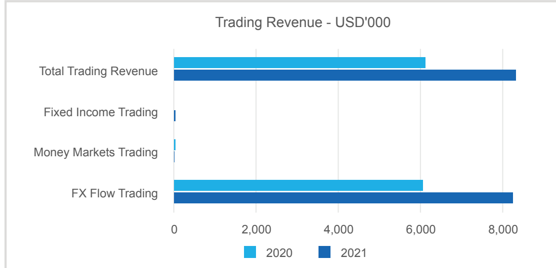
Other fees and commissions were supported by higher commitment fees in light of the lower utilisation of credit facilities lines for both long-term and short-term advances.



Trading Income

Increased client activity and gains from the volatility in the USD/MUR market drove trading revenue to grow by 36.4% over the prior year to reach USD 8.4m. A more competitive Forex environment led to compressed margins, impacting our trading revenue. The money market trading desk reported a drop of 24.7% on the back of a lower level of client swap activities. The fixed income trading desk showed growth in terms of bond trading activities on the secondary market compared to no activity recorded the previous year.

Given the prevailing market conditions and persisting volatility, demand for hedging solutions and structured products remained low.



Other revenue: Other revenue increased marginally by 1.6%.

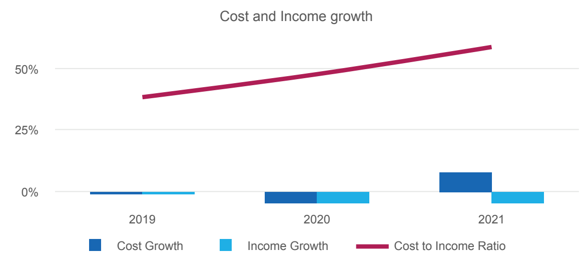
Credit Impairment

Credit impairment charges improved in 2021 due to interest repayments on impaired facilities. The credit loss ratio closed at 0.8% (2020: 3.8%).

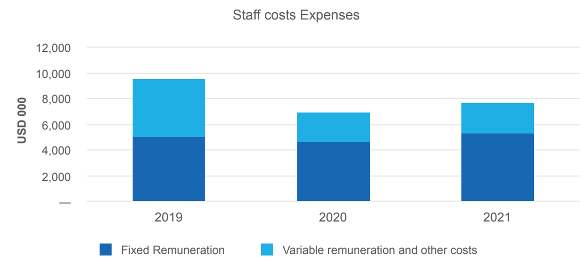
A detailed analysis of performing and non-performing loans is provided in the financial Risk Management report on page 116.

Operating Expenses

A 7.9% growth in total operating expenses was mainly attributable to an increase in staff costs, as well as IT Support costs. As a result, cost-to-income ratio deteriorated from 48.3% in 2020 to 54.8% in 2021, given the drop in operating income.

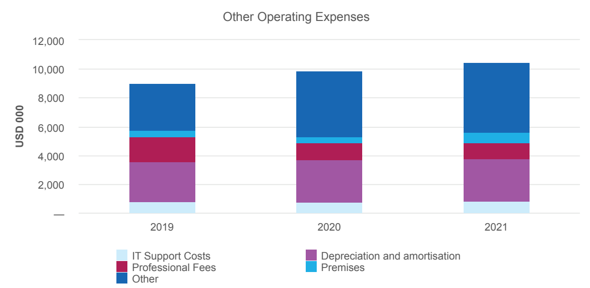


Staff costs represented 42.4% of our overall operating expenses in 2021. A 11.3% increase in staff costs was noted compared to 2020, driven by the appointment of some key resources.



Other Operating Expenses

Other operating expenses rose by 5.5% year-on-year, driven by the Bank's savings realised on overseas travel, training, conference entertainment and marketing expenses due to the ongoing pandemic. These savings were however offset by additional costs incurred in IT Support.



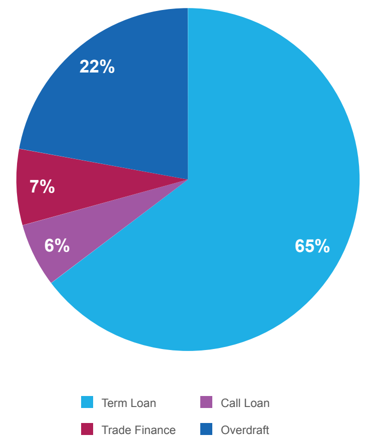
Tax

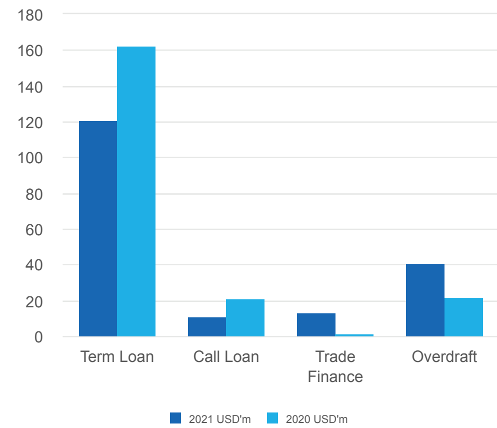
A higher tax charge was noted compared to the previous year on account of the increase in profitability. There were no changes in the tax rates applicable in 2021.

Dividends

A dividend of USD 25.0m was paid in 2021 to its shareholder, Stanbic Africa Holdings Limited.

Composition of gross loans and advances





The overall credit exposures dropped by 15.4%, mainly driven by the decrease in term loans and call loan portfolios aggregating USD 19.6m. This originated from the repayment of loans, coupled with a lower utilisation of call loans.

Overall, the product mix showed a slightly lower weightage on the term loans product, which represented around 64.7% of our loan and advances book, along with call loans dropping to 6.0% whilst both overdraft and trade finance increased to 22.1% and 7.2% respectively.

As at 31 December 2021, the loan-to-deposit ratio stood at 9.6% (2020: 13.7%).

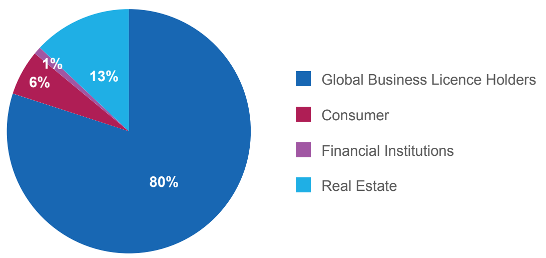
Credit Exposure Portfolio

As at end of December 2021, the Bank's exposures to the Global Business Licence (GBL), Real Estate and Consumer sectors stood at 80.4%, 12.5% and 6.5% respectively. Exposure within the GBL sector remained well-diversified and in line with our sector appetite.

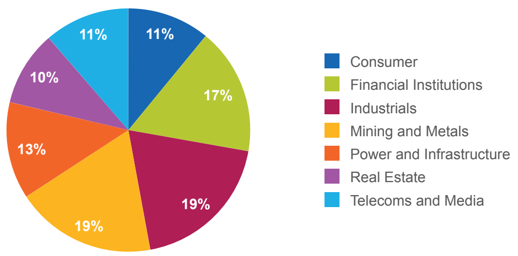
The Bank continues to trade with the established Tier 1 domestic counterparties, where working capital and short-term requirements are being financed, whilst continuing to mainly service multinational corporates.

The Bank's credit appetite is constantly being reviewed in relation to evolving sector challenges and macroeconomic changes, and caution is exercised as and when appropriate. The sector appetite is a yardstick we use to manage our appetite and exposure to each sector, based on each individual sector's outlook. This strategy enables us to establish a well-balanced and diversified risk profile of our entire asset book based on insightful sector information.

Credit Exposure portfolio mix (%)



Global Business Licence Holders portfolio mix (%)



Credit Concentration

The Bank of Mauritius defines 'a large credit exposure' as the aggregate of credit exposure to one customer or group of closely-related customers for amounts exceeding 10% of the Tier 1 Capital. The Bank of Mauritius has set a regulatory limit 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 exposures 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 2021, out of our top 20 customers or group of customers with large exposure, we identified two customers with exposures above 25%, but 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 strict compliance in respect of regulatory guidelines. Those exposures were from major customers with satisfactory credit risk rating.

The top 20 most significant concentrations in respect of customer or group of customers as at 31 December 2021 were as follows:

Sector	Exposure (USD'000)	Percentage of Tier 1 capital
Consumer (1 Client)	22,697	22%
Financial Institutions (1 Client)	13,036	13%
GBL (15 Clients and 3 groups of clients)	302,682	293%
Real Estate (1 Client) (*)	23,305	23%
Total	361,720	351%

(*) - the client in the Real Estate sector is also part of a group of clients under the GBL sector.

The Bank has in place an industry portfolio concentrations model and policy, which regulate the management of our sector concentration in an active manner. Limits defining the Bank's credit appetite have been set, 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, coupled with a reduction in the customer loan book, has led to an excess liquidity parked in bank placements. This is evidenced in the increase in cash and cash equivalents by 33.0%.

Financial investments consisting of MUR treasury bills and US treasuries decreased by 1.8% to reach USD 216.0m, stemming from the Bank's requirement to maintain an adequate stock of unencumbered high-quality liquid assets (HQLA). This stock 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 78.3%, as opposed to 79.2% in the prior year.

Trading Assets

Trading assets primarily consist of MUR treasury bills. The trading portfolio went up from USD 1.0m to USD 4.6m, on the back of a hike in client hedging activities towards the end of the year.

Derivative Assets and Liabilities

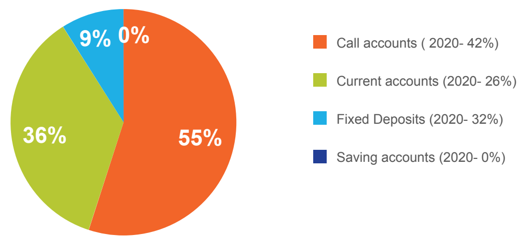
Derivative assets comprise of mark-to-market on foreign exchange derivatives. The volume of outstanding foreign exchange contracts at the end of the year decreased compared to the previous year, resulting in a drop in derivative assets of 42.9% from USD 2.6m to USD 1.5m.

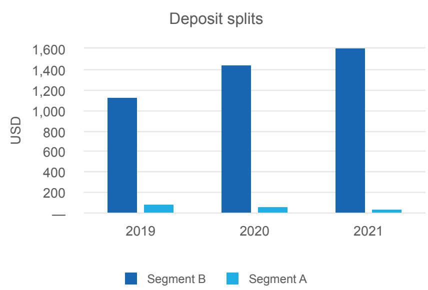
Derivative liabilities consist of mark-to-market on foreign exchange derivatives, which are held for trading, and mark-to-market on interest rate derivatives, which are held for hedging. Derivatives liabilities on derivatives held for trading decreased from USD 2.5m to USD 1.7m, due to a drop in the volume of outstanding foreign exchange contracts at year end. Derivative liabilities on instruments held for hedging, for their part, dropped by USD 0.5m due to matured interest rate derivatives.

Deposits from customers

Despite the challenging operating environment, deposits grew by 29.2% over 2020, closing the year at USD 1.9bn (2020: USD 1.5bn). This was driven by transferable deposits, which grew by 70.6%, underpinned by exiting client activities whilst term deposits decreased by 59.8% at year end. The increase in the Bank's deposit base was driven by our client base's increased risk aversion, where they chose to park their funds as a result of fewer investment opportunities. Balances accumulated in the prior year were largely retained.

Composition of Deposits from customers (%)





Deposits from banks

Deposits from banks increased by 14.8% to reach USD 115.3m, driven by regional treasury activities and deposits from local banks.

Off-Balance-Sheet Items

Off-Balance-Sheet Exposure per sector

Sector	2021 USD'000	2020 USD'000	2019 USD'000
Consumer	2,602	2,871	4,273
Financial Institutions	2,249	605	2,743
Industrials	15,823	13,041	9,722
Mining and Metals	–	310	289
Oil and Gas	–	–	2,100
Personal	5	5	6
Power and Infrastructure	11,827	6,217	9,829
Real Estate	–	–	739
Telecoms and Media	680	60	14
	33,186	23,109	29,715

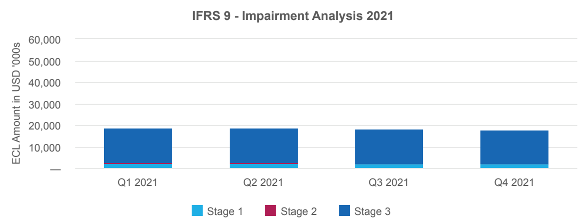
Off-Balance-Sheet exposure increased from USD 23.1m to USD 33.2m in 2021 as a result of higher non-fund-based facilities to clients mainly in the Power & Infrastructure, Financial Institutions and Industrials sectors.

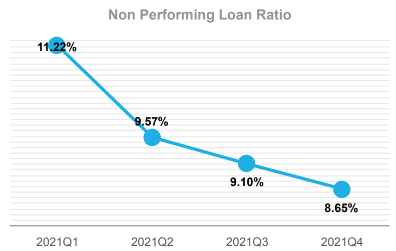
Off-Balance-Sheet Exposure by geographical concentration

Country	2021 USD'000	2020 USD'000
Botswana	–	123
China	1,373	–
France	935	–
Germany	1	–
Ghana	193	123
Italy	291	351
Kenya	25	–
Luxembourg	11,627	6,043
Mauritius	15,321	13,635
South Africa	3,420	1,834
UK	–	1,000
Grand Total	33,186	23,109

Credit Quality

As the Covid-19 pandemic remained pervasive in 2021, the Bank performed rapid risk review exercises on the credit portfolio using the latest available information on the counterparties and their respective sectors. Particular attention was given to sectors considered riskier, such as Power and Infrastructure, Real Estate, Consumer and Financial Institutions.





The non-performing loans (NPLs) ratio to total loans remained at 8.65% as at end of December 2021. Stage 3 credit impairment provisions at year end remained constant, at USD 15.6m. This, in turn, has led to our credit loss ratio dropping from 3.8% in 2020 to close at 0.8%. The total allowance for credit loan losses aggregated to USD 18.0m 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 the Bank of Mauritius Guideline on Credit Impairment and Income Recognition at year end. This required a provision of USD 0.58m 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 116 to 131.

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 with regard to the written-off client. Our credit appetite on sector exposure is being managed within the Bank's approved framework to ensure that an 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 both regulatory requirements and our business strategic deliverables as far as the asset build-up is concerned.

During the year, the exposures aggregating USD 43.3m to five counterparties have been restructured, with three exposures being under a distressed scenario. Out of the five counterparties, three were restructured due to the Covid-19 impact. The corresponding provision amount of USD 10.0m was held.

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 is properly identified, assessed, managed, monitored, and reported in the pursuit of its strategic and financial 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 Bank's risk universe is outlined below:

STRATEGIC RISKS

The potential downside impact of an operating income shortfall due to lower than expected performance in business volumes and margins not compensated for by a reduction in costs.

- **Strategy position risk***
Product, consumer segment and channel that result in unexpected variability of earnings and other business value drivers.

- **Strategy execution risk***
Risks relating to strategy implementation failures where management execution capability and operational decisions do not meet strategic objectives.

- **Reputational risk**
The risk of potential or actual damage to our image which may impair the profitability and sustainability of our business.

* Previously included as business risk

FINANCIAL RISKS

- **Credit risk**
The risk of loss arising out of the failure of obligors to meet their financial contractual obligations when due. It is composed of obligor risk, concentration risk and country risk and represents the largest source of risk to which our banking entities are exposed.

- **Market risk**
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, correlations and implied volatilities in all of these variables.

- **Funding and liquidity**
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.

- **Country risk**
Also referred to as cross-border risk, country risk is the uncertainty that obligors (including the relevant sovereign, and our branches and subsidiaries in a country) will be able to fulfill obligations due to the group give political or economic conditions in the host country.

NON-FINANCIAL RISKS

The risk of inadequate or failed processes, people and systems as a result of changse internal or external factors

- **Cyber risk**
The potential of a digital attack on the Group's systems for financial gain - either direct (through cash out attacks) or indirect (through stolen data or extortion)

- **Technology risk**
The inability to manage, develop and maintain secure, agile technology capability that enables the Group to operate efficiently and achieve strategic objectives.

- **Information risk**
The accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, which may compromise the confidentiality, integrity and availability. This may result in service disruption, reputational damage and financial loss.

- **Business disruption risk**
The inability to effectively respond to a disruptive event, resulting in failure to continue the provision of services and reputational damage.

- **Third-party risk**
Ineffective management of third-party relationships and the operational, compliance, reputation, strategic and credit risks inherent in the services and products they provide to the Group.

- **Environmental, Social and Governance (ESG Risk**
The direct and indirect impact on the environment and society caused by the Group that might prevent the Group from achieving its strategic objectives.

- **People risk**
The challenge or failure to attract and retain skilled, committed people and the inability to enable people to grow and remain relevant in a rapidly evolving workplace.

- **Financial crime risk**
The risk of economic loss, reputational damage and regulatory sanctions arising from involvement in any type of financial crime. This would include instances where the crime has been perpetrated against the Group, and also instances where the Group may have facilitated the commission of a crime through the misuse of its products and services. Financial crime includes fraud, theft, money laundering, bribery, corruption, tax evasion, terrorist financing and providing financial services to sanctioned individuals.

- **Compliance risk**
The potential legal or regulatory sanction, financial loss or damage to reputation that the Group 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.

- **Conduct risk**
The risk where detriment is caused to the Group's clients, markets or itself as a result of the inappropriate execution of business activities.

- **Transaction processing risk**
Failure to process, manage and execute transactions and/or other processes (such as change programmes) correctly and or appropriately.

- **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 laws and regulations apply to your business, its relationships, processes, products and services.

- **Model risk**
Incorrect or inappropriate use of a model and fundamental errors in models that may produce inaccurate outputs that are not aligned to design objectives and intended business uses.

- **Financial accounting risk**
Losses arising due to the inadequate management and oversight of internal financial accounting processes.

- **Tax risk**
Tax risk is the risk of failing to meet statutory reporting and tax payments/filing requirements.

- **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.

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 comprise 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

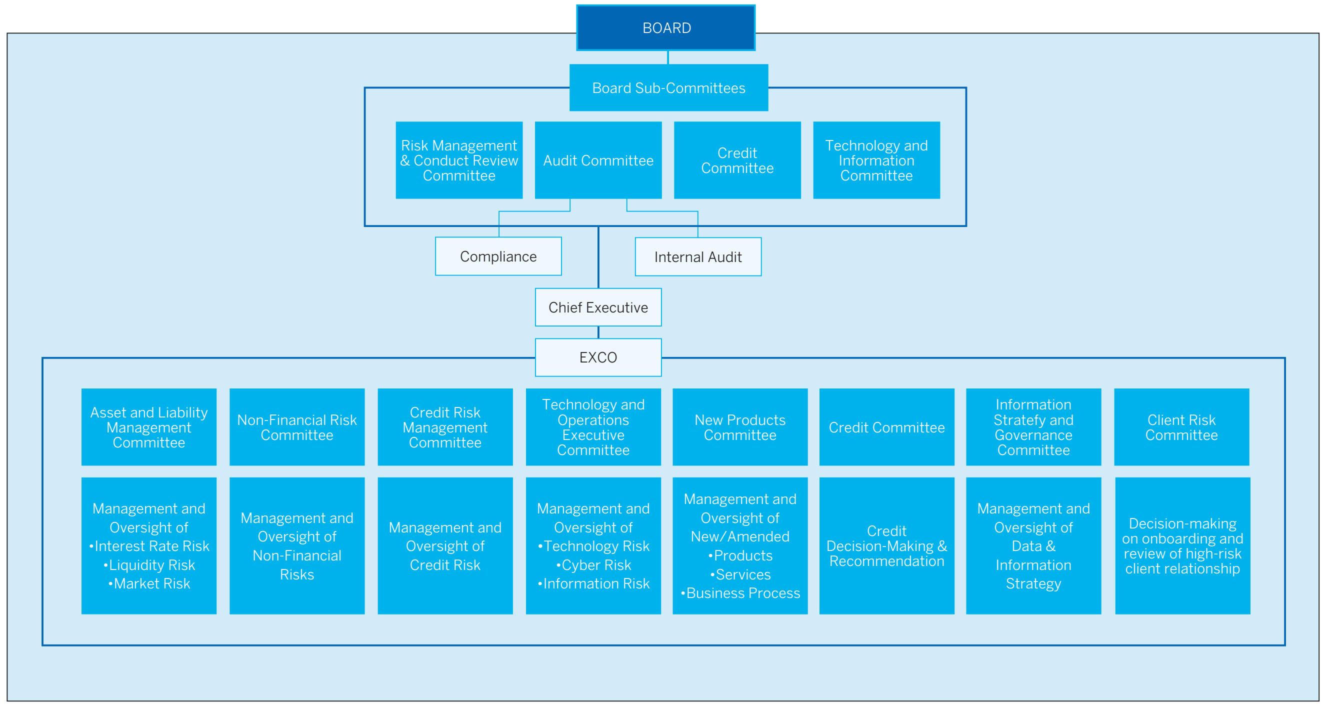
Governance committees are in place at both a Board and management level. These committees have mandates and delegated authorities that are regularly reviewed.

Risk governance standards have been developed for all major risk types that the Bank is exposed to so as to ensure that all material risks related 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 way 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 regard to the implementation of these policies within each business unit are set out in the procedure manuals. Compliance with the standards, policies and procedures is overseen by the risk management team through a review of annual self-assessments by business units, backtesting exercises and independent reviews by the third line of defence function.

Structure



Board and Sub-Committees

The Board of Directors of Standard Bank (Mauritius) Limited holds the ultimate responsibility for the oversight of risk. As at 31 December 2021, 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 its risk appetite, the Board is satisfied that Management has taken appropriate remedial and timely action.

Executive Committees

Details of the Executive Committees ("EXCO") 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 that 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 are 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 Strategy and Governance Committee

The Information Strategy and Governance Committee has been established as a sub-committee of the in-country EXCO 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 Information Strategy and Governance Committee is chaired by the Head: Operations and meets at least on a quarterly 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 risks span a wide spectrum of parameters: country of operation, nature of business activity, connection with Politically Exposed Persons and 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 defence model

Risk Culture

The Bank leverages 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 strengthen the 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, by embedding 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, which are supported by robust control mechanisms to ensure compliance with same.
- **Focus on Key and Emerging Risks** – Executive Management is responsible for proactively identifying and managing principal and emerging risks.

Risk Management Team

The Risk Management Team provides day-to-day oversight on the 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 for creating and maintaining 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 the 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 to the Chief Executive, Group Risk and the Board Risk Management and Conduct Review Committee.

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. The risk appetite is set and stress testing activities are undertaken at a risk-type level and legal-entity level.

Governance

The primary management-level governance committee responsible for overseeing the Group's 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 conditions 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 its set risk appetite. The metric is referred to as a risk tolerance limit.

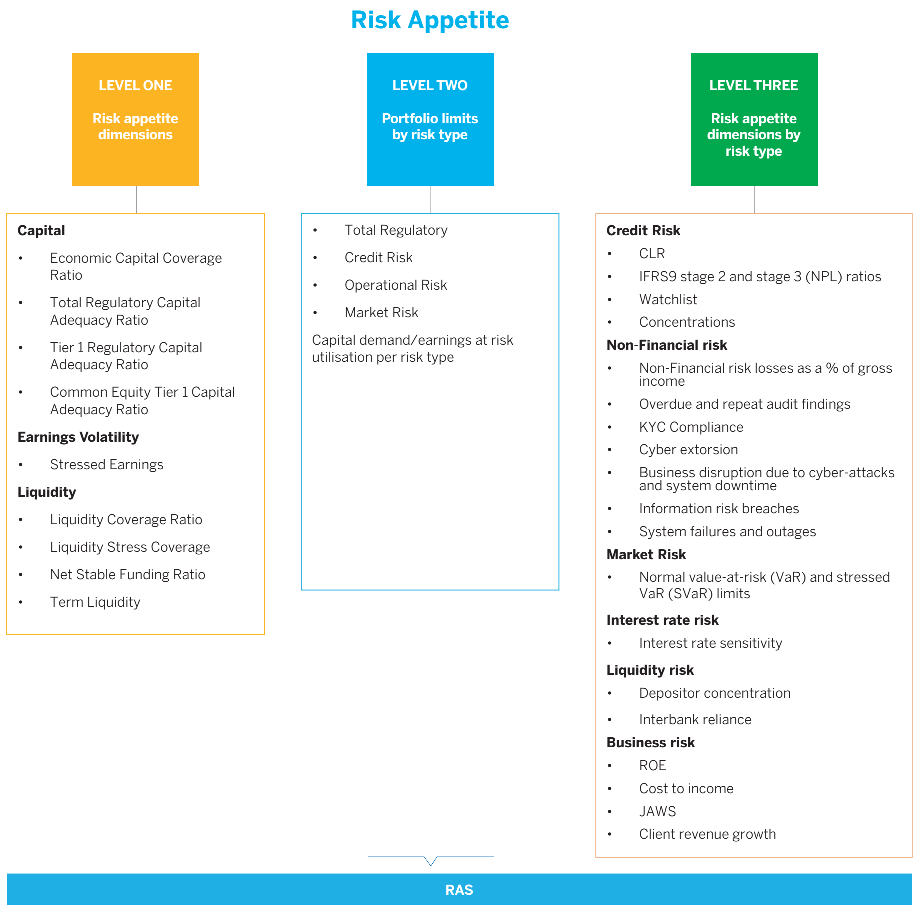
Risk Capacity: the maximum amount of risk the Bank can support within its available financial resources.

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, as well as 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 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 in the 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 and regulations. It also considers 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 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 a 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 interactions 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 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 2021, the simulated scenario was the Covid-19 pandemic, which presented a financial crisis that pushed the world into a double-dip recession that was far more severe than in 2020. The results indicated that the Bank was well capitalised and able to manage 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 exercise is to inform management of the 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. In June 2021, the Bank conducted a hypothetical liquidity and capital stress simulation exercise structured around the Bank's crisis management framework. The results indicated that the Bank was able to handle the stress scenarios.

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 that can be adopted during periods of severe stress to ensure the survival of our business.

The IRP is conducted on a biennial basis. In 2020, the Bank kick-started its Integrated Recovery Plan in order to identify credible recovery options, which address both capital shortfalls and liquidity pressures, and that can be implemented in the short or medium term under a range of idiosyncratic and market-wide stress scenarios.

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.

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 our 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 the 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

*Information in this section has been audited

monitoring to proactively adjust to changes in the 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 the economic environment (countries, sectors) and in the client's state of affairs to identify early signs of weaknesses in the exposure; this, in turn, will enable the Bank to take prompt action, such as the tightening of appetite for particular products, increase in collateral requirements or curtailing originations.
- Independent credit risk reviews by the second and third lines of defence to assess the quality of credit evaluation and adherence to credit risk standards.
- Defining, implementing and continually re-evaluating our risk appetite under actual and stressed conditions.

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:

a. 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 sub-standard. However, when it is impaired and past due between 90 and 180 days, it must, as a minimum, be classified as sub-standard.

b. 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 as doubtful. However, when it is impaired and is past due for a period exceeding 180 days but less than one year, it must, as a minimum, be classified as doubtful.

c. 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 in the event 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

Over the course of 2020, the Mauritian economy contracted by 15%, owing to the combined effect of the halt in the airline and tourism industries, and subsequent knock-on effect on sectors such as Logistics, Construction, Industrials and Property Holding, which contributed to around 24% of the local GDP. The trend spilled over into 2021 as the country suffered a second wave of Covid-19 infections, leading the Government to impose a strict lockdown from March 2021 to May 2021.

The vaccination campaign rolled out early on by the local authorities paved the way to an economic turnaround by the end of the year. Mauritius was able to welcome the first return of tourists as from October 2021.

The global economic impact of Covid-19 continued to affect borrowers' capacity to repay their commitments as they saw continued pressure on their revenue lines. Drawing on experiences in 2020, our approach to managing credit risk remain centred on enhancing our knowledge of our clients and their operating environment. We also leverage our African network to better understand the challenges faced by our clients. The primary focus remains monitoring the existing credit portfolio, which implies staying close to clients and communicating frequently with them to understand changes in the various jurisdictions in which they operate.

Throughout the Covid-19 outbreak, the Bank implemented 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 internal credit rating of counterparties informed by latest financial statements received and engagement with counterparties, deal teams and sector experts to inform our forward-looking views. The risk rating exercise is a continuous, ongoing process that is triggered as and when new information, whether of financial and non-financial nature, comes in.
- Conduct scenarios to understand the impact of provisioning of counterparties in best-case and worst-case scenarios.
- Rapid Risk Reviews on the credit portfolio were carried out by the Business Support and Resolution teams to identify potentially vulnerable clients and apply special focus on monitoring them closely.
- On a monthly basis, a portfolio review call is conducted with Regional Executives, where feedback and updates are provided on the credit portfolio relative to macroeconomic and sectoral challenges.
- Names under close monitoring and under watchlist and Non-Performing Loans are discussed at monthly forums attended by Executives from Business, Credit and Business Support and Resolution teams.
- Credit lending remains governed by the guidelines established by the Group's Portfolio Risk Management Committee, which periodically reviews 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 risks. Country Risk is the risk of default losses due to political, economic, or business environment conditions in a country. Under this definition, country risk can be split into two components:

- Jurisdiction Risk: losses because of, but not limited to, socio-political upheaval, nationalisation/ expropriation, fiscal and regulatory risks, deteriorating economic conditions (including business cycle, inflation, currency, and interest-rate risks) and financial dislocation.
- Transfer and Convertibility Risk: the risk of closure of the capital account (transfer risk) and/or foreign exchange market (convertibility risk), forcing otherwise solvent private counterparties into default on foreign currency obligations.

Importantly, a distinction also needs to be made between;

- Country Risk, which is a broader concept covering all entities, public or private, in an economy; and,
- Sovereign Risk, which is the default risk of respective individual governments as counterparties.

Sovereign and Country Risk analyses enable us to develop a forward-looking assessment of the business environment, which is useful and required for pro-active portfolio credit management.

Approach to managing country risks

All countries to which the Bank is exposed 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:

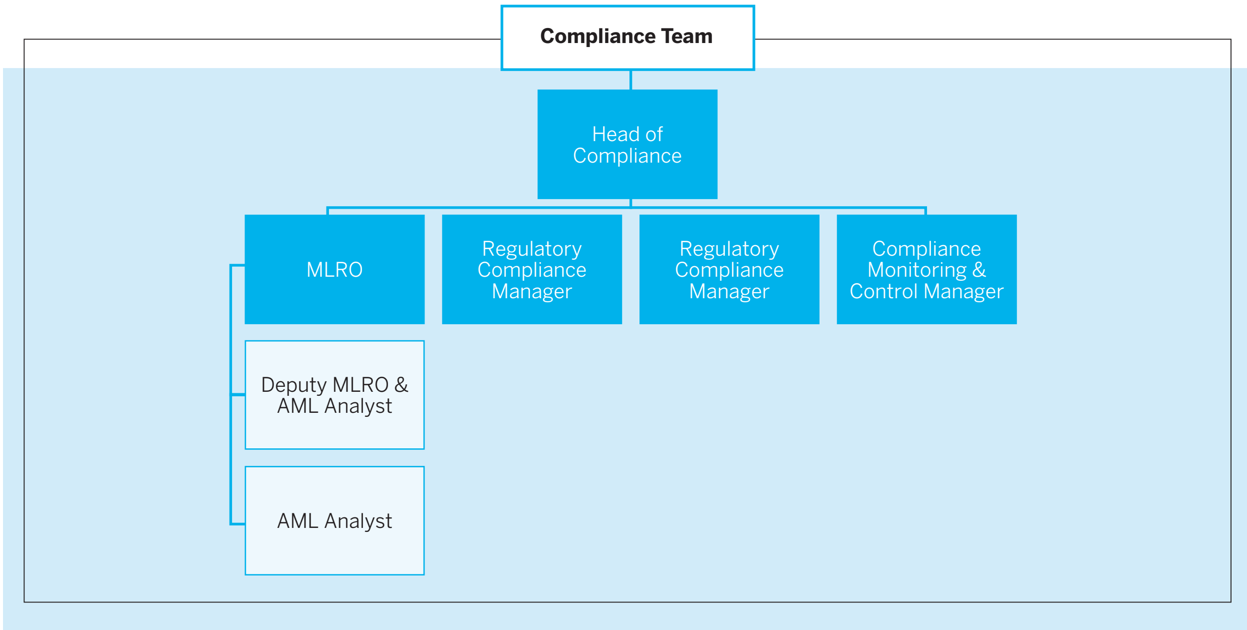
- Setting risk appetite thresholds
- Political and commercial risk insurance
- Co-financing with multilateral institutions
- Structures to mitigate transfer and convertibility risk such as collection, collateral and margining deposits outside the country in question.

Governance and Reporting

The primary management level governance committee overseeing this risk type is the Bank's CRMC and the Board Credit Committee. 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 standards of good practice applicable to the Bank's activities.



The Compliance Team proactively supports Senior Management and the Bank 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 audits.

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 risks [Information in this sub-section 4(a) has been audited]

The nature of the Bank's banking and trading activities gives rise to continuous exposure to liquidity risks. 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.

The 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 with 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)

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.

(b) LCR Limit

As at 31 December 2021, the Bank was within regulatory compliance with a MUR Liquidity Coverage Ratio (LCR) of 214%, a USD LCR of 135% and a consolidated LCR of 119%.

(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

	2021	2020	2019
Total Liquidity Reserves (USDm)	**1,414**	1,377	1,065
Eligible BOM LCR HQLA (USDm)	**358**	237	204
Single depositor (MUR%)	**37.42%**	17.98%	36.90%
Top 10 depositors (MUR%)	**82.95%**	49.98%	71.92%
Single depositor (FCY%)	**15.57%**	15.54%	5.10%
Top 10 depositors (FCY%)	**48.39%**	43.66%	29.42%
BOM LCR (Quarterly average of monthly observations%)	**115%**	112%	110%

(e) Liquidity Coverage Ratio (LCR) Disclosures:

	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
Consolidated in USD	(quarterly average of bimonthly observations)[1]	(quarterly average of bimonthly observations)[1]
HIGH-QUALITY LIQUID ASSETS	**USD**	**USD**
Total high-quality liquid assets (HQLA)	380,404,602	380,404,602
CASH OUTFLOWS		
Retail deposits and deposits from small business customers (Less Stable)	55,179,999	35,056,122
Unsecured wholesale funding (Non-operational deposits)	2,213,697,892	1,255,056,377
Outflows related to derivative exposures and other collateral requirements	1,017,613	1,017,613
Credit and liquidity facilities	204,800,577	23,659,102
Other contingent funding obligations	33,573,675	5,794,091
TOTAL CASH OUTFLOWS	**2,508,269,756**	**1,320,583,305**
CASH INFLOWS		
Inflows from fully performing exposures	1,320,776,380	1,314,514,196
Other cash inflows	966,667	—
TOTAL CASH INFLOWS	**1,321,743,047**	**1,314,514,196**
		TOTAL ADJUSTED VALUE
TOTAL HQLA		**380,404,602**
TOTAL NET CASH OUTFLOWS		**330,145,826**
LIQUIDITY COVERAGE RATIO (%)		**115%**
QUARTERLY AVERAGE OF DAILY HQLA[2]		**360,924,370**

1 The quarterly average of bimonthly observations for the period October 2021 to December 2021

2 The quarterly average of daily HQLA is based on close of day figures over the period October 2021 to December 2021

The high-quality liquid assets mainly comprise 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

In June 2021, the Bank also performed a liquidity/capital stress simulation. The stress scenarios were focused on the Bank's specific operations and did not extend to an industry-wide systemic event. The exercise was structured around the Bank's existing frameworks, namely the Liquidity Contingency Plan and the Capital Plan that is governed by ALCO and maintained by the Asset Liabilities Management (ALM) team. The Bank's capital and liquidity ratios were within regulatory limits after applying the relevant mitigating actions defined in its contingency plans.

(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 analyses are performed regularly to anticipate the mismatch between payment profiles of statement of financial position items.

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.
- The Board monitors compliance with the policy and ensures that an appropriately mandated Assets & Liabilities Committee (ALCO) is established to enforce compliance with the policy.
- The 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 stressed 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. Stop loss triggers are also 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.

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.

*Information in this section has been audited

Market Risk Measurement

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

Metric: VAR (Value at Risk)

The 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.

The measurement of daily trading exposures under stressed market conditions is based on VaR defined with a 10-day holding period, worst case and historical data for a period of 5 years. If the worst 10-day market movement observed during the historical period were to recur, the loss recorded could be as high as the projected number.

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 the extent to which a portfolio is exposed 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%).

Reporting

Exposures and excesses are monitored and reported daily to the Bank and Group, on a monthly basis to ALCO, and on a quarterly basis to the Board Risk Management and Conduct Review Committee (BRMCRC). A breach of limits and triggers will prompt a sequence of actions, which include traders seeking condonement of the breach, reducing the risk back within risk appetite or seeking approval for a temporary excess. Breaches are reported to Management, ALCO and BRMCRC.

6. Interest Rate Risk in the Banking Book (IRRBB)

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 non-earning assets and interest rate insensitive liabilities such as non-interest-bearing liabilities and equity.

Approach to managing interest rate risks

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. Non-Financial Risks

Overview and Definition

Non-Financial Risk is defined as the risk of inadequate or failed processes, people or systems that make up business operations as a result of changes in internal or external factors. This excludes strategic and financial risks. These risks are complex, difficult to anticipate, oversee and monitor. They also evolve rapidly with significant overlaps among risk types and could have financial or non-financial implications for the Bank.

Approach to Managing Non-Financial Risks

Fit-for-purpose risk practices and well-established governance processes are supported by comprehensive escalation and reporting processes that assist line management in understanding and managing their risk profile within risk appetite.

The Bank recognises that non-financial risks exist in the natural course of business activity and adheres to the Group's non-financial risk governance framework, which sets out the minimum standards for non-financial risk management applicable to the Standard Bank Group and its organisational units.

The non-financial risk management function forms part of the second line of defence and is an independent area reporting to the head of risk.

Reporting

Robust risk management reporting procedures are in place, with significant matters escalated to the Executive Committee and Group Domain. These matters include key and emerging risk exposures, risk management activities, regulatory interaction, and legislative developments.

On our risk simplification journey, we recognised the need to further entrench risk management into our culture. This entailed the implementation of a risk marketplace, with 'Risk as a Service' available on a central platform. Key risk management modules are enabled on the risk marketplace, including incident management, risk control self-assessment (RCSA) and Key Risk Indicators (KRIs). Our virtual risk manager chatbot, Nala, is fully integrated on this platform and provides risk assistance and insights. The capabilities on this platform are being continuously enhanced.

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 non-financial risks to which it is exposed, and to 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 Non-Financial Risk team at least annually.

Key Risk Indicators (KRIs)

KRIs are used to monitor the non-financial 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 non-financial risks based on early warning signals.

Incident Management & Reporting

Non-Financial Risk (NFR) incidents are recorded and reported. These include not only events resulting in actual loss, but also those resulting in non-financial impacts and near-misses. The continuous collection of NFR events is a prerequisite for NFR management, including analysis and provision of timely information to Management. Reporting and analysis is undertaken for NFR incidents 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 types

Sixteen non-financial risk types have been defined:

Business Disruption Risk	The inability to effectively respond to a disruptive event, resulting in failure to continue the provision of services and reputational damage.
Conduct Risk	The risk that detriment is caused to the Group's clients, the markets, of the group itself because of inappropriate execution of business activities.
Compliance Risk	The risk of legal or regulatory sanction, financial loss or damage to reputation that the Group 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.
Cyber Risk	Cyber Risk is the potential of a digital attack on the bank's systems for financial gain – either direct (through cash out attacks) or indirect (through stolen data or extortion).
Environmental, Social and Governance (ESG) Risk	Risks to SBG'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.
Financial Crime Risk	The risk of money laundering, sanctions violation, bribery and corruption, facilitation of tax evasion, perpetration and fraud.
Information Risk	Information risk is the risk of accidental or intentional unauthorized use, access, modification, disclosure, dissemination or destruction of information resources, which would compromise the confidentiality, integrity and availability of information which would potentially harm the business.
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.
People Risk	Undesirable impact on business objectives due to inability to attract, develop, manage and retain the required talent. It encompasses consequences due to the impact of decisions of people, inside and outside of the organisation. The risk of breaching employment legislation and mismanaging employee relations.
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
RiskTechnology	Reduced competitiveness, inefficiency, reputational damage, heightened organisational risk, or regulatory sanction due to failure to leverage emerging technologies, ineffective implementation, maintenance, or operation of the group's technology assets.
Third-party Risk	Ineffective management of third-party relationships and the operational, compliance, reputation, strategic and financial risks inherent in the association and services or products they provide to the group.
Transaction Processing Risk	Failure to process, manage and execute transactions and/or other processes (such as change programmes) correctly and or appropriately

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

- Technology Risk
- Cyber Risk
- Compliance Risk (Refer to pg 31)
- Financial Crime Risk
- Information Risk
- People Risk
- Business Disruption Risk
- Third-Party Risk
- Conduct Risk

Technology Risk

Technology Risk results in reduced competitiveness, inefficiency, reputational damage, heightened organisation risk or regulatory sanction due to failure to leverage emerging technologies, or the ineffective implementation, maintenance or operation of the Bank's technology assets.

Customer experience, as a strategic imperative, is directly and heavily influenced by the effectiveness of technology in providing relevant, innovative, secure and stable digital offerings, 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 our technology goals will directly determine whether or not we achieve our business objectives. Technology risk is therefore a major factor in the successful execution of our strategy.

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

Whilst the Group recognises the complexity of its systems and connected devices, the simplification of the digital landscape is a key priority, along with its security culture and practices, and the ongoing improvement of access controls.

Migrating IT platforms to the Cloud is a critical component of the Group's strategic journey to a fully digital organisation, which it continued to progress on 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.

During the year, the Bank performed an assessment of technology applications that are Cloud-ready, and those that have dependencies on the Group. The case of change was defined, linking it to the Group's overall strategy and a maturity assessment in line with the Cloud Group Operating Model was performed. Key implementation initiatives were identified and included the building of capabilities, skills development and additional roles.

In November 2021, the Bank presented to the Bank of Mauritius the Cloud Migration Strategy and a formal application to the Bank of Mauritius was made in December 2021 to request approval for the Finacle migration to Cloud.

Cyber Risk

Cyber Risk is the potential risk of a digital attack on the Bank's systems for financial gain – either direct (through cash out attacks) or indirect (through stolen data or extortion). 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 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, our approach is as follows:

- Cyber Resilience – Enhance our prevention, detection and response capabilities
- Data Security – Strengthen our data protection efforts in accordance with data privacy regulations; support the data community with the creation of secure and convenient data sharing arrangements both internally and with partners
- Platform Security – Build an integrated security and fraud capability for the platform, which is built around the client experience
- Client Security – Have a long-term client security vision that is integrated with the business and anticipates future threats
- Partner Security – Partnering with leading cyber security specialist and vendors to increase our cyber security capabilities.

2021 saw a continued focus on improving cybersecurity 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;
- Cyberattack simulations were conducted to improve detection and remediation. The simulation was undertaken to exploit the vulnerabilities from a hacker's viewpoint and test Management's response to such a crisis. Following this, remedial actions were taken to address identified loopholes;
- Deployment of our in-country Virtual Private Network (VPN).
- Segmentation of our network.

The current environment has forced many of our employees into remote working situations and significantly increased online interactions between our stakeholders. The need to rapidly adapt multiple business processes and protocols to enable remote working brings new risks to the confidentiality, integrity and availability of critical data and the supporting systems. Meanwhile, a surging number of threat actors are seeking to exploit the changing work environment brought on by the pandemic. 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 and updated with the latest security patches;
- Access to systems, peripherals and applications were enabled through secured VPN layer;
- Daily tracking and monitoring of devices which were not up to date with the latest security patches by the IT Security Team, followed by the required remediation;
- Enhanced monitoring controls for any potential attack or breach;
- Restricting remote access to systems to critical users only.

Financial Crime Risk

A financial crime is an 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 the Group's specialised intelligence team, namely Group Anti-Financial Crime Compliance (GAFC), 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, we pursued our investment in anti-phishing and device-profiling capabilities to frustrate fraudsters. The Group has partnered with world-class anti-phishing experts to identify and shut down phishing sites masquerading as Standard Bank.

The Bank continues to operate with zero tolerance for employee misconduct, and independently investigates all allegations of employee misconduct. Employees are also provided with ongoing awareness and training, and 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, dissemination or destruction of information resources, which would compromise the confidentiality, integrity and availability of information which would potentially harm the business. The Bank leverages 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. Our information risk profile remained stable in 2021 and good progress was made to comply with our Information Risk Management Governance landscape. Collaboration with stakeholders and industry leaders was strengthened to take information risk and data privacy initiatives even further.

In 2022, our priority will be on minimising information exposures and reputational impacts from third-parties. We will continue to explore practical ways to roll out technical information protection controls in a remote working environment. The ability to predict attacks and their effects, while enabling prompt and effective responses, is a key focus.

The right to privacy is a fundamental component of our client-centric strategy and we have invested significant effort to comply with the data privacy regulations that are applicable to us.

Managing Information Risk in a persistent Covid-19 environment

Employees have been sensitised to the need to exercise due diligence when it comes to the protection of the Bank's information and data, especially whilst working from home. Awareness sessions were held for staff on physical security, conducting virtual meetings securely, the importance of strong passwords and protecting sensitive banking information and credentials. Technical controls were reviewed and enhanced, such as our data leakage prevention rules. Additionally, to strengthen system access controls, multi factor authentication was enhanced.

People Risk

People risk is the undesirable impact on business objectives due to the inability to attract, develop, manage and retain the required talent. It encompasses consequences due to the impact of decisions of people, inside and outside of the organisation. It also includes the risk of breaching employment legislation and mismanaging employee relations.

Our ability to differentiate the Bank as a client-focused and digitally-enabled organisation, through the successful execution of our strategy by our people in an intensely competitive environment, will be negatively impacted by an inability to attract and retain committed people, and an environment that does not allow our people to grow in order to remain relevant in a rapidly evolving world. The Bank tracks and monitors employee engagement through three key indicators: 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 its 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 have a strong focus on the identification and development of diverse talent pools. Surveys are conducted to gauge how staff feel about working for the Bank, and to ask for 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 to build personal resilience and coping skills.

The Bank identifies risks relating to scarce and in-demand skills, shifting skill sets 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.

Business Disruption Risk

Business disruption risk is defined as the inability to effectively respond to a disruptive event, resulting in the failure to continue the delivery of services and reputational damage.

Business Resilience is the organisation's ability to anticipate, prevent (mitigate), respond/recover, adapt to incremental change and sudden disruptions and learn from disruptive events. Business Resilience enables our proficiency to maintain continuous business operations, thus deliver services to clients and safeguard people, assets, reputation and trust, ultimately contributing towards the organisation's sustainability. Business Resilience is implemented as the process to manage business disruption risk.

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 the 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 respect 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 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;
- A well-staffed 24/7 Cyber Security Operations Centre, which monitors all cyber-vulnerabilities and attacks, including malware.

Managing Business Disruption Risk in a persistent Covid-19 environment

The Covid-19 situation across the world was still a matter of concern in 2021 and continues to be in the current year. With Work-From-Home (WFH) practices being maintained and guided by our Pandemic Response Plan, our Crisis Management Team (CMT) meets on a weekly basis to provide direction and guidance to oversee an effective and coordinated management of action plans and initiatives aimed to cope with the pandemic.

Only a very limited number of staff was accessing the office at Ebene, and any access was closely monitored. In general, staff have been quick to adopt the WFH culture, enabled by the seamless availability of infrastructure to support such a model, thanks to regular Business Continuity and disaster-recovery simulation exercises.

Third Party Risk

Third Party Risk refers to the ineffective management of third-party relationships and the operational, compliance, reputation, strategic and financial risks inherent in the association and services or products they provide to the Bank. 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 a relationship with a service provider/supplier and before a service provider/supplier is onboarded. An 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 risks continue to evolve in importance, due to the 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 with 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 2022. The new thrid-party management framework and the third-party risk life-cycle management tool, Aravo, include a stringent due diligence process and enable regular analysis and risk profiling of top service providers to direct risk mitigation efforts.

Conduct Risk

Conduct Risk is the risk that detriment is caused to the Bank's clients, the markets, or the Bank itself because of inappropriate execution of business activities. To effectively manage conduct risk, Standard Bank 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 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 developments 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 Bank is liable, and (criminal) injury to the Bank's employees or affiliates.

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

The following sanitary and social distancing measures were established in 2020, and remain effective given the persistent Covid-19 environment.

- Access to office building is restricted to only staff that need to be on office premises;
- Mandatory wearing of masks;
- Body temperature screened before being granted access to the workspace;
- Daily de-sanitisation of IT Equipment / workspace;
- Social distancing enforced in the office space, mess room and other common areas (two metres to be observed at all times);
- Hand sanitiser distribution to staff and dispenser installation on the premises;
- Distribution of masks and gloves to staff; visitors are required to wear masks and body temperature needs to be screened before access to the premises is allowed;
- Identification of isolation room, whereby staff showing flu symptoms would be re-directed until transported to hospital;
- Client and internal meetings to be held virtually;
- Face-to-face functions, team buildings or team lunches are 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

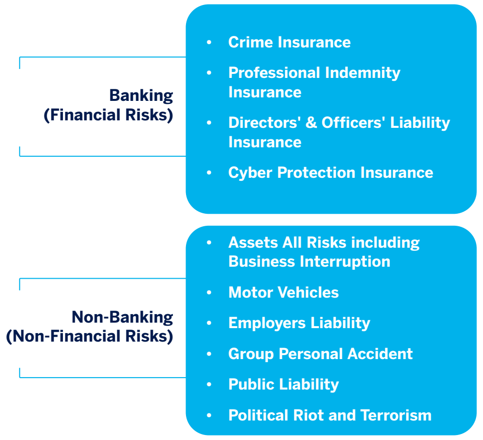
There are a number of governance committees overseeing non-financial risks. The primary governance documents are the Non-Financial Risk Governance Framework and the Non-Financial Risk Management (NFRM) policy. Non-Financial Risk subtypes have governance documents applicable to each risk subtype.

Committee	Non-Financial Risk
Non-Financial Risk Committee	Business Disruption Compliance Environmental, Social and Governance Financial Crime Legal Physical assets, Safety and Security Third Party Transaction Processing
Technology and Operations Executive Committee	Technology Cyber Information
Internal Financial Control Committee	Financial Accounting Tax
Executive Committee	People Conduct

Model risk is managed at Group level

Insurance Cover

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



8. Strategic Risks

Strategic risk is the potential downside impact of an operating income shortfall due to a lower expected performance in business volumes and margins not compensated for by a reduction in costs.

The components of Strategic risks are strategy position risk, strategy execution risk and reputational risk.

Strategy Position risk

Strategy Position risk refers to strategic choices like value proposition, product, consumer segment and channel that result in the unexpected variability of earnings and other business value drivers:

- Unexpected changes in the intensity or nature of competition within the financial services industry, like aggressive action from competitors in the form of new entrants, price wars, technology innovation and substitute products;
- Adverse and unexpected changes in external stakeholder sentiments - this includes changes in the reputation in the public opinion of consumers, media, analysts, politicians, rating agencies, regulator and investors;
- Unexpected changes in partnerships, joint ventures or subsidiaries and failed strategic relationships.

The Bank mitigates Strategy Position risk in several ways, including:

- The Bank's business plans and strategies are discussed and approved by Executive Management and the Board and, where appropriate, subjected to stress tests;
- Alignment with Group Strategy is sought;
- Being alert and responsive to changes in market forces.

Strategy Execution Risk

Strategy Execution risk results from strategy implementation failures, where management execution capabilities and operational decisions do not meet the strategic objectives. This includes:

- Failed execution of strategic initiatives or signature projects;
- Changes in the business environment of other countries, in the African region or Internationally, like government attitude towards foreign companies, change of tariffs and the rules that make doing business for foreign companies difficult;
- Unexpected changes in the third party's environment, including change of production or service capacity and quality, business failure, change of costs and reputation;
- Corporate governance practices not functioning as designed and expected;
- Unanticipated changes in laws and regulations that may cause the business value to change from expectations.

The Bank mitigates Strategy Execution risk in several ways, including:

- Detailed analysis of 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;
- A strong focus in the forecasting 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 if forecasted 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 Executive Committee.

The Covid-19 pandemic persisted well into 2021, continuing to adversely impact economic activity cutting across borders and economic sectors, with outlook very much in the uncertain zone. The impact and duration of Covid-19 has put pressure on revenues 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 2021. 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 to limit the 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. The prudent management of costs is high on the agenda.

9. Reputational Risk

Reputational risk is the risk of potential or actual damage to our image which may impair the profitability and sustainability of our business. 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 the 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 to 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.

Risk exposures are reported on a regular basis to the Board and senior management through our governance committees. Risk management reports comply with standards set out by BCBS239.

- 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?

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 the 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 with 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).

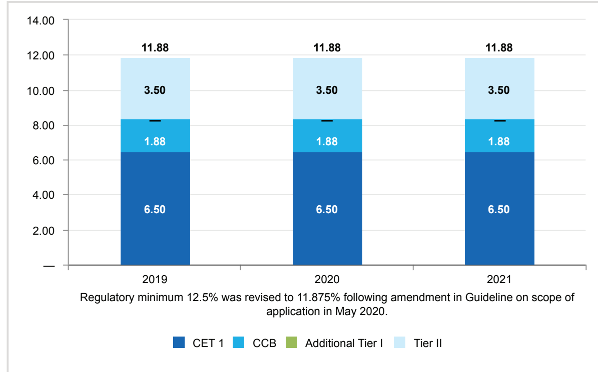
Tier I: CET I plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.

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.

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. The implementation of the revised capital conservation buffer of 2.5% effective as from 1 January 2020 which was deferred to 1 January 2021 was further extended to 1 April 2022 by the Bank of Mauritius. As such the Bank maintained a capital conservation of 1.875% until 31 March 2022.

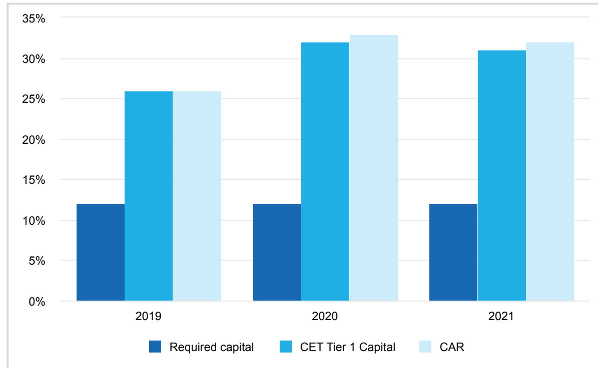
Bank of Mauritius minimum ratios (capital as a percentage of risk weighted assets) effective 1 January each year (%).



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 (%)



*Information in this section has been audited

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

Capital Structure under Basel III

	Basel III 2021 USD'000	Basel III 2020 USD'000	Basel III 2019 USD'000
Common Equity Tier I Capital			
Share Capital	**35,000**	35,000	35,000
Statutory Reserve	**25,545**	23,581	22,458
Other Reserves	**57,534**	71,472	69,043
Less: Deductions			
Intangible Assets	**(14,591)**	(16,090)	(17,010)
Deferred Tax	**(153)**	(154)	—
Adjustment to Additional Tier 1 Capital	**—**	(829)	(249)
Common Equity Tier I Capital	**103,335**	112,980	109,242
Other Reserves			
Subordinated Debts			
Provision for performing loans	**2,976**	2,846	1,034
	2,976	2,846	1,034
Total Capital Base	**106,311**	115,826	110,276
Risk Weighted Assets for:			
Credit Risk	**259,359**	279,070	349,028
Operational Risk	**62,565**	70,866	72,738
Aggregate Net Open Foreign Exchange Position	**6,927**	817	520
Total Risk Weighted Assets	**328,851**	350,753	422,286
Common Equity Tier I Capital	**31.4%**	32.2%	25.9%
CAPITAL ADEQUACY RATIO	**32.3%**	33.0%	26.1%

The Bank ‘s Common Equity Tier 1 capital ratio was 31.4% (2020: 32.2%) and total capital adequacy ratio was at 32.3% (2020: 33.0%).

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 with the 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
Cash collateral	3,396
Total	3,396
Total credit risk exposures	2,529,905
% exposure covered by collaterals	0.13%

Exposures subject to the Standardised approach per risk weighting as at 31 December 2021

	2021				2020	2019
	Nominal Amount	Mitigation	Risk Weight	Risk Weighted Assets		
CREDIT RISK	USD 000		%		USD 000	
On Balance Sheet Assets						
Cash Items	**55**	**—**	**0-20**	**—**	—	—
Claims on Sovereigns	**220,341**	**—**	**0-100**	**—**	—	—
Claims on Banks	**1,634,743**	**—**	**20-100**	**33,485**	33,214	73,229
Claims on Central Banks	**141,769**	**—**	**0-150**	**—**	—	13
Claims on PSE	**—**	**—**	**20-150**	**—**	—	—
Claims on corporates	**157,097**	**—**	**20-150**	**157,097**	187,607	224,944
Claims secured on residential property	**—**	**—**	**35-125**	**—**	—	178
Past due claims	**15,607**	**—**	**50-150**	**10,045**	10,423	7,444
Other Assets / Fixed Assets	**7,904**	**—**	**100**	**7,904**	11,705	11,558
Total	**2,177,516**	**—**		**208,531**	242,949	317,366
Non-market related off-balance sheet risk weighted assets						
Direct Credit Substitute	**33,087**	**2,701**	**20-100**	**30,386**	15,943	16,658
Transaction-related contingent items	**13,503**	**695**	**20-100**	**6,404**	2,214	5,611
Trade Related Contingencies	**—**	**—**	**20-100**	**—**	—	—
Other Commitments	**180,796**	**—**	**20-100**	**11,310**	12,812	6,422
Total	**227,386**	**3,396**		**48,100**	30,969	28,691
Market related off-balance sheet risk weighted assets						
Interest Rate Contracts	**—**	**—**		**—**	21	89
Foreign exchange contracts	**125,003**	**—**		**2,728**	5,131	2,882
Total	**125,003**	**—**		**2,728**	5,152	2,971
Total Credit Risk	**2,529,905**	**3,396**		**259,359**	279,070	349,028
Operational Risk	**—**	**—**		**62,565**	70,866	72,738
Aggregate Net Open Foreign Exchange Position	**—**	**—**		**6,927**	817	520
Total Risk Weighted Assets	**2,529,905**	**3,396**		**328,851**	350,753	422,286

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 Bank has embedded sound internal capital adequacy assessment processes and 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 with periodic reviews 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 contingency plans have been identified for execution should the capital levels of the Bank ever fall below levels deemed acceptable by the Board, Management or the Bank of Mauritius.

Credit risk consumes approximately 79% of total regulatory capital usage as at 31 December 2021 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 2021, 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 macroeconomic scenarios which assessed the impact of macroeconomic changes on all relevant risk factors, assuming a severe economic recession and Management Expertise scenario relating to an expert judgment approach, where the Bank's senior management and stakeholders identify vulnerabilities in the portfolio that could result in a stress on earnings. Details of the 2021 ICAAP scenarios have been defined on Page 28 of this Annual report .

While stress results for capital adequacy are within risk appetite, the Bank will nonetheless remain alert to the 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 breach 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 the Bank of Mauritius Guideline on Related Party Transactions, a "related party" is defined as:

- 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 intra-Group 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
- The acquisition, sale or lease of assets with related parties.

The Bank has policies and processes in place to avoid conflicts 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 transactions are conducted at arm's length in instances where approval has not been sought.

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

The Top 5 Related Party Exposures at 31 December 2021 are outlined below:

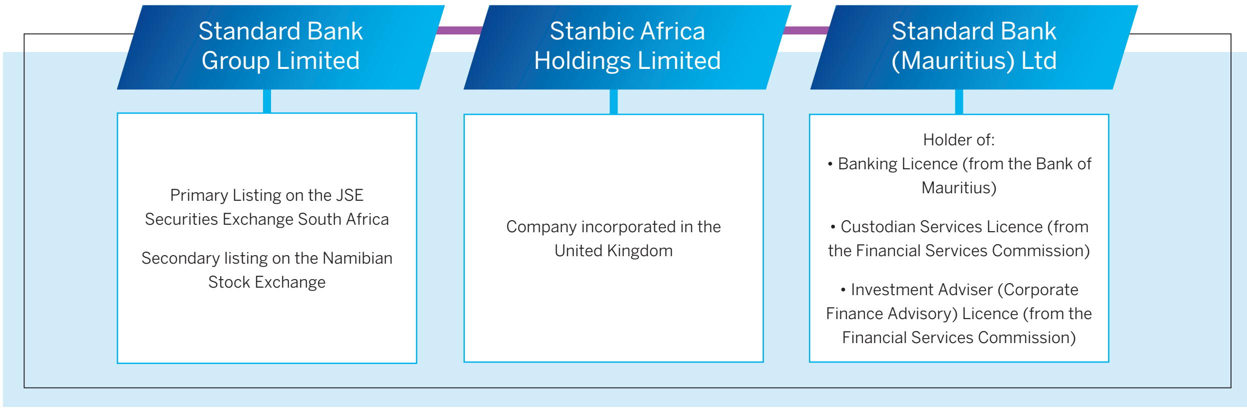
Counterparty	USD
The Standard Bank of South Africa Ltd	1,473,336,256
Stanbic Bank Nigeria	13,350,423
Stanbic Bank Kenya	4,401,592
Stanbic Bank Namibia	1,391
Stanbic Bank Uganda	766
	1,491,090,428

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



Our governance philosophy

We see governance as promoting strategic decision-making in a way 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 practices in corporate governance and ensures that corporate governance is integrated across the Group's 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 the overall responsibility for governance across the Bank, retains effective control through the Board-approved governance framework and provides for the 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 the custodian of the Bank's corporate governance, and ensures that the principles of governance and codes of best practice are in place and adhered to. It is responsible for providing ethical and effective leadership to the Bank. It agrees to the Bank's 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 31 December 2021. 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 (2017) 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 eight Board members with a suitable and wide breadth of backgrounds and professional experience in 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 it 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 setting the direction of the Bank and monitor management in order for the Bank to achieve its objectives. The Board has a 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 on 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 Executive Team deliver against agreed performance targets aligned with 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 the Board's consideration in a timely manner. Special Board meetings are convened as and when needed.

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 subcommittees. The mandates of the Board and its subcommittees were reviewed at the Board of Directors' meeting held in November 2021.The Board is also responsible for reviewing and approving, 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 responsible for setting and monitoring the strategic direction and key policies.
- Responsible for governance;
- The Chairman of the Board is the spokesperson for the Board;
- The Chief Executive is the spokesperson for the Bank;
- Empowering executive management to take actions to drive the Bank towards achieving 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, while assessing 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.

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. In September 2021, the Bank appointed Mr. Francois Gamet as the new Chief Executive and Executive Director.

In August 2021, the Bank was deeply saddened by the demise of Mr. Duncan James Westcott, Board Chairman and non-executive Director. Mr. Westcott had joined the Bank as an independent Director in September 2010, where he served as Chairman of the Board Audit Committee for several years, and finally, as Chairman of the Board of Directors as from March 2019. The Bank expresses its heartfelt condolences for his untimely death and expresses its sincere and deep appreciation for his invaluable guidance and contribution to the company's growth.

Mr. Arvind Hari, independent Director, was appointed as Chairman of the Board of Directors by the Board on 05 October 2021. He stepped down as Chairman of the Board Audit Committee and Mr Stephen Scali, non-executive director, was appointed as the new Chairman of the Board Audit Committee by the Board, effective from 05 October 2021.

As at 31 December 2021, the Board comprised 7 directors, 3 of whom are non-executive Directors, 2 of whom are executive Directors and 2 are independent Directors.

On 04 January 2022, the Bank appointed Mr. Helmut Engelbrecht as Non-Executive Director on its Board.

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
Mr Arvind HARI (Chairman)
Mr Francois GAMET (Chief Executive)
Mrs Michele AH SEE (Head: Risk)
Mr Clive Robert TASKER
Mr Stephen Vincent SCALI
Mr Roderick Terner Forbes POOLE
Mr Sanjeev MANRAKHAN
Mr Helmut ENGELBRECHT

Changes in Board's composition during the Year

Following the resignation of Mr Lakshman Bheenick as Chief Executive on 30 November 2020 and as executive Director from the Board on 06 January 2021, Mr Francois Gamet was appointed as Chief Executive and Executive Director on 01 September 2021.

On 17 March 2021, Mr Antonio Caroto Coutinho resigned as non-executive Director of the Bank.

Mr Duncan James Westcott, Chairman of the Board and non-executive Director, passed away on 19 August 2021.

Chairman and Chief Executive

The role of the 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 the 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 the effectiveness of the overall Board and each individual Director;
- 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 the 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.

Board of Directors

The Executive Directors are members of the Board and in full-time employment with the Bank.
The Executive Directors during the year 2021 were as follows:

Committee memberships

Executive Directors | Non-Executive Directors | Independent Directors


Francois GAMET


Michele AH SEE


Stephen Vincent SCALI


Roderick Terner Forbes POOLE


Clive Robert TASKER


Helmut ENGELBRECHT

1 Francois GAMET

Personal Profile
- Aged 52
- Holder of a Master's Degree in Management/Finance from Sup de Co Amiens Grande Ecole, France
- Executive Management Programme from INSEAD, France & Singapore

Current
- Appointed as Executive Director in September 2021
- Chief Executive of Standard Bank (Mauritius) Limited and Head: Corporate and Investment Banking

Previous
- Joined Standard Bank Group in 2004
- Occupied various key positions including serving as Chief Executive Officer of Standard Advisory (China) Limited from August 2015 to August 2021 and Head of Asia, Standard Bank Group
- Former Head of West Africa & Mauritius Corporate & Investment Banking, Standard Bank Group from 2012 to 2015
- Former Standard Bank Group Representative and Investment Banking Consultant, Russia from 2011 to 2012
- Former Head of Corporate & Investment Banking, Standard Bank Russia from 2008 to 2011
- Former Global Head Power & Infrastructure at Standard Bank Group, UK from 2007 to 2008
- Former Director Energy Finance at Standard Bank Plc., UK from 2004 to 2007

Ordinarily Resident in Mauritius

2 Michele AH SEE

Personal Profile
- Aged 55
- Holder of a MA (ord) in Accountancy and Economics from the University of Aberdeen (Scotland)
- Member of the Institute of Chartered Accountants of England and Wales

Current
- Occupies the post of Head: Risk in the Bank
- Appointed as Executive Director in February 2014
- Joined Standard Bank (Mauritius) Limited in February 2009

Previous
- Served as Acting Chief Executive from December 2020 to September 2021 pending the appointment of a new Chief Executive
- 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

3 Stephen Vincent SCALI

Personal Profile
- Aged 49
- 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 the Board Audit Committee and Board Credit Committee
- Member of the 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

4 Roderick Terner Forbes POOLE

Personal Profile
- Aged 60
- Holder of a Bachelor of Commerce from the University of South Africa

Current
- Appointed as Non-Executive Director in November 2016
- 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 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
- Chief: Change and Business Transformation Officer of Standard Bank Group until February 2022

Ordinarily Resident in Mauritius

5 Clive Robert TASKER

Personal Profile
- Aged 66
- 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
- Member of the Board Technology and Information Committee and 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

6 Helmut ENGELBRECHT

Personal Profile
- Aged 55
- Qualified as South African Chartered Accountant in 1991
- Holder of a LLB from Rand Afrikaans University, South Africa
- Holder of a B Com Accounting (Hons) from Rand Afrikaans University, South Africa
- Holder of a B Com Accountancy from Rand Afrikaans University, South Africa
- Completed an executive education course in Advanced Strategic Management from IMD Business School, Switzerland

Current
- Appointed as Non-Executive Director in January 2022
- Member of the Board Audit Committee, Board Credit Committee and Board Nomination and Remuneration Committee, effective from 28 January 2022
- Currently Regional Chief Executive Officer Africa Regions of Standard Bank Group

Previous
- Joined the Standard Bank of South Africa Limited in November 1999
- Held various key positions within Standard Bank Group in product teams (mostly Investment Banking)
- Former Head of Acquisition Finance of Standard Bank Group from 2004 to 2008
- Former Head of Investment Banking Africa Regions (Rest of Africa) of Standard Bank Group between 2008 to 2014
- Former Head of Investment Banking Africa (Africa Regions and South Africa of Standard Bank Group between 2014 to 2015
- Former Head of Client Coverage Africa Regions of Standard Bank Group between 2015 to 2021

Arvind HARI

Sanjeev MANRAKHAN

7 Arvind HARI

Personal Profile

- Aged 61
- 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 and the Mauritius Institute of Directors

Current

- Appointed as Independent Director in October 2018
- Appointed Chairman of Board of Directors of Standard Bank (Mauritius) Limited in October 2021
- Member of the Board Audit Committee and Board Technology and Information Committee and Board Credit Committee until 28 January 2022

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

8 Sanjeev MANRAKHAN

Personal Profile

- Aged 51
- Holder of an MBA in Information strategy from l'Ecole des Hautes Études Commerciale (EDHEC) in Nice, France
- Holder of a Post Graduate Certificate in Télécommunications 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
- Chairman of the Board Technology and Information Committee
- Member of the Board Risk Management/Conduct Review 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

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. In line with good corporate governance practice, the Board has constituted a Board Nomination and Remuneration Committee in November 2021 to assist the Board in fulfilling these duties, effective from February 2022.

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 2021 annual meeting, the Chairman 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, except for Mr. Antonio Caroto Coutinho, who did not offer himself for re-election.

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 2021 included:

- Fintech Regulatory Developments and Implications
- Cyber Resilience

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

Additionally, an online learning platform has been made available to the non-executive and independent directors where the directors can complete trainings on:

- Anti-money Laundering and Combating the Financing of Terrorism
- Anti-Bribery and Corruption
- Occupational Health and Safety
- Business conduct
- Personal conduct
- Client conduct

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
- After six years of tenure, a director no longer qualifies as an independent Director
- 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
- 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. The performance evaluation of the Chairman is carried out by the Board, led by a non-executive or independent Director. All training needs are also identified, and the Company Secretary facilitates such trainings during the course of the year.

The 2021 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 2021, 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. The Directors were also invited to evaluate the individual performance of their peers. One-on-one individual 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 at the November 2021 Board meeting. The recommendations on areas for improvement were noted and an action plan put in place.

The newly constituted Board Nomination and Remuneration Committee, which will be effective as from February 2022, will henceforth assist the Board in the performance management of Board members and will provide feedback on the contribution of the individual Directors to the achievement of corporate objectives, as well as on the regularity of their attendance at the Board and Board sub-committee meetings. The Committee will then make recommendations to the Board on the re-election of directors retiring by rotation.

Remuneration of Directors

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

The Bank was dispensed by the Bank of Mauritius to establish a Nomination & Remuneration Committee at Board level upon being satisfied that a suitably effective framework is in place at the parent level to fulfil this role. In line with good governance practices and taking into account the Bank's growth and strategy, the Board approved the constitution of a Board Nomination and Remuneration Committee in November 2021. Within its mandate, the Board Nomination and Remuneration Committee shall review the remuneration of the Chairman and the independent and non-executive Directors on an annual basis. The Board Nomination and Remuneration Committee will be operational as from February 2022, once its members have been appointed by the Board. Additionally, the Group Directors' Affairs Committee, set up at Group level, will provide guidance to the Board Nomination and Remuneration Committee and the Board to ensure that Directors' remuneration (including Directors' fees) promotes the long-term success of the Group and adheres to best practices in determining any Director's remuneration, including an annual review and benchmarking against local peers, in accordance with the Subsidiary Governance Framework and Principles of Standard Bank Group.

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.

Eligible non-executive and independent Directors receive a Director's fee for their 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

Directors have access to the services of the Company Secretary. The current incumbent in the role of Company Secretary is Mrs. Reshmee Kistnamah. The main duties of the Company Secretary are as per below:

COMPANY SECRETARY

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

Board composition - Year 2021

BOARD

Chairman **Arvind HARI**	**Sanjeev MANRAKHAN**	**Francois GAMET**	**Michele AH SEE**
Clive TASKER	**Stephen SCALI**	**Roderick POOLE**	

Executive Directors: Francois GAMET, Michele AH SEE; Non-Executive Directors: Clive TASKER, Stephen SCALI, Roderick POOLE; Independent Directors: Arvind HARI, Sanjeev MANRAKHAN

On 4 January 2022, Mr Helmut ENGELBRECHT was appointed as non-executive Director.

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 that require attention and consideration. The minutes of meetings are also included in the Board packs for noting.

BOARD OF DIRECTORS

- Board Audit Comittee
- Board Risk Management/ Conduct Review Committee
- Board Technology and Information Committee
- Board Credit Committee
- Board Nomination and Remuneration Comittee*

*In November 2021, the Board approved the mandate of the Board Nomination and Remuneration Committee. The first meeting of the Board Nomination and Remuneration Committee was held in February 2022.

The Board reviews and approves their terms of reference on an annual basis. In 2021, the Board reviewed and approved the mandates of its sub-committees and its mandate.

Summary of key terms of reference of the Board of Directors

Strategy	• Map out the Bank's goals and plans for achieving those goals. • Ensure that any action is aligned with the Bank's values, performance and sustainability. • Continuously monitor financial performance. • Ensure that an adequate budget and planning process is in place.
Corporate Governance	• Ensure that sound corporate governance practices are implemented within the Bank. • Annual assessment of achievements against set objectives. • Delegate power, authorities and discretions to the Chief Executive and sub-committees for a efficient decision-making process. • Propose the remuneration of independent and non-executive Directors to the shareholder for approval. • Recommend external auditor's fees to the shareholder for approval following recommendations from the Board Audit Committee. • Review matters such as the code of ethics, environmental and social issues. • The Board approves the Bank's code of ethics and ensures that it adheres to the highest set of standards for responsible business practice.
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 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	• Ensure proper and effective compliance, and implementation of risk management policies and procedures. • Implement 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. • Ensure that policies and systems are in place to achieve a prudential balance between risks and returns to the shareholder. • Approve dividend payments to the shareholder. • Consider and approve capital expenditure recommended by the Executive Committee. • Ensure an adequate budget and planning process is in place, and that performance is measured against budgets and plans.
Access to information and Resources	• Regular interaction between the Board and executive management. • Directors have free and unrestricted access to the management team and to the 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

BOARD AUDIT COMMITTEE

Chairman **Stephen SCALI**	**Sanjeev MANRAKHAN**	**Clive TASKER**
Arvind HARI*	**Roderick POOLE**	

*Following a review of the composition of the Board Audit Committee by the Board on 28 January 2022, the following changes were made to its composition:

- Arvind Hari is no longer a member of the Board Audit Committee; and
- Helmut Engelbrecht was appointed as a member of the Board Audit Committee.

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 auditors 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 both the external as well and internal auditors, independently of management, to discuss any issues of concern 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.

External Audit

To ensure an effective external audit process, engagements are held with the Board Audit Committee Chair to discuss 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 convenes to assess the external auditors, which 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. In 2021, we requested an extension to the Bank of Mauritius to reappoint PricewaterhouseCoopers as our auditors. The appointment of the external auditors for the year ended 31 December 2022 will be approved by both the Board Audit Committee and Board of Directors in March 2022 in line with the provisions of the Mauritian Banking Act 2004.

It is recognised that the external auditors have detailed knowledge of the Bank's business processes and this often enables them to provide 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 2021, 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. The increase in audit fees in 2021 was on account of work performed by the auditors on the dividend payment review, in line with the Bank of Mauritius guideline on dividend payment, as well as IFRS 9 review on hedge effectiveness.

	2021 USD	2020 USD	2019 USD
PwC			
Audit Fees	**154,053**	133,838	131,409
Non-Audit Fees	**–**	–	–
	154,053	133,838	131,409

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's 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 in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and the internal control environment. The 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, which defines the purpose, authority and responsibility of the Bank's Internal Audit function.

The Charter requires the Internal Audit function 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 compromises are made on quality, 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 of a Head: Internal Audit and an Internal Audit Manager. There is also support from Group Internal Audit in terms of procuring additional resources when required.

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, during sessions held between Committee meetings as appropriate, including meetings with the Chairman and/or Committee members, without the presence of management.

The Bank of Mauritius (BOM) has developed a Risk-Based Supervision Framework (RBS), which leverages 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 2021 included credit, compliance, revenue assurance, fair value of financial instruments and ICAAP. 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.

The 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

Chairman
Clive TASKER

Sanjeev MANRAKHAN

Francois GAMET

Stephen SCALI

Roderick POOLE

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 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 the 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

BOARD CREDIT COMMITTEE

Chairman **Stephen SCALI**	**Roderick POOLE**	**Francois GAMET**	**Arvind HARI***

*Following a review of the composition of the Board Credit Committee by the Board on 28 January 2022, the following changes were made to the composition:

- Arvind Hari is no longer a member of the Board Credit Committee; and
- Helmut Engelbrecht was appointed as a member of the Board Credit Committee.

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 it is managed within the credit risk appetite relative to strategy
- Continue to ensure that the appropriate credit governance framework is in place

Board Technology and Information Committee

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.

BOARD TECHNOLOGY AND INFORMATION COMMITTEE

Chairman **Sanjeev MANRAKHAN**	**Roderick POOLE**	**Francois GAMET**	**Clive TASKER**

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 their effective implementation by management.
- Review technology and information management reports.
- Consider the IT budget as a component of the Bank's approved budget and 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 Nomination and Remuneration Committee

In November 2021, the Board approved the constitution of a Board Nomination and Remuneration Committee to assist the Board in proposing new nominees to the Board, assessing the Board composition and its effectiveness, and recommending to the Board the remuneration of non-executive and independent Directors, and executive/senior management. The Committee became effective as from February 2022.

BOARD NOMINATION AND REMUNERATION COMMITTEE

Chairman **Roderick POOLE**	**Clive TASKER**	**Helmut ENGELBRECHT**	**Arvind HARI**

Summary of key terms of reference

- Periodically evaluate the balance of skills, knowledge, experience and diversity on the Board and recommend the criteria, description of the role and capabilities required for the selection of Board candidates.
- Review and recommend candidates for Board positions to the Board, including the Chairperson of the Board, Chairpersons of the Board sub-committees, Chief Executive and other executive Directors.
- Establish and make recommendations to the Board regarding succession plans for non-executive Directors, independent Directors and executive Directors.
- Set out the criteria for measuring the performance of Board members.
- Review the findings of the Board and sub-committee performance evaluation process that relate to the composition of the Board and board sub-committees and make recommendations to the Board.
- Review and make recommendations on the re-election of Directors retiring by rotation and continuation of service of Directors who have reached the retirement age having due regard to their performance.
- Consider any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the company.
- Review and recommend the appointments of Senior Officers of the company.
- Review and recommend to the Board the remuneration of the Board Chairperson, independent directors and non-executive Directors, including the members of committees.
- Provide oversight on the remuneration and compensation of executives, senior managers and other key personnel.
- Review the annual Incentive Pool and merit increases and oversee any major changes in employee benefits structures.

The year ahead

- Review the Board composition and recommend succession plans to the Board
- Ensure that remuneration fees are reflective of the responsibilities borne by the Board members
- Ensure a sustainable and equitable balance and mix of employee salaries and benefits.

Board and Committee Meetings

Board and Board sub-committee 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 scheduled meeting 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 the latest issues affecting the Bank is also circulated as appropriate.

In light of the Covid-19 pandemic and travel restrictions, Directors who are not ordinarily residents of Mauritius were unable to travel to Mauritius to attend the Board meetings. All the Board meetings in 2021 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 (until 19 August 2021)	Arvind Hari	Clive Tasker	Stephen Scali	Sanjeev Manrakhan
Chairman as from 5 October 2021		Arvind Hari	Stephen Scali	Clive Tasker	Stephen Scali	Sanjeev Manrakhan
Attendance						
Executive	Lakshman Bheenick (resigned on 6 January 2021)	-	N/A	-	-	-
	Francois Gamet (appointed on 1 September 2021)	2	N/A	1	1	1
	Michele Ah See	5	N/A	N/A	N/A	N/A
Non-Executive	Duncan Westcott	2	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	1	1	1	1	1
Independent	Arvind Hari	5	5	N/A	4	3
	Sanjeev Manrakhan	5	5	3	N/A	4

Mr Sanjeev Manrakhan was appointed Chairman of the Board Technology and Information Committee, effective from 01 January 2021. He was appointed as a member of the Board Risk Management/Conduct Review Committee, effective from 17 March 2021.

Mr Lakshman Bheenick resigned as executive Director, effective from 06 January 2021.

Mr Antonio Coutinho resigned as Director on 17 March 2021.

Mr Duncan Westcott, Board Chairman, passed away on 19 August 2021.

Mr Francois Gamet was appointed Chief Executive and executive Director, effective from 01 September 2021.

Mr Arvind Hari was appointed as the new Board Chairman on 05 October 2021, leading him to remove himself as the Board Audit Committee Chairman and member of Board Technology Committee on the same date.

Mr Stephen Scali was appointed as the new Board Audit Committee Chairman on 05 October 2021.

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 Interest 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 there are 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 the 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. When the Board is considering matters in which any Director may be conflicted, concerned Directors do not participate and recuse themselves from the meeting.

The Risk Management/Conduct Review Committee is responsible for monitoring and reviewing related party transactions 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 risks, 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 (passed away on 19 August 2021)	Lewis Group Limited Balwin Properties Limited
Clive Tasker	Nil
Stephen Scali	Nil
Lakshman Bheenick (resigned on 6 January 2021)	Nil
Michele Ah See	Nil
Rod Poole	Nil
Arvind Hari	Nil
Sanjeev Manrakhan	Nil
Antonio Coutinho (resigned on 17 March 2021)	Standard Bank Malawi
Francois Gamet	Nil

Evolving our Ethical Framework

Our ability to achieve our purpose depends on our reputation as a trusted partner. Our reputation rests on the ethics and values that shape the culture and conduct of our people. Our code of ethics requires all employees to act with integrity and to place the interests of our clients, and the communities impacted by our business, at the centre of our decision-making. It sets out clear principles to help our employees decide on the correct course of action. All employees must undertake an annual mandatory training on the code of ethics.

Our approach to ethics looks at the following three types of conduct :-

1. Personal Conduct:- How we are expected to behave as staff of Standard Bank

Policies are in place to govern personal conduct:-

- Conflicts of interest
- Gifts and entertainment
- Outside business interests
- Personal account trading
- Diversity and inclusion
- Harassment, sexual harassment and unfair discrimination
- Occupational health and safety
- Whistleblowing

2. Market conduct – How we are expected to behave in the market

Policies are in place to govern market conduct

- Anti-bribery and corruption
- Whistleblowing
- Financial crime control
- Data privacy
- Market abuse control
- Treating Customers Fairly (TCF)
- Complaints management

3. Societal conduct – How we are expected to behave in Society

The Bank has in place a Human Rights Statement and adheres to the Equator principles.

Policies are in place to govern societal conduct:

- Environmental and social risk management
- Corporate social investment policy
- Whistleblowing policy
- Procurement policy

We aim to understand the impacts of our business activities – direct and indirect, including impacts on the environment, society and economic growth.

Developing and driving a strong conduct culture:

“Conduct” has become a key strategic value driver to achieve sustainable growth. As such, the Board sets the tone from the top and exercises continuous oversight of executive management’s efforts to foster a culture of ethics and appropriate conduct within the Bank. Executive management is ultimately responsible for continuously reinforcing and championing the Bank’s ethics, conduct and culture.

We track conduct through the regular quarterly reporting of specific metrics against their target to the Executive Committee and the Board Risk Management and Conduct Review Committee via our ‘Conduct dashboard’.

We conduct an annual anonymous employee survey, which provides employees with a safe way to speak out. It enables us to assess how employees view the integrity of their line managers and provides insights on how employees feel about working for the Bank through the “Employee Net promoter Score” (eNPS).

We also conduct an annual Client Survey Insights (CSI) to ensure we are delivering on our promise to the client in terms of operational excellence and treating them fairly.

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's 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 his/her interests and to receive the information he/she needs to make investment and voting decisions.

Connecting with our stakeholders

Stakeholder engagement is central to the Bank’s everyday business. The Bank engages with different stakeholders in different ways and strives 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, minimises reputational risk and forms strong partnerships with all stakeholders, with the goal of supporting 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 stakeholders’ wellbeing and success, and as a result, 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 whom we have a direct, contractual relationship: namely, our people, our clients, our partners, our suppliers, and our shareholder.
- The second group comprises stakeholders who do not necessarily have a contractual relationship with us, but still fall within the Bank’s sphere of influence, and thus have a stake in our performance; this includes 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 to address matters of mutual interest, explore potential partnerships, and search for opportunities to create value.

Connecting with our stakeholders (continued)

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:

STAKEHOLDER ENGAGEMENT					
STAKEHOLDER GROUP	**CLIENTS**	**OUR PEOPLE**	**SHAREHOLDER**	**REGULATORS**	**CIVIL SOCIETY GROUPS**
WHY? **This is why we think it’s important to engage**	We observe a robust client-centric model, meaning that our clients are at the centre of everything we do. We need a consistently updated and clear understanding of our clients’ needs and preferences, the environments in which they operate and the opportunities that exist to promote sustainable partnerships.	Our people drive the purpose of the Bank. A highly engaged workforce is key in ensuring that the Bank achieves its strategic objectives.	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.	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.	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. Sponsorships are an important component of the Bank’s social investment and communication strategies. They provide us with the right platform to engage with our different stakeholders and are a major contributor in enhancing our brand and creating relevance in our market.
WHAT? **These are the issues that matter the most to them**	• Ensuring a consistent and world-class client experience • Affordable and appropriate solutions for our clients and their ecosystems • Safety and security of client data and assets • Reliable systems and processes that work efficiently and cost effectively across all markets in which we operate	• Promote an integrated and personalised employee experience through meaningful career advancement and continuous development opportunities • Enable our people to grow and thrive by offering a meaningful learning & career experience	• Strengthening efficiency and return on investment • Responding to increased competition in challenging market conditions • Competitiveness and growth potential	• 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	• 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 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 2021 client survey, the feedback of clients was requested on the following areas:
	  • The client's experience with the various business units;
	  • The client's perception of the Bank relative to its peers;
	  • 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;
	• Areas for improvement.
		• Enabling personalised human experiences by exploring future workplace models while focusing on employee wellbeing
		• Transform our business to be future-ready through adequate organisational designs, structures and robust change management
		• Enhancing our leadership and culture for future readiness. The aim is to create a conducive culture in line with the Bank’s aspirations. We began rolling out our culture journey in September 2020 and continued to strengthen it in 2021. The focus of the programme has been to extend the learnings to all employees
		• Learning strategy: The Group has embarked on a future-ready transformation (FRT), whose aim is to ensure a future-fit organisation and workforce. Learning Pathways were rolled out across the Bank to ensure a common understanding of FRT. Ecosystems, Data Literacy fundamentals, Platform Business and Behavioural Science.
			• We engage with the Shareholder via calls, meetings and conferences, and at interim and annual results announcements. We 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 actions implemented, if required. The Chairman also acts as an intermediary between the key stakeholders of Standard Bank Group and the Board
			• The Bank has on 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 pandemic and closure of borders in Mauritius, the annual meeting of Shareholders was held virtually in March 2021.
				• 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 2021 falling under the ambit of our regulators. Standard Bank Mauritius has actively contributed to the implementation of these new legal and regulatory developments by engaging directly with the relevant government body and by participating in 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.
					• The Board has delegated authority to its sub-committees to consider views of other key stakeholders with respect to consumer complaints, ethical matters, conflicts of interests environmental, social and health and safety matters. Management provides quarterly reports on same to the Board and its sub-committees 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 2021:
					
					Education, Health & Social, Environment
					• Education pillar
					• Standard Bank Mauritius Scholarship - 24 students with limited financial means and pursing their undergraduate courses at the University of Mauritius are currently benefiting from our scholarship programme. Under the Education pillar, the main focus remained the Standard Bank Scholarship Scheme.
					• Food donation programme for Case Noyale RCA and NGO Quartier de Lumiere. We provided a hot meal to the needy beneficiaries of the NGO and Case Noyale primary school.
					• Les amis de Zippy - This programme aims to improve the skills of young children aged 6 to 7 to develop coping mechanisms to deal with everyday difficulties.
					• PC donation to Case Noyale RCA and St Jacques RCA as the ones used by the students for their IT classes were not working.

Connecting with our stakeholders (continued)

STAKEHOLDER ENGAGEMENT					
STAKEHOLDER GROUP	**CLIENTS**	**OUR PEOPLE**	**SHAREHOLDER**	**REGULATORS**	**CIVIL SOCIETY GROUPS**
	The results of the survey showed an overall improvement in clients' experience and perceptions of the Bank (8.4/10 in 2021 vs 8.1/10 in 2020). 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 events that are typically scheduled throughout the year. Despite these constraints, the Group arranged several webinars and online panel discussions for clients. Furthermore, client-facing staff engaged proactively and frequently with clients virtually to ensure that strategic dialogues continued to be maintained.		• At Group level, Standard Bank Group engaged with shareholders and investors in advance on Environmental, Social and Governance (ESG) issues prior to the AGM. The aim was to create sustainable value for shareholders whilst managing ESG risks and delivering on positive social and environmental impacts, with particular focus on climate impacts. • Issues raised by investors were submitted to the executives and the Board at Group level for consideration.	• On a more general note, Standard Bank Mauritius adopts a transparent approach with our regulators and ensures that they are up-to-date with every aspect of our business strategy and vision. This approach has proven 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.	**Health and Social pillar** • Money was raised through the Stride Walkathon event – a 10-day challenge to walk. 42 staff participated. MUR 42,000 was donated to Link to Life for its Donate-a-bra campaign to support breast cancer survivors. The fund was used to purchase cotton bras, which were then converted into mastectomy bras. • SOS Village – Solar water heater • The beneficiaries had no access to hot water during winter and the Bank financed the purchase of solar water heaters for 2 orphanage housings. **Environment pillar** The Bank renewed its partnership 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. Some initiatives carried out in 2021 include: **The Mauritius Finance Week at the Dubai Expo 2020** • The Bank was a platinum sponsor of the Mauritius Finance Week organised by the Economic Development Board (EDB) in collaboration with the Ministry of Financial Services and Good Governance. The Mauritius Finance week was held during the Dubai Expo in Dubai, UAE in December 2021. The aim was to showcase Mauritius as an International Financial Center of choice. **Standard Bank Royal Raid 2021** The Standard Bank Raid 2021 scheduled for November 2021 was cancelled due to the sanitary restrictions in place at that time.

Shareholder's Calendar

	Reporting date
Financial Year End	December
Annual General Meeting of Shareholders	March
Publication of Financial Statements	March
Annual Report	
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 Standard Bank Group's website.

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

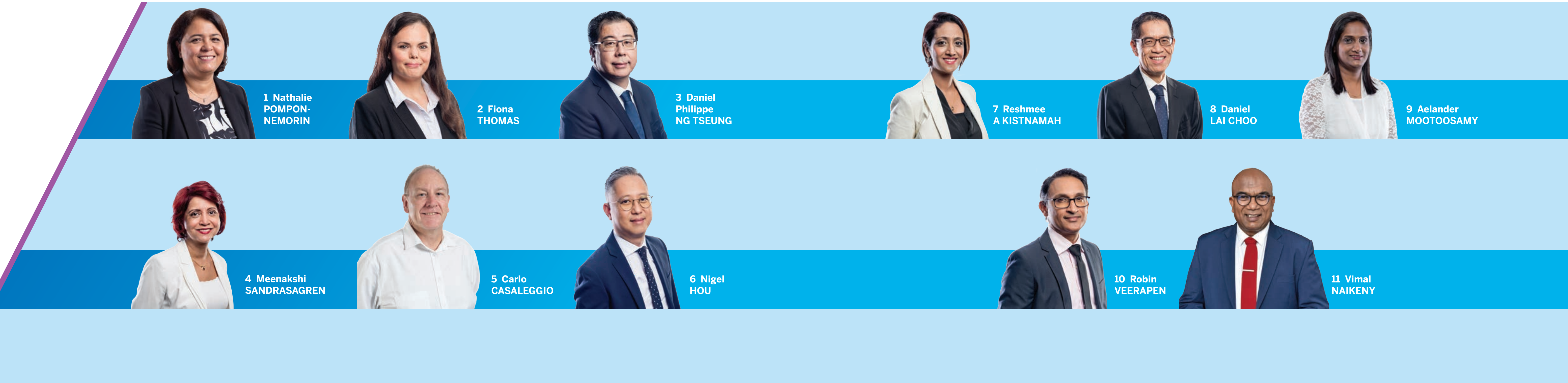
Going concern

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

Francois Gamet **Chief Executive**	Please refer to his profile on page 48
Michele Ah See **Head: Risk**	Please refer to her profile on page 48
Nathalie Pompon-Nemorin **Chief Financial Officer**	Please refer to her profile on page 66

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 Fiona THOMAS
Head: Client Coverage

- Appointed Head: Client Coverage in July 2021
- Holder of a BCompt (Auditing) from the University of South Africa, Associate Chartered Management Accountant (ACMA) and Chartered Global Management Accountant (CGMA) post graduate qualifications from CIMA (UK)
- Joined Standard Bank in 1996 and held various positions within the Group, including the role of Executive: Client Coverage, Consumer Sector
- 12 years of experience in Coverage, primarily responsible for a portfolio of Global Multinational Corporates and key Group strategic clients

3 NG TSEUNG Daniel Philippe
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 SANDRASAGREN Meenakshi
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's 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 13 years
- Worked for MEDIA as financial controller
- Worked for De Chazal Du Mée and Philips ELL & Gross

5 CASALEGGIO Carlo
Head: Compliance

- Joined Standard Bank (Mauritius) Limited in 2020 as Head: Compliance
- Holder of a Master's 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

6 HOU Nigel
Head: Credit

- 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

7 A KISTNAMAH Reshmee
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 Universite 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

8 LAI CHOO Daniel
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

9 MOOTOOSAMY Aelander
Head: People & Culture

- Appointed Head: Human Capital in November 2015 with Standard Bank (Mauritius) Limited
- Holder of a Master's in Social Sciences from the University of Natal in Durban, South Africa and a Master's 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

10 VEERAPEN Robin
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 Hong Kong and Shanghai Banking Corporation Limited (HSBC) for 14 years

11 NAIKENY Vimal
Head: Technology & Operations

- Joined Standard Bank (Mauritius) Limited in March 2021
- Holder of a Master's in Business Administration from Paris-Dauphine-Sorbonne University, a MSc in Project Management as well as a B.Eng (Hons) in Computer Science and Engineering from University of Mauritius
- Previously employed at the Bank of Mauritius, Bharti Airtel, Millicom International, Huawei Technologies SA, Mauritius Commercial Bank Ltd

Departures:

Lakshman Bheenick
Chief Executive
Exit date:28 February 2021

Jannie Botha
Acting Chief Information Officer
Exit Date: 29 April 2021

Cole Acutt
Head: Investment Banking
Exit Date: 31 August 2021

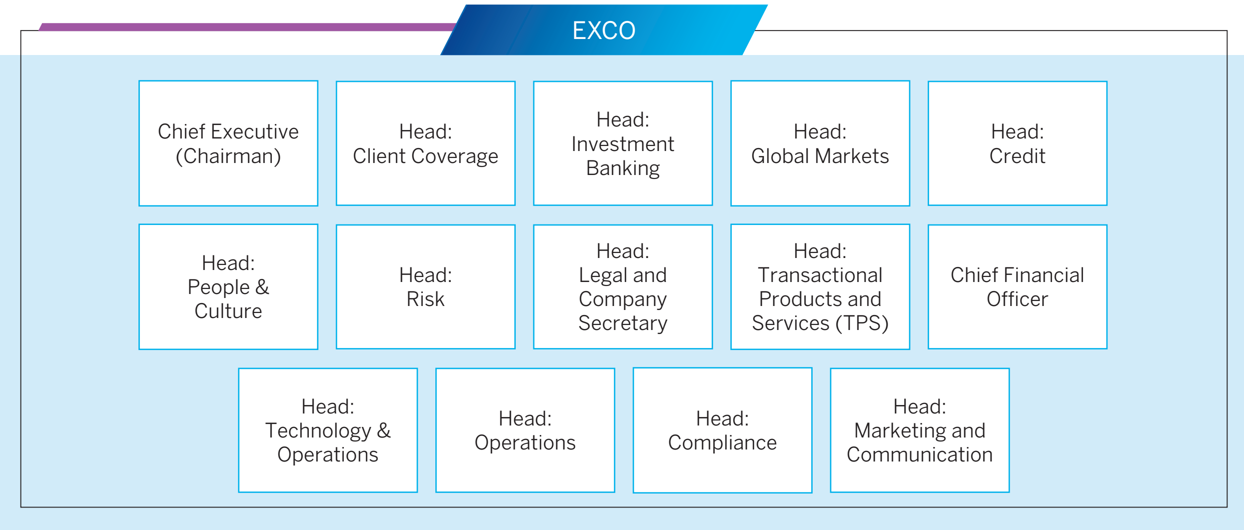
Carlo Casaleggio
Head: Compliance
Date of resignation submitted: 1 December 2021
Exit date: 28 February 2022

Management Committees

The Chief Executive has the authority to manage the Bank within the framework laid out 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 Non-Financial Risk (previously Operational Risk and Compliance Committee) ('NFRC') and the Technology & Operations Executive Committee (previously IT Steering Committee). The names of the two Committees were changed to align with Standard Bank Group's policy frameworks.

In 2021, the Executive Committee (EXCO) reviewed the Committee operations of the sub-committees operating under its authority. The purpose of the assessment was to adopt 'work smart principles' for a better time allocation of executives in value-added tasks, whilst also releasing capacity and resources to focus on enhancing client experience. The composition of the sub-committees was reviewed, as was the frequency of meetings for the more efficient use of capacity and resources. The EXCO also delegated more powers to its sub-committees to enable the EXCO member to focus on material and strategic matters.

Executive Committee (EXCO)



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.
- Review the annual budget forecasts, business plans, capital expenditure plans and new strategic alliances.
- Address human resource 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.

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 the business in line with the Group's 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 responsible for the overall performance of the franchise and to provide the requisite leadership and direction to the Mauritius team, whilst ensuring that the Group's values and vision are imbibed.

Head: Risk

Provide the leadership, vision, direction and implementation of risk management processes and systems as a key enabler to achieving the organisation's business objectives. 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 the 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 and procurement areas.

Head: CIB

Take overall accountability for building and maintaining a strong CIB brand and reputation at a country level as aligned with Standard Bank Group and CIB Brand. Act as in-country leader of the CIB employee base and drive the "One CIB Culture". Direct, develop and manage the CIB team in country, in partnership with the Sub-Regional Product Heads (where applicable). Ensure the delivery of CIB revenues and net earnings through the 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 maximising 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 the 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 operations and the franchise across Africa. Provide material support to drive the necessary research, analyses, origination, execution and administration in Investment Banking.

Head: Compliance

Provide input into the strategy and assist in the strategic execution of 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 deliver 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, evaluation of 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 and statutory duties, and performs its functions in accordance with the 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.

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, provide a steady flow of demand through, for example, sales leads, and measure the return on marketing programme investments.

Head: People and Culture

Translate the Group's and business lines' people strategies into tactical operational plans and incorporate it into the overarching Country People Plan for execution at country and business unit level. Ensure that staff costs are aligned with the overall strategy of the Bank: provide a People and Culture business partnering function to senior management and executives of the business. Coordinate the delivery of People and Culture initiatives and services with other business partners and centres of excellence to ultimately ensure that the Bank is adequately and competently equipped in terms of capacity and capability.

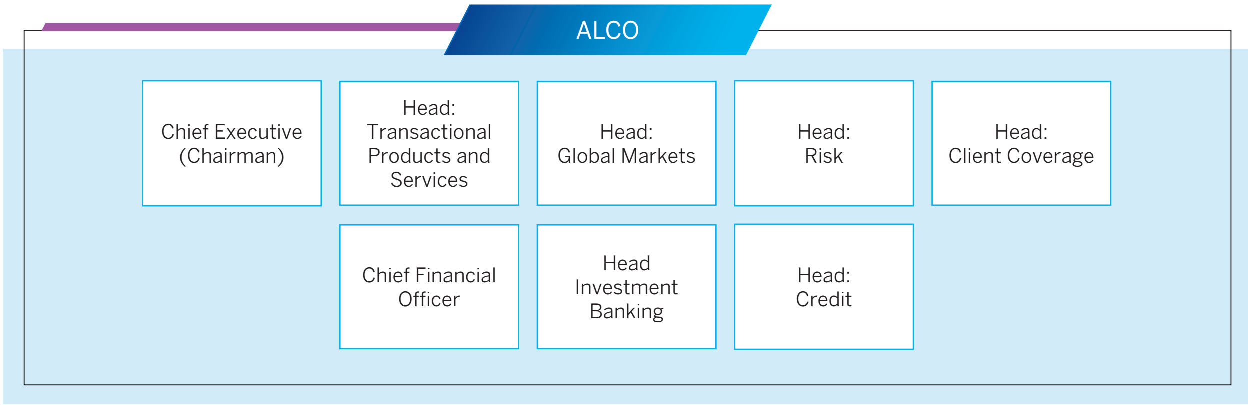
Head: Operations

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 the 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: Technology & Operations

To develop and implement local Technology and Operations execution, partnering with Group Technology & Operations and Country leadership, providing strategic vision and operational Technology leadership for the Technology & Operations Function. Deliver to clients aligned with Client Solutions and Client Segments strategies, manage in-country delivery and provision of local support for Group shared solutions. Lead and drive technology and operational excellence and efficiencies.

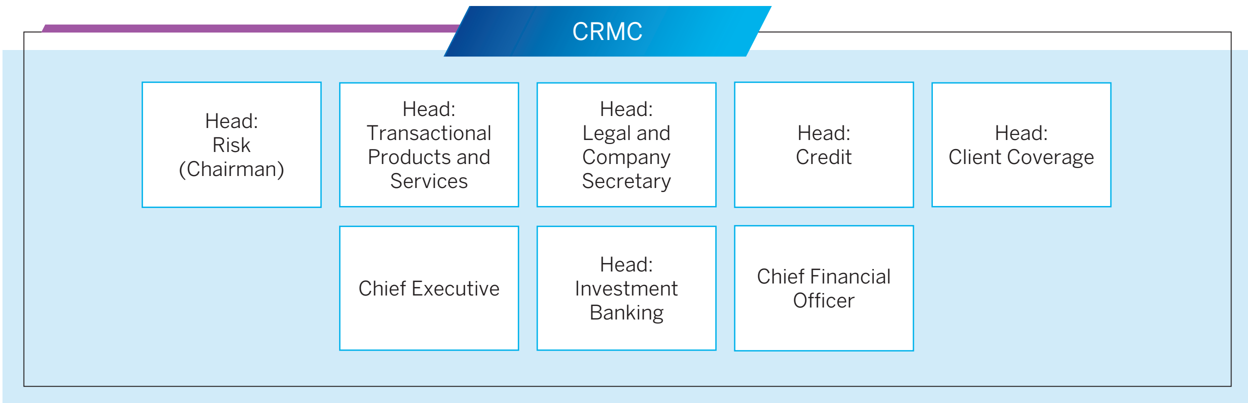
Asset and Liability Management Committee (ALCO)



Summary of key terms of reference

- The purpose of ALCO is to monitor and control all trading book risks, banking book liquidity risks and interest rate risks in accordance with the risk appetite.
- Monitor and control regulatory and economic capital adequacy, liquidity risk and interest rate risk in accordance with the risk appetite set by the Board
- Approve risk appetite and tolerance levels across liquidity risk, regulatory and economic capital adequacy, market risk and interest rate risk
- Ensure that capital supply and utilisation are structured in a way that optimises current and future returns to shareholders
- Set the capital management and liquidity framework and governance structures of the Bank
- Review and note the impact of internal and external factors on the net interest margin.
- Approve the Bank's contingency funding plan.
- Approve capital, liquidity risk, interest rate risk, funds transfer pricing and market risk policies.

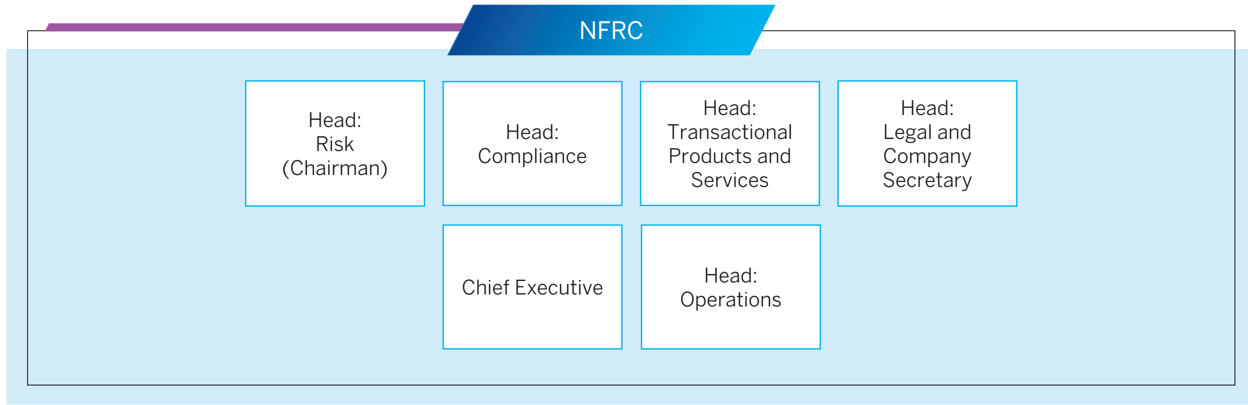
Credit Risk Management Committee (CRMC)



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 risks 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 the 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.

Non-Financial Risk Committee (NFRC)



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, measurement and control of non-financial risks, and ensure that the controls, processes, procedures and systems employed meet Standard Bank Group's risk appetite and the requirements of the regulatory authorities.
- Ensure that the non-financial risk framework is carried out in line with Standard Bank Group's non-financial risk governance framework and is fit for purpose.
- Oversee non-financial risk exposures and breaches of levels of non-financial risk appetite and tolerance.
- Oversee non-financial risks related developments within the areas of inter alia outsourcing, business resilience, key regulatory changes and internal policy.
- Review the impact of infrastructure and operational changes on non-financial risks across the relevant network and ensure that appropriate levels of quality control are applied.
- Adopt such principles of corporate governance and codes of best practice that promote good risk management within the Bank.
- Review and concur with the level of insurance cover and note significant claims.
- Review and approve policies, as required.

Technology & Operations Executive Committee

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 risks 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.
- 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 technology and operations audit findings and monitor the resolution of issues.
- 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 with the Group/Bank's policies and standards.
- Ensure that effective risk management exists within technology and operations (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
- Approve technology and operations governance standards/playbooks/policies

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 Sub-committee. 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 articulate the mandates with regard to reporting to committees, sub-committees and the Technology Board of the Bank.
- Technology governance domains which relate 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 with 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 IT team's ability to 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 with 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 of technology to 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 intended 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 need 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. It is mandated to ensure:

- Quality of the architecture of all solutions is maintained and improved by:
  - Application of Group-wide architecture and design standards;
  - Compliance of architectures with the applicable standards, technology strategies and roadmaps;
  - The 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 with the following four key objectives guiding its remuneration strategy:

1) Measure and reward 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 ensures that people are fairly rewarded by making sure 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, 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	21,879
Stephen Scali	27,306
Clive Tasker	26,776
Total Non-Executive Directors	**75,961**
Sanjeev Manrakhan	25,230
Arvind Hari	30,805
Total Independent Directors	**56,035**
Lakshman Bheenick	49,544
Marie-Michele Ah See	242,495
Francois Gamet	300,456
Total Executive Directors	**592,495**
Total Non-Executive & Executive Directors	**724,491**

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 the Group. Roderick Poole and Antonio Coutinho are employees of the 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

Our direct impacts arise mainly from energy use at our head offices, our service centre, and work area recovery site and, to a lesser extent, from water use and waste generation at these buildings, as well as employee travel. We have identified the need to improve metering, data capture and analysis systems, to enable us to track our progress and assist in setting accurate and realistic reduction targets. This will, in turn, give us better insights and more accurate data on where we can further reduce energy used.

As a result of the Covid-19 pandemic and movement restrictions in place, 80% of our employees worked from home for half of the year, leading to a decrease in our Energy consumption use. However, the reduction was less significant as our Data Centre was still operational.

Metrics for Standard Bank's operations	2021	2020
Indirect emissions from purchased electricity		
Purchased electricity (MUR)	**6,566,468**	7,389,547
Indirect emissions		
Paper (Tonnes)	**1.1**	1.02

Energy Consumption

Electricity comprises the major contributor to our direct carbon footprint. Our energy management system aligns with international standards designed to improve energy performance and consequently conserve resources and tackle climate change, with the added benefit of saving money.

The total energy consumed in 2021 was 741,394 KWh, as opposed to 830,720 KWh consumed in 2020. Our diesel consumption for the year was negligible.

The reduction was aided by:

a. Incorporating behaviour change in our facilities.
b. Reducing staff occupancy for a six-month period.

Waste

Our waste includes paper, which is mostly recycled, as well as hazardous and wet waste from our canteens and restaurants, which is mostly sent to landfill sites. In 2021, 80 % of our employees continued to work from home owing to the Covid-19 pandemic. Waste production was as low as 2020 levels as a result.

Health and Safety

Standard Bank (Mauritius) Limited has at its heart the health, safety and wellbeing of its employees, clients, and other stakeholders. Although the Bank operates in a relatively low-risk environment and our stakeholders are not exposed to significant occupational health and safety hazards, we, nevertheless, have put in place a series of measures to ensure that we continually improve our health and safety performance.

The Bank has implemented stringent sanitary and hygiene protocols to ensure that our premises remain safe. We have set up social distancing markings at entrances and common areas to mitigate contagion risks. We also provide all our employees with hand sanitizers and ensure that all those accessing the office wear masks and follow measures in place. Regular cleaning and disinfection of premises is ongoing, and we adhere to both local and Group health, safety, wellbeing, and sanitary best practices.

As far as performance is concerned, the Bank has not registered any health and safety incidents. Training and awareness for all employees is an ongoing process with the mandatory yearly OHS General awareness e-module on our Network Next platform and through regular email communications. We also conducted two fire drills to ensure that we uphold our emergency preparedness plan.

As we navigate through the Covid-19 crisis, we continue to provide support for employees through different initiatives. These include, but are not limited to, online health and wellness webinars, hybrid working, flexitime and Employee Assistance Program to support the wellbeing of our people.

Environment sustainability

At the Bank, we adopt environmentally friendly and ecological measures to help preserve the environment and reduce our carbon footprint, as far as possible. The following measures in the office are a continuation of what has already been put in place over the years:

Energy efficiency

In some areas of the Bank, we used natural ventilation by opening windows and turning off the AC units. This reduces the recycled air and improves the air quality within the office space. In turn, this leads to better efficiency, a lower risk of the virus spreading and saving on electricity consumption.

Recycling

Paper recycling was enforced, and collection was only required quarterly from recycled bins in the office space. Over the year, we achieved an increase in paper recycling levels, from 1.02 tonnes in 2020 to 1.10 tonnes in 2021. This was due to the reduced staff occupancy and a paperless approach in various departments within the Bank.

Corporate Social Responsibility

Changing lives | Building sustainability

During the year, we have identified the following areas of intervention for CSR activities, where USD 70,098 was spent on initiatives in the following pillars:

Education pillar

Standard Bank Mauritius Scholarship	Les amis de Zippy	Food donation programme for Case Noyale RCA and NGO Quartier de Lumiere	PC donation to Case Noyale RCA and St Jacques RCA
The Bank continued to support students with limited financial means. In 2021, 24 students benefitted from our scholarship programme and are pursuing their undergraduate courses at the University of Mauritius.	The Bank renewed its support to the 'Les amis de Zippy' programme. This programme aims to improve the skills of young children aged 6 to 7 to develop coping mechanisms and be able to deal with everyday difficulties. Five schools in underprivileged regions on the island were identified: Case Noyale, St Jacques, Chamarel ND du Mont Carmel, Chemin Grenier, St Francois D'Assise, Baie du Cap, Souillac.	In 2021, a hot meal was provided to the needy beneficiaries of the NGO and Case Noyale primary school. This helps in decreasing absenteeism and enables the students to better concentrate on their studies.	The Bank donated PCs to Case Noyale RCA and St Jacques RCA as the ones used by the students for their IT classes were not working.

Health and Social pillar

Stride Walkathon - Donation to Link to Life	SOS Village – Solar water heater
Money was raised through the Stride Walkathon event – a 10-day challenge to walk. 42 staff participated. MUR 42,000 was donated to NGO Link to Life for its Donate a bra campaign to support breast cancer survivors. The fund was used to purchase cotton bras and be converted into mastectomy bras.	The beneficiaries had no access to hot water during winter and the Bank financed the purchase of solar water heaters for 2 orphanage housings.

Environment pillar

We renewed our collaboration with the Mauritian Wildlife Foundation as champions of endangered species and plants for the following projects:

The Ecosystem reconstructions using giant Tortoises	Mauritius Kestrel Conservation project	The rare plants conservation project
With the extinction of our endemic tortoise species, all the functional roles fulfilled by giant tortoises in the ecosystem are missing. To remediate this situation, the MWF uses the Aldabra tortoise (a close relative of Mauritian giant tortoises) to replace lost ones. These will be used as substitutes to re-enact the lost 'plant-tortoises' interactions such as browsers, grazers and seed dispersers and help restore the native forest on Ile aux Aigrettes and Round Island.	The Mauritius Kestrel is one of the nine endemic bird species left in Mauritius. The 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.	Mauritius is home to 671 native species of flowering plants. 311 are endemic to the island; of these, over 90% are considered to be threatened and about 100 species have less than 100 individuals in the wild. The project undertakes to propagate and plant the rarest species to increase their numbers to protect them from extinction and, in the long term, support the endemic fauna.

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 2021

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
Arvind Hari

Chief Executive
Francois Gamet

23 March 2022

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, who 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 the 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 programs directed at ensuring compliance with regulatory requirements.

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

The Bank's external auditor, PricewaterhouseCoopers, has full and free access to the Board of Directors and its Committees to discuss audit and matters arising there from, such as their observations and fairness of financial reporting and the adequacy of internal controls.

Chairman
Arvind Hari

Director
Stephen Scali

Chief Executive
Francois Gamet

23 March 2022

Statement of directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year, which provide a fair overview of 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
Arvind Hari

Director
Stephen Scali

Chief Executive
Francois Gamet

23 March 2022

Secretary's Certificate

In accordance with section 166 (d) of the Mauritian 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

23 March 2022

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 31 December 2021, 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 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes 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 judgment within the ECL calculations include: • Evaluation of significant increases in credit risk ("SICR"); • Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; • Assessment of ECL recognised for Stage 3 exposures; and • Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement.	We performed the following procedures on the ECL, with the assistance of our actuarial experts. 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 actuarial experts, we assessed the input assumptions applied within the PD, LGD and EAD models (including forward-looking information), in compliance with the requirements of IFRS 9 Financial Instruments (IFRS 9). 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. In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures. 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 of SICR at the reporting date since the origination date of these exposures. These procedures included the inspection of credit ratings at reporting date relative to origination date.

Key audit matter	How our audit addressed the key audit matter
	We selected a sample of performing counterparties and performed the following procedures to determine if the counterparties' credit risk increased from origination: • Compared the credit rating on inception of the facility to the credit rating as at the reporting date; • For any significant downgrades in the credit rating as per the policy, ensured that the counterparty is correctly classified in Stage 2 for impairment purposes; and • For any deviations from the above credit policy, assessed the reasonability of this based on our knowledge of the group and industry norms. 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 all 'other information'. 'Other information' comprises information included in the annual report, but does not include the financial statements and our auditors' 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 our 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 the International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, 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:

a. 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.
b. 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.
c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
d. Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
e. 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 any 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**

23 March 2022

Statement of Financial Position

As at 31 December 2021

	Notes	2021 USD	2020 USD	2019 USD
Assets				
Cash and cash equivalents	7	**1,396,876,510**	1,050,583,021	686,658,119
Trading assets	8	**4,632,688**	1,013,864	3,690,943
Derivative assets	9	**1,478,203**	2,591,021	1,151,716
Loans and advances to banks	10	**378,110,762**	259,159,883	298,481,160
Loans and advances to customers	11	**168,282,099**	187,757,655	227,004,114
Financial investments	12	**215,996,009**	219,976,793	197,075,417
Property, plant and equipment	13	**2,603,169**	3,176,313	3,915,870
Intangible assets	14	**14,591,337**	16,089,725	17,010,463
Right of use assets	15	**2,277,954**	2,660,383	3,306,259
Deferred tax Assets	16	**153,304**	153,687	—
Other assets	17	**5,451,631**	7,003,480	8,062,336
Total Assets		**2,190,453,666**	1,750,165,825	1,446,356,397
Liabilities				
Deposits from banks	18	**115,259,853**	100,378,191	88,402,630
Deposits from customers	19	**1,943,879,551**	1,504,343,412	1,211,097,476
Derivative liabilities	9	**1,812,615**	3,232,991	1,705,225
Other borrowed funds	20	**—**	—	470,766
Lease liabilities	15	**2,072,285**	2,805,235	3,387,780
Current tax liabilities	21	**310,402**	222,769	876,781
Deferred tax liabilities	16	**—**	—	435,000
Other liabilities	22	**8,402,620**	9,433,710	12,123,660
Total Liabilities		**2,071,737,326**	1,620,416,308	1,318,499,318
Shareholder's Equity				
Share capital	23	**35,000,000**	35,000,000	35,000,000
Statutory and other reserves	35	**26,182,241**	23,277,818	23,813,752
Retained earnings		**57,534,099**	71,471,699	69,043,327
Total equity attributable to equity holder		**118,716,340**	129,749,517	127,857,079
Total Equity and Liabilities		**2,190,453,666**	1,750,165,825	1,446,356,397

Approved by the Board of Directors and authorised for issue on 23 March 2022.

Chairman
Arvind Hari

Director
Stephen Scali

Chief Executive
Francois Gamet

The notes on pages 90 to 183 form part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Notes	2021 USD	2020 USD	2019 USD
Interest income		**18,696,805**	27,799,694	44,878,982
Interest expense		**(2,496,837)**	(5,016,964)	(12,478,849)
Net interest income	25	**16,199,968**	22,782,730	32,400,133
Fee and commission income		**6,282,858**	5,764,426	6,931,396
Fee and commission expense		**(52,670)**	(135,615)	(311,241)
Net fee and commission income	26	**6,230,188**	5,628,811	6,620,155
Net trading income	27	**8,352,426**	6,068,459	7,399,617
Net income from other financial instruments carried at fair value	28	**—**	54,846	40,066
Other operating income	29	**279,839**	275,506	336,855
		8,632,265	6,398,811	7,776,538
Operating income		**31,062,421**	34,810,352	46,796,826
Net impairment release/(charge) on financial assets	30	**1,218,658**	(9,718,156)	(5,160,591)
Personnel expenses	31(a)	**(7,696,561)**	(6,916,189)	(9,535,265)
Operating lease expenses	32	**(408,124)**	(72,875)	(136,076)
Depreciation on Right-of-use assets	15	**(647,632)**	(645,876)	(705,556)
Depreciation and amortisation	13&14	**(2,237,942)**	(2,254,273)	(2,069,810)
Other expenses	33	**(7,165,483)**	(6,937,193)	(6,127,578)
		(16,937,084)	(26,544,562)	(23,734,876)
Profit before income tax		**14,125,337**	8,265,790	23,061,950
Income tax expense	34	**(1,027,518)**	(784,727)	(808,253)
Profit for the year		**13,097,819**	7,481,063	22,253,697
Other comprehensive income				
Item that may be reclassified to profit or loss				
Net (loss)/gain on fair value of debt instruments		**(8,831)**	(8,905)	22,474
Item that will not be reclassified to profit or loss				
Remeasurement of defined benefit liabilities, net of tax.	31(c)	**877,945**	(579,720)	(249,421)
Other comprehensive income for the year		**869,114**	(588,625)	(226,947)
Total comprehensive income for the year		**13,966,933**	6,892,438	22,026,750

The notes on pages 90 to 183 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 USD	2020 USD	2019 USD
Cash flows from operating activities				
Profit before income tax		**14,125,337**	8,265,790	23,061,950
Adjusted for:				
Depreciation and amortisation	**13/14/15**	**2,885,574**	2,900,149	2,775,366
Loss on plant and equipment written off		**—**	—	2,862
Net foreign exchange difference		**260,771**	31,541	648,363
Net impairment (release)/ charge on financial assets		**(367,515)**	9,746,560	4,204,692
Retirement benefit cost	**31 (C)**	**159,430**	119,136	502,159
Interest income		**(18,696,805)**	(27,799,694)	(44,878,982)
Interest expense		**2,496,837**	5,016,964	12,478,849
Changes in operating assets and liabilities				
(Increase) / Decrease in trading assets		**(3,618,824)**	2,677,079	(1,216,982)
(Increase) / Decrease in derivative assets and liabilities		**(307,558)**	88,461	159,840
(Increase) / Decrease in loans and advances to banks		**(118,411,594)**	40,811,150	3,647,410
Decrease / (increase) in loans and advances to customers		**19,853,445**	30,307,286	(2,775,999)
Decrease in other assets		**1,493,972**	559,039	1,577,229
Increase in deposits from banks		**15,120,371**	12,137,269	53,489,350
Decrease in other borrowed funds		**—**	(470,766)	(941,533)
Increase / (decrease) in deposits from customers		**440,039,589**	293,759,615	(176,166,444)
Decrease in other liabilities		**(99,130)**	(3,429,948)	(33,251,805)
Decrease / (increase) in financial investments		**1,749,016**	1,155,930	(780,959)
Interest received		**18,110,887**	25,741,271	44,318,406
Interest paid		**(3,238,996)**	(5,692,352)	(12,649,235)
Income tax paid		**(928,552)**	(1,496,757)	(783,796)
Benefit paid on defined benefit obligation	**31(c)**	**(24,785)**	(58,628)	—
Net cash from / (used in) operating activities		**370,601,470**	394,369,095	(126,579,259)
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	**13**	**(166,410)**	(49,518)	(1,422,579)
Capital expenditure intangible assets	**14**	**—**	(544,460)	(255,591)
Purchase of financial investments	**12**	**(97,007,943)**	(128,031,108)	(196,184,195)
Financial investments matured	**12**	**99,161,556**	103,900,036	147,364,470
Acquisition of Right-of-use assets	**15**	**(451,647)**	—	(44,819)
Disposal of Right-of-use assets		**186,444**	—	—
Net cash from/(used in) investing activities		**1,722,000**	(24,725,050)	(50,542,714)
Cash flows from financing activities				
Principal portion of lease liability paid		**(732,950)**	(582,545)	(579,023)
Dividends paid	**37(x)**	**(25,000,000)**	(5,000,000)	(10,000,000)
Net cash used in financing activities		**(25,732,950)**	(5,582,545)	(10,579,023)
Net increase / (decrease) in cash and cash equivalents		**346,590,520**	364,061,500	(187,700,996)
Net foreign exchange difference		**(260,771)**	(31,540)	(648,363)
Cash at the beginning of the year		**1,050,583,021**	686,658,119	875,019,563
Effect of IFRS 9 impairment charge		**(36,260)**	(105,058)	(12,085)
Total cash at end of the year	**7**	**1,396,876,510**	1,050,583,021	686,658,119

The notes on pages 90 to 183 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital USD	Statutory reserve USD	Other reserves USD	Retained earnings USD	Total equity attributable to equity holder USD
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
Balance at 01 January 2021	**35,000,000**	**23,580,741**	**(302,923)**	**71,471,699**	**129,749,517**
Profit for the year	**—**	**—**	**—**	**13,097,819**	**13,097,819**
Other comprehensive income:					
Net loss on fair value of debt instruments	**—**	**—**	**(8,831)**	**—**	**(8,831)**
Remeasurement of defined benefit liabilities	**—**	**—**	**877,945**	**—**	**877,945**
Total comprehensive income for the year	**—**	**—**	**869,114**	**13,097,819**	**13,966,933**
Transfer to statutory reserve	**—**	**1,964,673**		**(1,964,673)**	**—**
Transfer to credit risk reserve	**—**	**—**	**70,746**	**(70,746)**	**—**
Fair value of debt instruments, net of expected credit losses	**—**	**—**	**(110)**	**—**	**(110)**
Transactions with owner of the Bank:					
Dividend to equity holder (Note 37)	**—**	**—**	**—**	**(25,000,000)**	**(25,000,000)**
Balance at 31 December 2021	**35,000,000**	**25,545,414**	**636,827**	**57,534,099**	**118,716,340**
Note	**23**		**35**		

The notes on pages 90 to 183 form part of these financial statements.

Notes to and forming part of the Financial Statements

For the year ended 31 December 2021

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

(i) Investment Advisor (Corporate Finance Advisory) - effective from 02 September 2021
(ii) Representative of Investment Advisor (Corporate Finance Advisory) - effective from 02 September 2021
(iii) 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 2021, the rate of the Mauritian Rupee against US Dollar was approximately 43.70 (2020: 39.35)

(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 2021

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 2021.

The adoption of new and amended standards on 01 January 2021 did not affect the Bank's previously reported financial results, disclosures or accounting policies and did not impact the Bank's results upon transition.

IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 9 Financial Instruments (IFRS 9), IFRS 16 Leases (IFRS 16), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) (amendments). The second phase of Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16 requirements to enable companies to deal with its effect on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs), instead of derecognising or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis. The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require companies to provide additional information about new risks arising from the reform and how it manages the transition to ARRs. The Group will transition to ARRs as each interest rate benchmark is replaced.

The practical expedient to update the effective interest rate to reflect the change to the ARR was applied to loans and advances. Any other changes to the conceptual cash flows that are as a result of the interest rate benchmark reform are accounted for in terms of the Bank's modifications policy The Bank's existing hedges were assessed against the phase 2 hedge accounting relief and no adjustment was required. Refer to note below for the disclosure required by the amendment.

Interest rate benchmarks and reference interest rate reform

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The IBA has adopted a two-stage approach for the cession of the USD LIBOR rates with the 1-week and 2-month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, 1-month, 3-month, 6-month and 12-month rates no longer being published after 30 June 2023. The LIBOR rates which the bank is exposed to will be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON). Whilst there are plans to replace JIBAR locally, there is currently no indication of when the designated successor rate will be made available.

Given that the LIBOR rates and ARRs are calculated on a different basis, adjustments may be made to contracts that that are transitioned from LIBOR to ARRs, to ensure economic equivalence.

The Bank has several LIBOR linked contracts that extend beyond 2021. The Group ceased booking new LIBOR linked exposures from 01 October 2021, apart from in limited circumstances to align with industry guidance and best practice.

From this date, new exposure will be booked using the ARRs being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates may be used, such as Central Bank Policy Rates.

The Bank has established a steering Committee and working group within treasury and capital management (TCM) to manage the transition to ARRs. The objectives of the committee and working group include evaluating the extent to which loans advanced and liabilities reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee and working group are working closely with business teams across the Group to establish pricing for new lending products indexed to the ARR in impacted jurisdictions.

The Bank's derivative instruments are governed by International Swaps and Derivatives Association (ISDA) 2006 definitions. ISDA published its IBOR Protocol, which will apply following a permanent cessation of an IBOR and ensures an orderly transition for IBOR linked contracts in the event that renegotiated contracts are not in place at the time of the cessation of LIBOR. Following a series of public consultations, ISDA launched its IBOR Protocol and IBOR Fallbacks Supplement (the Supplement) in October 2020. Together, they focus on strengthening existing and new derivatives contracts with durable fallback language. The Protocol and Supplement both took effect in January 2021. The Protocol going into effect means that existing derivative contracts will now incorporate ISDA's new fallbacks if both counterparties have adhered to the Protocol or otherwise bilaterally agreed to include the new fallbacks in their contracts. The Supplement going into effect means that new derivative contracts that incorporate the 2006 ISDA Definitions and reference a relevant IBOR will also incorporate the new fallbacks.

The 5 March 2021 Financial Conduct Authority (FCA) statement around the timing for the cessation or loss of representativeness of all LIBOR settings represented an index cessation event under the IBOR Fallbacks Supplement and protocol, triggering a fixing of the

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

fallback spread adjustment at the point of the announcement. This spread adjustment is an important part of the overall fallback rate, and reflects a portion of the structural differences between IBORs and the ARRs used as a basis for the fallbacks – IBORs incorporate a credit risk premium and other factors, while ARRs are risk-free or nearly risk-free. Following multiple industry consultations by ISDA, it was determined that the fallback for each IBOR setting will be based on the relevant ARR compounded in arrears to address differences in tenor, plus a spread adjustment to account for the credit risk premium and other factors, calculated using a historical median approach over a five-year lookback period from the announcement date.

This spread has now been fixed for all EURO, STERLING, SWISS FRANC, US DOLLAR and YEN LIBOR tenors, giving firms more information about the exact fallback rate that will be used in the event they do not complete their transition efforts before cessation or non-representativeness occurs.

The above introduces a number of risks to the group including, but not limited to:

- Market risk – risk of not aligning with market regulations such as the ISDA, not meeting the market transition timelines and liquidity risk associated with the ARR.
- Model risk – risk of the valuation models used within the group not being able to cater for the changes in the intended manner.
- Legal risk – risk of being non-compliant with the agreements previously agreed with clients.
- Operational risk – risk of the Group's systems not being able to accommodate for the changes to the interest rates as agreed with the clients.
- Financial risk – risk of not appropriately pricing the deals which will result in a transfer of value between the Group and clients.
- Compliance/Regulatory risk – risk that the Bank is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.
- Reputational risk – the risk to the Bank's reputation from failing to adequately prepare for the transition.
- Conduct risk – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

The steering Committee has set up a risk management transition plan which details the transition process for each product in the relevant Business Units (BUs). Pricing is being managed centrally by TCM using the recommendations from the main industry bodies, namely ISDA for derivatives, Loan Markets Association for Loans and International Capital Markets Association (ICMA) for Bonds Markets. We are also tracking updates and incorporating best practice recommendations emanating from official sector working groups established to catalyse transition in the relevant jurisdiction.

By way of policy, all new contracts or exposures referencing IBORs include robust fallback language, and work is underway in some areas to actively transition legacy exposures away from LIBOR. Changes in impacted systems are being implemented and ready to book at new rates. Communications to clients are underway via multiple platforms along with one-to-one conversations.

The Group is also ensuring that the staff have attended educational webinars and received the required updates and communication.

Financial instruments impacted by the reform which are yet to be transitioned

	GBP LIBOR 2021 USD	USD LIBOR 2021 USD	EURIBOR 2021 USD	Other IBORs 2021 USD
Total assets recognized on the balance sheet subject to IBOR reform	–	123,907,108	–	–
Derivative Assets1	–	–	–	–
Financial Investments	–	–	–	–
Loans and Advances	–	123,907,108	–	–
Trading Assets	–	–	–	–
Total liabilities recognized on the balance sheet subject to IBOR reform	–	76,363,944	–	–
Derivative Liabilities1	–	4,211,549	–	–
Deposits and debt funding	–	72,152,395	–	–
Trading Liabilities		–	–	–
Total off balance sheet exposures subject to IBOR reform	–	56,548,758	–	–
Off balance sheet items	–	56,548,758	–	–

Early adoption of amended standards

- IFRS 9: General Hedge Accounting (GHA). The revised general hedge accounting requirements are better aligned with an entity's risk management activities, provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The Bank has elected to adopt and transition to IFRS 9 GHA for all current and further micro hedges (hedges that minimise/manage the risk exposure of a single instrument), in line with some market competitors both locally and globally. The Bank did not have any macro hedges (hedges that minimise/manage the risk exposure of a portfolio). As at 01 January 2021, the risk management objective and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 GHA. The micro hedge relationships which existed as at 01 January 2021 were treated as continuing hedge relationships, and qualifying criteria was met which resulted in no transition or profit or loss impact for the Bank. The Bank has applied IFRS 9 GHA prospectively for all micro hedge relationships.

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

- IAS 1 Presentation of Financial Statements (IAS 1) (amendments), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) (amendments). In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement on entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.

- IAS 8 (amendment). The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.

International Financial Reporting Standards and amendments effective for the first time for December 2021 year-end

Number	Effective date	Executive summary
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 01 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

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

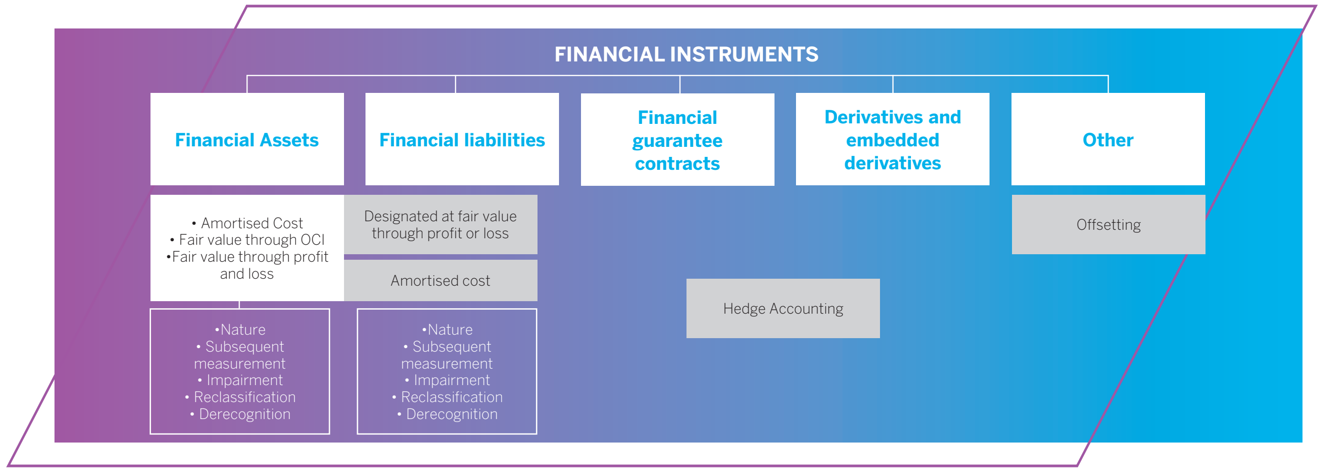
Foreign currency transactions are translated into the functional currency of the Bank at exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated 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).

2.1 Detailed accounting policies (continued)

b) Financial instruments



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.
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.

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

2.1 Detailed accounting policies (continued)

(b) Financial instruments (continued)

C. Impairments (continued)

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, Baa3	BBB+, BBB, BBB-	BBB+, BBB, BBB-
13 - 21	Sub-investment grade		Ba1, Ba2, Baa3 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.

(iv) ECL measurement

12-month ECL is computed by DF (discounting factor) x FWD 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

2.1 Detailed accounting policies (continued)

(b) Financial instruments continued

C. Impairments (continued)

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 2021 financial year was subjugated by the looming shadows of the Covid-19 pandemic with new variants detected and more recently with the rapidly spreading Omicron variant. This has led to supply chain disruptions across the globe, putting pressure on inflation. Mauritius has been subject to multiple restrictions over the year in view of managing and mitigating the impact of the pandemic. The ongoing vaccination programme initiated under the aegis of the government has greatly contributed to the maintenance of economic activities. The economy is showing positive signs of recovery, with some sectors such as construction, financial services faring well, whilst the export drivers were adversely impacted. There was a deceleration in the tourism sector, caused by the onset of the Delta and Omicron variants and the subsequent travel bans imposed by several countries. As a result, a positive GDP growth of 4.8% is expected for 2021, making up much of the ground lost last year. Headline inflation is projected to peak at about 4% for 2021, with domestic inflation scaling up on account of supply side disturbances.

(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 with 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).

2.1 Detailed accounting policies (continued)

(b) Financial instruments c(ontinued)

C. Impairments (continued)

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.

(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.

2.1 Detailed accounting policies (continued)

(b) Financial instruments (continued)

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 risks 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.

Nature	
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.

Subsequent measurement

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

Nature	
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
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)

E. 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.	

F. 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.

G. 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

2.1 Detailed accounting policies (continued)

(b) Financial instruments (continued)

G. Derivatives and embedded derivatives (continued)

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.

Hedge accounting

The Bank applied IAS 39 for all hedging relationships (i.e. both micro (hedge relationships that minimise/manage the risk exposure of a single instrument) and macro (hedge relationships that minimise/manage the risk exposure of a portfolio) hedges) for the 2020 reporting period. As of 01 January 2021, the Bank applied IFRS 9 to all micro hedge relationships. It will, however, continue to apply IAS 39 to all macro hedges. Derivatives, whether accounted for under IAS 39 or IFRS 9, 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 intra-group 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.

2.1 Detailed accounting policies (continued)

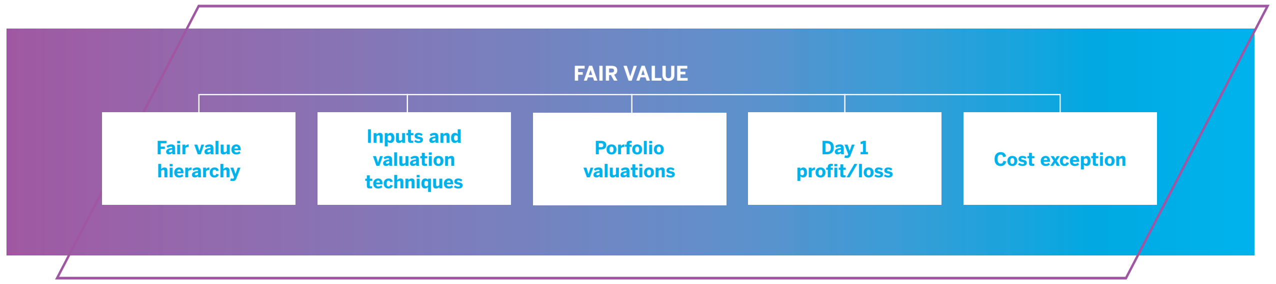
(b) Financial instruments (continued)

H. 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.

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.

2.1 Detailed accounting policies (continued)

(c) Fair value (continued)

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 Assumption
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 level 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)

Item	Description	Valuation technique	Main inputs and assumptions, (Level 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, the 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 level 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 level 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.

2.1 Detailed accounting policies (continued)

(c) Fair value (continued)

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.

(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.

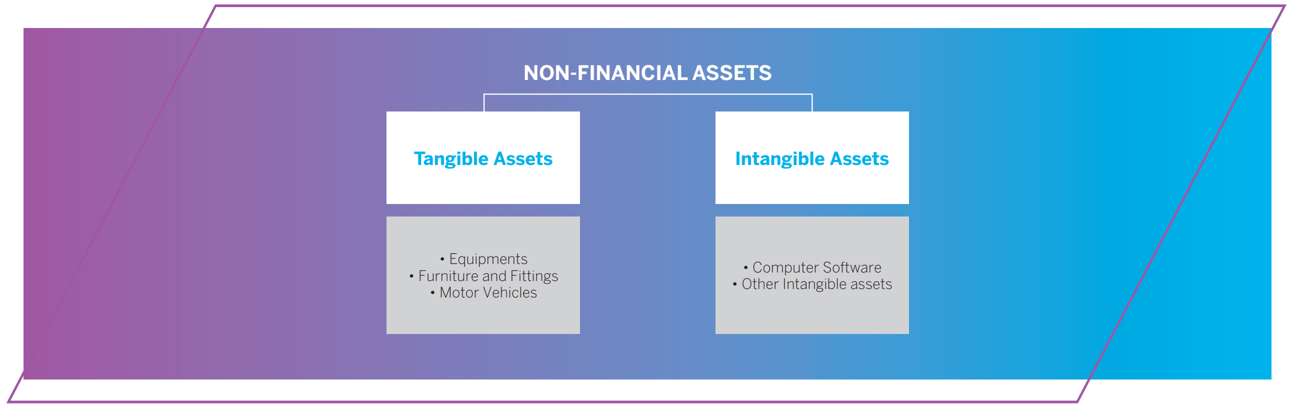
Short-term employee benefits

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)

Type and Initial and Subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (equipments, furniture and motor vehicles) Equipments, 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.	Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Computer equipment: 3-5 years Office equipment: 5-10 years Furniture & fittings: 5-13 years Motor Vehicles: 5-13 years The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	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.

2.1 Detailed accounting policies (continued)

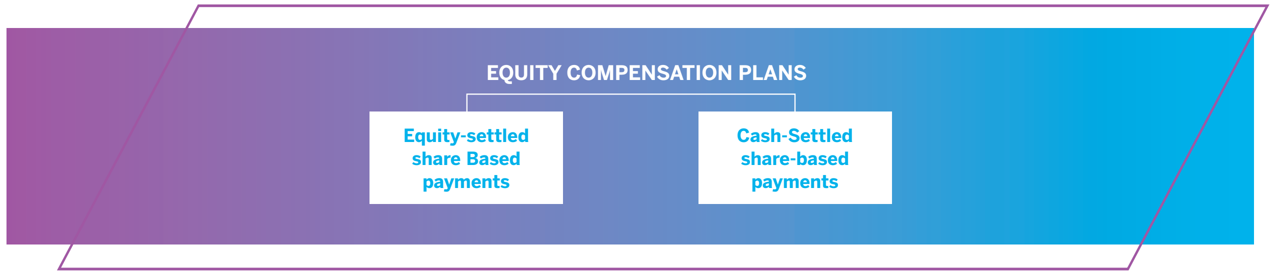
(e) Non-financial assets (Intangible assets and Property and equipment) (continued)

Type and Initial and Subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
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.	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.	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.

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.

(f) Equity-linked transactions



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.

2.1 Detailed accounting policies (continued)

(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.

Accounting for Lease liabilities

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.

Interest expense on lease liabilities:

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.

Right-of-use assets (ROU)

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.

Depreciation of ROU

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.

Termination of leases

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.

Low value leases

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.

Reassessment and modification of leases

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 reassesses 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.

2.1 Detailed accounting policies (continued)

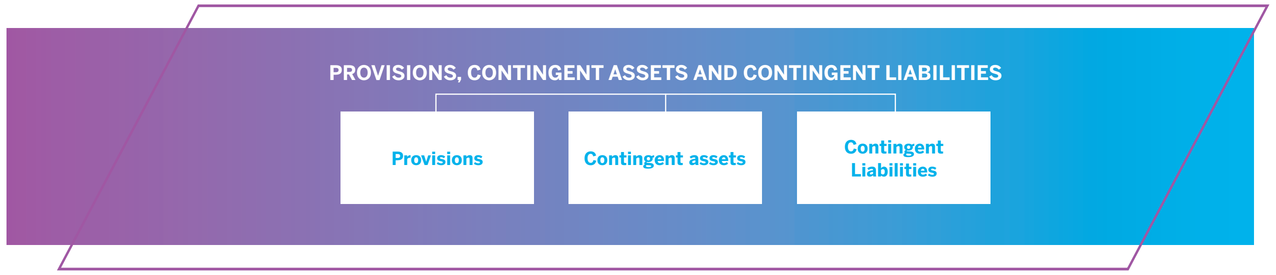
(g) Leases (continued)

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.

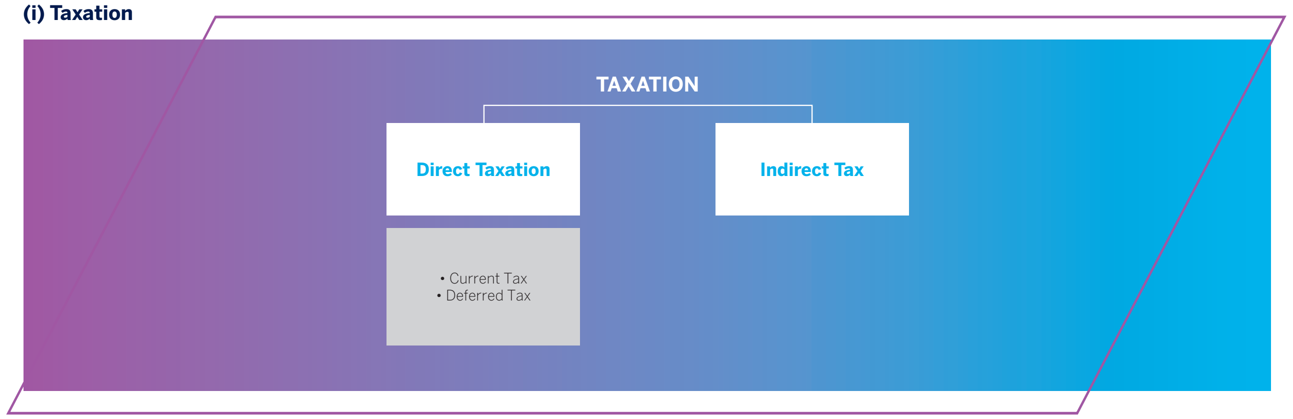
(h) Provisions, contingent assets and contingent liabilities



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 that 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



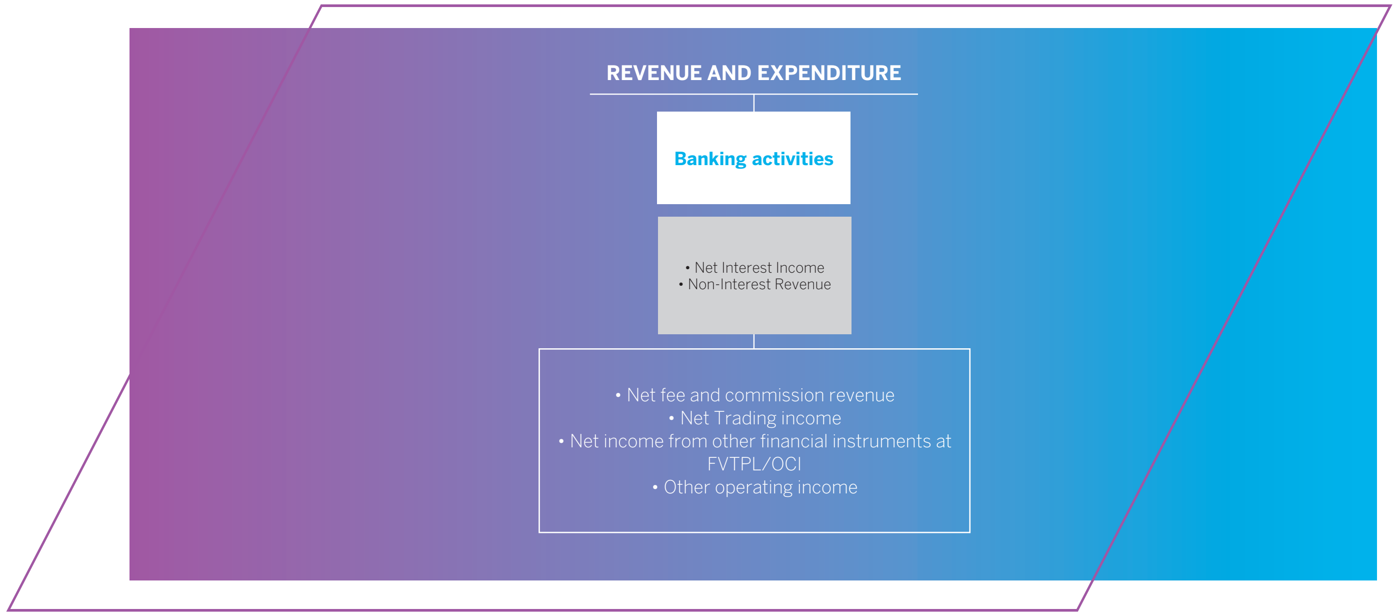
Type	Description, recognition and measurement	Offsetting
Current tax-determined for current period transactions and events	Current tax is recognised in the income tax expense line in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI. 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 MUR 1.5Bn, 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 from Segment A activities 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 MUR 1.2Bn]. 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.

2.1 Detailed accounting policies (continued)

(i) Taxation (continued)

Type	Description, recognition and measurement	Offsetting
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.	

(j) Revenue and Expenditure



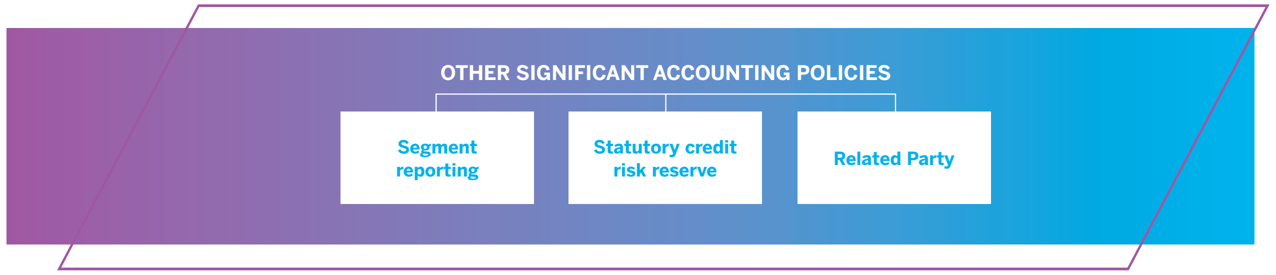
2.1 Detailed accounting policies (continued)

(j) Revenue and Expenditure (continued)

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. 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 (ii) 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 with comparative information. When IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.1 Detailed accounting policies (continued)

(l) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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 namely:

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 01 January 2022 (Published in May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 01 January 2022 (Published in May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 01 January 2022 (Published in May 2020)	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 01 January 2022 (Published in Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

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 on how credit risk is managed by the Bank, please refer to pages 29 to 31 under the Risk and Capital Management section.

(i) Maximum Exposure to Credit Risk

The Bank's credit exposure is spread across a broad range of asset classes, including cash and cash equivalents, 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.

	2021 USD	2020 USD	2019 USD
Cash and cash equivalents	**1,396,876,510**	1,050,583,021	686,658,119
Trading assets	**4,632,688**	1,013,864	3,690,943
Derivative assets	**1,478,203**	2,591,021	1,151,716
Loans and advances to banks	**378,110,762**	259,159,883	298,481,160
Loans and advances to customers	**168,282,099**	187,757,655	227,004,114
Financial Investments	**215,996,009**	219,976,793	197,075,417
Other assets	**5,021,872**	6,547,188	7,330,860
Financial guarantees and other credit-related contingent liabilities	**33,157,090**	23,094,810	29,693,301
Loan and other credit-related commitments	**180,597,789**	182,306,932	144,069,523
At 31 December	**2,384,153,022**	1,933,031,167	1,595,155,153

Non-financial assets relating to prepayments and VAT amounting to USD 429,759 were excluded from other assets as at 31 December 2021 (2020: USD 456,292; 2019: USD 731,476).

3. Financial Risk Management (continued)
(a) Credit risk (continued)
(ii) Analysis of credit quality

At 31 December 2021	Gross Carrying amount			ECL			ECL %		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial Assets	USD	USD	USD	USD	USD	USD			
Loans and advances to customers	**146,415,053**	**17,887,083**	**22,419,403**	**919,789**	**268,496**	**15,607,054**	**0.6%**	**1.5%**	**69.6%**
Loans and advances to banks	**378,923,371**	**—**	**—**	**812,609**	**—**	**—**	**0.2%**	**—**	**—**
Cash and cash equivalents	**1,397,034,084**	**—**	**—**	**157,574**	**—**	**—**	**—**	**—**	**—**
Financial Investments - Amortised	**212,474,958**	**—**	**—**	**6,486**	**—**	**—**	**—**	**—**	**—**
Financial Investments – FVOCI	**3,527,665**	**—**	**—**	**128**	**—**	**—**	**—**	**—**	**—**
Non-Funded Facilities	**210,335,517**	**3,646,418**	**—**	**203,400**	**23,656**	**—**	**0.2%**	**0.65%**	**—**
Total	**2,348,710,648**	**21,533,501**	**22,419,403**	**2,099,986**	**292,152**	**15,607,054**	**0.1%**	**1.4%**	**69.6%**
At 31 December 2020									
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	—	280,617	88,059	—	0.2%	0.03%	—
Total	1,868,173,078	51,868,048	22,442,316	1,861,233	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%

Note: Loans and advances to customers for stage 3 exclude interest in suspense USD1,644,101 (2020: USD 1,273,791; 2019: USD152,646).

3. Financial Risk Management (continued)
(a) Credit risk (continued)
(ii) Analysis of credit quality (continued)

31 December 2021: Reconciliation of the expected credit losses

	Opening ECL balance	Transfers between stages				Income statement movement				Impaired accounts written off	Time Value of Money	Other Movements	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	Total				
Stage 1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending Amortised cost	**935,905**	**—**	**—**	**—**	**—**	**130,670**	**—**	**(146,786)**	**(16,116)**	**—**	**—**	**—**	**919,789**
Financial Investment at Amortised Costs	**3,228**	**—**	**—**	**—**	**—**	**3,970**	**—**	**(712)**	**3,258**	**—**	**—**	**—**	**6,486**
Financial Investment at FVOCI	**238**	**—**	**—**	**—**	**—**	**128**	**—**	**(238)**	**(110)**	**—**	**—**	**—**	**128**
Bank lending/Cash and Cash Equivalent at Amortised Cost	**641,245**	**—**	**—**	**—**	**—**	**876,352**	**—**	**(547,414)**	**328,938**	**—**	**—**	**—**	**970,183**
Non Funded Facilities at Amortised Cost	**280,617**	**—**	**61,599**	**—**	**61,599**	**28,650**	**—**	**(167,578)**	**(138,928)**	**—**	**—**	**112**	**203,400**
Total	**1,861,233**	**—**	**61,599**	**—**	**61,599**	**1,039,770**	**—**	**(862,728)**	**177,042**	**—**	**—**	**112**	**2,099,986**
Stage 2													
Corporate lending Amortised cost	**383,573**	**—**	**—**	**—**	**—**	**200,562**	**—**	**(315,639)**	**(115,077)**	**—**	**—**	**—**	**268,496**
Financial Investment at Amortised Costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Financial Investment at FVOCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Bank lending/Cash and Cash Equivalent at Amortised Cost	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Non Funded Facilities at Amortised Cost	**88,059**	**(61,599)**	**—**	**—**	**(61,599)**	**229**	**—**	**(3,033)**	**(2,804)**	**—**	**—**	**—**	**23,656**
Total	**471,632**	**(61,599)**	**—**	**—**	**(61,599)**	**200,791**	**—**	**(318,672)**	**(117,881)**	**—**	**—**	**—**	**292,152**
Stage 3 (excluding IIS)													
Corporate lending Amortised cost	**15,997,580**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(390,526)**	**—**	**15,607,054**
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	**15,997,580**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(390,526)**	**—**	**15,607,054**
Total ECL	**18,330,445**	**(61,599)**	**61,599**	**—**	**—**	**1,240,561**	**—**	**(1,181,400)**	**59,161**	**—**	**(390,526)**	**112**	**17,999,192**

3. Financial Risk Management (continued)
(a) Credit risk (continued)
(ii) Analysis of credit quality (continued)

31 December 2021: 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			
On-balance sheet exposures		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending Amortised cost	186,721,539	15,439,458	–	107,670,639	8,650,784	23,304,956	9,236,299	11,885,853	10,533,550	22,442,316	1,644,101	15,607,054
Financial Investment at Amortised Costs	212,474,958	212,474,958	–	–	–	–	–	–	–	–	–	–
Financial Investment at FVOCI	3,527,665	3,527,665	–	–	–	–	–	–	–	–	–	–
Bank lending/Cash and Cash Equivalent at Amortised Cost	1,775,957,455	284,667,657	–	1,491,289,616	–	182	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–	–
Non Funded Facilities at Amortised Cost	213,981,935	66,722,612	–	143,612,905	3,646,418	–	–	–	–	–	–	–
Gross carrying value of financial assets subject to credit risk	2,392,663,552											
Less: Total ECL for financial assets subject to credit risk	(17,999,192)											
Stage 1	(2,099,986)											
Stage 2	(292,152)											
Stage 3	(15,607,054)											
Interest In Suspense (IIS)	(1,644,101)											
Net carrying value of financial assets subject to credit risk	2,373,020,259											

Loans and advances include the element of MTM amounting USD 108,007, from Hedge accounting

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
		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	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	(18,330,557)											
Stage 1	(1,861,345)											
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	1,922,879,094											

Loans and advances include the element of MTM amounting USD 626,384 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	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	Total			
	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
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
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

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	Loss		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
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	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
Non Funded Facilities at Amortised Cost	174,062,093	71,849,108	—	98,621,136	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 USD 598,843 from Hedge accounting.

3. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) Analysis of credit quality (continued)

Loans and Advances to Customers

	2021	2020	2019
	USD	USD	USD
Neither past due nor impaired	**164,302,136**	183,906,188	213,066,336
Past due but not impaired	**—**	—	—
Individually Impaired	**20,775,302***	21,168,525*	21,908,817*
Total Gross Amount	**185,077,438**	205,074,713	234,975,153
Allowance for Impairment			
Stage 3 ECL/Individual	**(15,607,054)**	(15,997,580)	(7,298,018)
Stage 1&2 ECL Collective	**(1,188,285)**	(1,319,478)	(673,021)
Total Allowance for Impairment	**(16,795,339)**	(17,317,058)	(7,971,039)
Net Carrying Amount	**168,282,099**	187,757,655	227,004,114

*Amount is net of interest in suspense of USD 1,644,101 (2020: USD 1,273,791; 2019: USD 152,646).

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
2021			
Neither past due nor impaired	**164,302,136**	**164,302,136**	**—**
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

	Non-Performing Loans to Customers			
	Total Impaired advances	Sub-standard	Doubtful	Loss
	USD	USD	USD	USD
2021				
Individually Impaired	**20,775,302**	**—**	**20,775,302**	**—**
2020				
Individually Impaired	21,168,525	11,158,591	10,009,934	—
2019				
Individually Impaired	21,908,817	11,841,845	10,066,972	—

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

	2021	2020	2019
Against neither past due nor impaired	USD	USD	USD
Property	**36,943,348**	56,501,434	60,837,525
Equities	**—**	—	263,887
Other floating charges/ assignments and pledges	**96,049,509**	107,112,249	116,363,870
Total	**132,992,857**	163,613,683	177,465,282
Past due but not impaired			
Floating charge	**—**	—	—
Property	**—**	—	—
	—	—	—
Against Individually Impaired			
Floating charge	**11,885,853**	12,008,812	11,994,491
Property	**10,533,550**	10,433,504	10,066,972
	22,419,403	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:

	2021	2020	2019
	USD	USD	USD
Impaired loans and advances to customers at 01 January	**21,168,525**	21,908,817	812,391
New loans originated/subsequent changes	**(22,913)**	380,853	22,061,463
Amount written off	**—**	—	(812,391)
Interest in suspense	**(370,310)**	(1,121,145)	(152,646)
Impaired loans and advances to customers at 31 December	**20,775,302**	21,168,525	21,908,817

(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 32 to 34 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 2021	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	Over 5 years
	USD	USD	USD	USD	USD	USD
Financial Liabilities						
Deposits from banks	**115,251,306**	**115,251,306**	**—**	**—**	**—**	**—**
Deposits from customers	**1,943,960,248**	**1,915,582,600**	**8,023,202**	**20,354,446**	**—**	**—**
Derivative liabilities	**1,812,615**	**1,642,718**	**37,300**	**132,597**	**—**	**—**
Other borrowed funds	**—**	**—**	**—**	**—**	**—**	**—**
Lease liabilities	**2,072,285**	**187,366**	**190,045**	**381,624**	**1,313,250**	**—**
Other liabilities	**3,463,763**	**3,463,763**	**—**	**—**	**—**	**—**
	2,066,560,217	**2,036,127,753**	**8,250,547**	**20,868,667**	**1,313,250**	**—**
Financial Assets						
Cash and Cash Equivalents	**1,396,876,510**	**1,396,876,510**	**—**	**—**	**—**	**—**
Trading Assets	**4,632,688**	**220,681**	**4,071,063**	**340,944**	**—**	**—**
Loan and Advances to banks	**384,718,992**	**13,053,474**	**35,180,418**	**132,519,487**	**188,729,887**	**15,235,726**
Loan and advances to customers	**179,709,729**	**62,301,861**	**18,024,296**	**25,368,231**	**74,015,341**	**—**
Financial investments	**219,514,893**	**379,558**	**119,603,076**	**3,336,885**	**96,195,374**	**—**
Derivative assets	**1,478,203**	**1,378,380**	**92,504**	**7,319**	**—**	**—**
Other assets	**5,021,872**	**5,021,872**	**—**	**—**	**—**	**—**
Loan commitments	**180,597,789**	**180,597,789**	**—**	**—**	**—**	**—**
	2,372,550,676	**1,659,830,125**	**176,971,357**	**161,572,866**	**358,940,602**	**15,235,726**

Non-financial assets relating to prepayments and VAT amounting to USD 429,759 were excluded from other assets as at 31 December 2021 (2020: USD 456,292; 2019: USD 731,476).

Non-financial liabilities relating to retirement benefit obligations, provisions and taxes amounting to USD 4,938,857 have been excluded from other liabilities as at 31 December 2021 (2020: USD 5,121,258; 2019: USD 4,983,753).

3. Financial Risk Management (continued)

(b) Liquidity risk (continued)

(i) Maturity Analysis of financial assets and financial liabilities (continued)

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	Over 5 years
	USD	USD	USD	USD	USD	USD
Financial Liabilities						
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	—
31 December 2019						
Financial Liabilities						
	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	—	—	—
Other liabilities	3,387,780	156,824	156,824	313,648	2,760,484	—
	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

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 34 to 35 under the Risk Management section.

(i) Assets and liabilities subject to market risk between trading and non-trading portfolios:

31 December 2021	USD	USD	USD
Assets subject to market risk	**Carrying Amount**	**Trading Portfolios**	**Non-trading portfolios**
Cash and cash equivalents	**1,396,876,510**	**—**	**1,396,876,510**
Trading assets	**4,632,688**	**4,632,688**	**—**
Derivative assets	**1,478,203**	**1,478,203**	**—**
Loans and advances to banks	**378,110,762**	**—**	**378,110,762**
Loans and advances to customers	**168,282,099**	**—**	**168,282,099**
Financial investments	**215,996,009**	**—**	**215,996,009**
Other assets	**5,021,872**	**—**	**5,021,872**
Liabilities subject to market risk			
Deposits from banks	**115,259,853**	**—**	**115,259,853**
Deposits from customers	**1,943,879,551**	**—**	**1,943,879,551**
Derivative liabilities	**1,812,615**	**1,812,615**	**—**
Lease liabilities	**2,072,285**	**—**	**2,072,285**
Other liabilities	**3,463,763**	**—**	**3,463,763**

31 December 2020	Carrying Amount	Trading Portfolios	Non-trading portfolios
Assets subject to market risk			
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	Carrying Amount	Trading Portfolios	Non-trading portfolios
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

3. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Exposure to market risks – Value at Risk (VaR)

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)

2021	Diversified Normal VaR (USD '000) – Trading Book				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Bank-wide	115.0	0.7	34.7	58.4	255.0
FX Trading	118.3	0.5	34.8	58.5	250.0
Interest Rate Trading	2.5	0.1	0.8	0.8	30.0

	Normal VaR (USD '000) - FVOCI				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Money Markets Banking	1.6	0.5	0.9	1.2	88.0

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

Stress VaR

Stress VaR uses a similar methodology to Normal VaR and is based on VaR defined with a 10-day holding period, worst case and historical data for a period of 5 years.

Diversified Stress VaR Exposures (USD'000)

2021	Diversified Stress VaR (USD '000) - Trading Book				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Bank-wide	526.1	7.6	65.0	103.1	1,180.0
FX Trading	523.1	0.8	61.3	102.4	1,020.0
Interest Rate Trading	46.6	4.7	16.6	10.6	600.0

	Stress VaR (USD '000) - FVOCI				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Money Markets Banking	43.6	8.8	26.1	28.4	465.0

3. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Exposure to market risks – Value at Risk (VaR) (continued)

Stress VaR Exposures (USD'000)

2020	Diversified Stress VaR (USD '000) - Trading Book				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Bank-wide	214.8	2.2	64.3	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

	Stress 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

Stress VaR Exposures (USD'000)

2019	Diversified Stress 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

	Stress 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

(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 34 under the 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's 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 that of 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.

3. Financial Risk Management (continued)
(d) Interest rate risk (continued)

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 2021	Less than three Month	Between three months and one year	Over one year	Non-Rate sensitive	Total
	USD	USD	USD	USD	USD
Financial Assets					
Cash and cash equivalents	1,396,821,739	—	—	54,771	1,396,876,510
Loans and advances to banks	13,053,474	166,487,509	198,569,779	—	378,110,762
Loans and advances to customers	62,279,806	42,189,243	63,813,050	—	168,282,099
Financial investments	—	122,460,056	93,535,953	—	215,996,009
	1,472,155,019	331,136,808	355,918,782	54,771	2,159,265,380
Financial Liabilities					
Deposits from banks	115,259,853	—	—	—	115,259,853
Deposits from customers	1,915,553,630	28,325,921	—	—	1,943,879,551
Other borrowed funds	—	—	—	—	—
Lease liabilities	187,366	571,669	1,313,250	—	2,072,285
	2,031,000,849	28,897,590	1,313,250	—	2,061,211,689

Other assets and other liabilities are mainly non-interest rate sensitive and have been excluded from table above.

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

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

3. Financial Risk Management (continued)
(d) Interest rate risk (continued)

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. An 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 the 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 USD 8,787,236. 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 USD 4,847,236. The increase in the sensitivity is due to the low interest rates that persisted in 2021. Given the FED rate outlook, this is expected to improve in the coming years.

The table below shows the net interest income sensitivity of the US Dollar book for a change of 100 basis points.

	2021	2020	2019
NII Sensitivity for a 100-bps increase	53.00%	1.37%	8.90%
NII Sensitivity for a 100-bps decrease	(29.02%)	(5.16%)	(7.77%)

(e) Currency risk

The Bank is exposed to currency risks 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 intra-day 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

	2021	2020	2019
	USD	USD	USD
GBP	9,452	65,054	110,504
EUR	234,450	577,364	158,820
ZAR	228,032	167,684	242,668
Others	(6,926,539)	(364,010)	345
	(6,454,605)	446,092	512,337

(f) Capital Management

For details and information on capital management please refer to pages 41 to 44 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)

Determining Fair Values (continued)

The table below shows the Bank's financial assets and financial liabilities as at 31 December 2021 classified according to their measurement category.

	FVTPL	FVOCI	Amortised costs	Carrying Value	Fair Value
31 December 2021	**USD**	**USD**	**USD**	**USD**	**USD**
ASSETS					
Cash and cash equivalents	**—**	**—**	**1,396,876,510**	**1,396,876,510**	**1,396,876,510**
Trading assets	**4,632,688**	**—**	**—**	**4,632,688**	**4,632,688**
Derivative assets	**1,478,203**	**—**	**—**	**1,478,203**	**1,478,203**
Loans and advances to banks	**—**	**—**	**378,110,762**	**378,110,762**	**378,110,762**
Loans and advances to customers	**—**	**—**	**168,282,099**	**168,282,099**	**168,282,099**
Financial investments	**—**	**3,527,537**	**212,468,472**	**215,996,009**	**215,996,009**
Other assets	**4,864,019**	**—**	**157,853**	**5,021,872**	**5,021,872**
	10,974,910	**3,527,537**	**2,155,895,696**	**2,170,398,143**	**2,170,398,143**
LIABILITIES					
Deposits	**—**	**—**	**2,059,139,404**	**2,059,139,404**	**2,059,139,404**
Trading liabilities	**—**	**—**	**—**	**—**	**—**
Derivative liabilities	**1,812,615**	**—**	**—**	**1,812,615**	**1,812,615**
Other liabilities	**—**	**—**	**3,463,763**	**3,463,763**	**3,463,763**
Lease liabilities	**—**	**—**	**2,072,285**	**2,072,285**	**2,072,285**
	1,812,615	**—**	**2,064,675,452**	**2,066,488,067**	**2,066,488,067**
31 December 2020					
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

4. Fair values of financial instruments (continued)

Determining Fair Values (continued)

The following tables 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 2021	Level 1	Level 2	Level 3	Carrying Value	Fair Value
ASSETS	**USD**	**USD**	**USD**	**USD**	**USD**
Trading assets	—	4,632,688	—	4,632,688	4,632,688
Derivative assets	—	1,478,203	—	1,478,203	1,478,203
Financial investments through OCI	—	3,527,537	—	3,527,537	3,527,537
Other Assets	4,864,019	—		4,864,019	4,864,019
	4,864,019	9,638,429	—	14,502,448	14,502,448
LIABILITIES					
Derivative liabilities	—	1,812,615	—	1,812,615	1,812,615
31 December 2020					
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					
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

There has been no transfer between the different fair value levels during the year.

Fair value measurement disclosures – level 2

The valuation techniques used to determine 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 analyses 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

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 are 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 is disclosed in Note 31(c).

6. Segmental reporting

Statement of Financial Position as at 31 December 2021

		Segment A			Segment B			Bank		
	Notes	2021 USD	2020 USD	2019 USD	2021 USD	2020 USD	2019 USD	2021 USD	2020 USD	2019 USD
Assets										
Cash and cash equivalents	7	136,903,422	14,822,226	6,668,698	1,259,973,088	1,035,760,795	679,989,421	1,396,876,510	1,050,583,021	686,658,119
Trading assets	8	4,632,688	1,013,864	3,690,943	–	–	–	4,632,688	1,013,864	3,690,943
Derivative assets	9	34,095	2,594	7,412	1,444,108	2,588,427	1,144,304	1,478,203	2,591,021	1,151,716
Loans and advances to banks	10	13,053,474	37,607	4,336,472	365,057,288	259,122,276	294,144,688	378,110,762	259,159,883	298,481,160
Loans and advances to customers	11	1,295,745	3,760,946	9,642,461	166,986,354	183,996,709	217,361,653	168,282,099	187,757,655	227,004,114
Financial investments	12	3,527,537	6,335,418	10,319,779	212,468,472	213,641,375	186,755,638	215,996,009	219,976,793	197,075,417
Property, plant and equipment	13	123,235	84,508	216,686	2,479,934	3,091,805	3,699,184	2,603,169	3,176,313	3,915,870
Intangible assets	14	690,761	428,077	941,278	13,900,576	15,661,648	16,069,185	14,591,337	16,089,725	17,010,463
Right-of-use assets	15	107,840	70,781	182,953	2,170,114	2,589,602	3,123,306	2,277,954	2,660,383	3,306,259
Deferred Tax Assets	16	(54,659)	(55,387)	–	207,963	209,074	–	153,304	153,687	–
Other assets	17	4,991,302	6,624,179	7,873,985	460,329	379,301	188,351	5,451,631	7,003,480	8,062,336
Total Assets		165,305,441	33,124,813	43,880,667	2,025,148,225	1,717,041,012	1,402,475,730	2,190,453,666	1,750,165,825	1,446,356,397
Liabilities										
Deposits from banks	18	44,805,480	43,001,632	20,230,089	70,454,373	57,376,559	68,172,541	115,259,853	100,378,191	88,402,630
Deposits from customers	19	35,556,825	65,133,427	85,324,754	1,908,322,726	1,439,209,985	1,125,772,722	1,943,879,551	1,504,343,412	1,211,097,476
Derivatives liabilities	9	9,334	–	7,133	1,803,281	3,232,991	1,698,092	1,812,615	3,232,991	1,705,225
Other borrowed funds	20	–	–	–	–	–	470,766	–	–	470,766
Lease liabilities	15	98,103	74,635	187,464	1,974,182	2,730,600	3,200,316	2,072,285	2,805,235	3,387,780
Current tax liabilities	21	113,069	102,973	162,153	197,333	119,796	714,628	310,402	222,769	876,781
Deferred tax liabilities	16	–	–	62,000	–	–	373,000	–	–	435,000
Other liabilities	22	3,198,088	3,288,180	4,838,058	5,204,532	6,145,530	7,285,602	8,402,620	9,433,710	12,123,660
Total Liabilities		83,780,899	111,600,847	110,811,651	1,987,956,427	1,508,815,461	1,207,687,667	2,071,737,326	1,620,416,308	1,318,499,318
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		2,563,323	2,376,621	2,423,040	23,618,918	20,901,197	21,390,712	26,182,241	23,277,818	23,813,752
Retained earnings		6,705,817	9,596,176	9,487,770	50,828,282	61,875,523	59,555,557	57,534,099	71,471,699	69,043,327
Total Equity attributable to equity holder		9,269,140	11,972,797	11,910,810	109,447,200	117,776,720	115,946,269	118,716,340	129,749,517	127,857,079
Total Equity and Liabilities		93,050,039	123,573,644	122,722,461	2,097,403,627	1,626,592,181	1,323,633,936	2,190,453,666	1,750,165,825	1,446,356,397

6. Segmental reporting (continued)

Income statement for the year ended 31 December 2021

	Notes	Segment A 2021 USD	Segment A 2020 USD	Segment A 2019 USD	Segment B 2021 USD	Segment B 2020 USD	Segment B 2019 USD	Bank 2021 USD	Bank 2020 USD	Bank 2019 USD
Interest income		**120,008**	418,265	952,961	**18,576,797**	27,381,429	43,926,021	**18,696,805**	27,799,694	44,878,982
Interest expense		**(218,144)**	(799,849)	(1,279,225)	**(2,278,693)**	(4,217,115)	(11,199,624)	**(2,496,837)**	(5,016,964)	(12,478,849)
Net interest (expense)/income	25	**(98,136)**	(381,584)	(326,264)	**16,298,104**	23,164,314	32,726,397	**16,199,968**	22,782,730	32,400,133
Fee and commission income		**121,944**	238,297	468,323	**6,160,914**	5,526,129	6,463,073	**6,282,858**	5,764,426	6,931,396
Fee and commission expense		**(52,670)**	(135,615)	(311,241)	**—**	—	—	**(52,670)**	(135,615)	(311,241)
Net fee and commission income	26	**69,274**	102,682	157,082	**6,160,914**	5,526,129	6,463,073	**6,230,188**	5,628,811	6,620,155
Net trading income	27	**1,228,809**	869,907	2,381,774	**7,123,617**	5,198,552	5,017,843	**8,352,426**	6,068,459	7,399,617
Net income from other financial instruments carried at fair value	28	**—**	54,846	40,066	**—**	—	—	**—**	54,846	40,066
Other operating income	29	**270,564**	280,300	336,855	**9,275**	(4,794)	—	**279,839**	275,506	336,855
		1,499,373	1,205,053	2,758,695	**7,132,892**	5,193,758	5,017,843	**8,632,265**	6,398,811	7,776,538
Operating income		**1,470,511**	926,151	2,589,513	**29,591,910**	33,884,201	44,207,313	**31,062,421**	34,810,352	46,796,826
Net impairment (charge)/gain on financial assets	30	**387**	1,227	2,143	**1,218,271**	(9,719,383)	(5,162,734)	**1,218,658**	(9,718,156)	(5,160,591)
Personnel expenses	31	**(364,359)**	(184,010)	(527,636)	**(7,332,202)**	(6,732,179)	(9,007,629)	**(7,696,561)**	(6,916,189)	(9,535,265)
Operating lease expenses	32	**(19,321)**	(1,939)	(7,530)	**(388,803)**	(70,936)	(128,546)	**(408,124)**	(72,875)	(136,076)
Depreciation on ROU Assets	15	**(30,659)**	(17,184)	(39,042)	**(616,973)**	(628,692)	(666,514)	**(647,632)**	(645,876)	(705,556)
Depreciation and amortisation	13&14	**(105,945)**	(59,977)	(114,533)	**(2,131,997)**	(2,194,296)	(1,955,277)	**(2,237,942)**	(2,254,273)	(2,069,810)
Other income/(expenses)	33	**(338,907)**	(180,988)	129,518	**(6,826,576)**	(6,756,205)	(6,257,096)	**(7,165,483)**	(6,937,193)	(6,127,578)
		(858,804)	(442,871)	(557,080)	**(16,078,280)**	(26,101,691)	(23,177,796)	**(16,937,084)**	(26,544,562)	(23,734,876)
Profit before income tax		**611,707**	483,280	2,032,433	**13,513,630**	7,782,510	21,029,517	**14,125,337**	8,265,790	23,061,950
Income tax expense	34	**(268,257)**	(204,347)	(213,357)	**(759,261)**	(580,380)	(594,896)	**(1,027,518)**	(784,727)	(808,253)
Profit for the year		**343,450**	278,933	1,819,076	**12,754,369**	7,202,130	20,434,621	**13,097,819**	7,481,063	22,253,697

Statement of profit or loss and other comprehensive Income as at 31 December 2021

	Notes	Segment A 2021 USD	Segment A 2020 USD	Segment A 2019 USD	Segment B 2021 USD	Segment B 2020 USD	Segment B 2019 USD	Bank 2021 USD	Bank 2020 USD	Bank 2019 USD
Profit for the year		**343,450**	278,933	1,819,076	**12,754,369**	7,202,130	20,434,621	**13,097,819**	7,481,063	22,253,697
Other comprehensive Income										
Item that may be reclassified to profit or loss		**—**	—	—	**—**	—	—	**—**	—	—
Net (loss) /gain on fair value of debt instruments		**(8,831)**	(8,905)	22,474	**—**	—	—	**(8,831)**	(8,905)	22,474
Item that may not be reclassified to profit or loss		**—**	—	—	**—**	—	—	**—**	—	—
Remeasurement of defined benefit liabilities		**41,562**	(15,424)	(13,802)	**836,383**	(564,296)	(235,619)	**877,945**	(579,720)	(249,421)
Other comprehensive income for the year		**32,731**	(24,329)	8,672	**836,383**	(564,296)	(235,619)	**869,114**	(588,625)	(226,947)
Total comprehensive income for the year		**376,181**	254,604	1,827,748	**13,590,752**	6,637,834	20,199,002	**13,966,933**	6,892,438	22,026,750

7. Cash and cash equivalents

	2021 USD	2020 USD	2019 USD
Bank - Total			
Cash in hand	**52,175**	54,732	54,784
Foreign currency notes and coins	**2,596**	7,711	20,558
Unrestricted balances with Central Bank	**136,848,651**	14,759,783	6,203,320
Balances with local banks	**—**	—	390,042
Balances with banks abroad	**1,260,130,662**	1,035,882,109	680,005,671
Less Stage 1 ECL Collective Allowance	**(157,574)**	(121,314)	(16,256)
	1,396,876,510	1,050,583,021	686,658,119
Segment A			
Cash in hand	**52,175**	54,732	54,784
Foreign currency notes and coins	**2,596**	7,711	20,558
Unrestricted balances with Central Bank	**136,848,651**	14,759,783	6,203,320
Balance with local banks	**—**	—	390,042
Less Stage 1 ECL Collective Allowance	**—**	—	(6)
	136,903,422	14,822,226	6,668,698
Segment B			
Balances with banks abroad	**1,260,130,662**	1,035,882,109	680,005,671
Less Stage 1 ECL Collective Allowance	**(157,574)**	(121,314)	(16,250)
	1,259,973,088	1,035,760,795	679,989,421

Net debt reconciliation	2021 USD	2020 USD	2019 USD
Cash and cash equivalents	**1,396,876,510**	1,050,583,021	686,658,119
Lease liabilities (Note 15)	**(2,072,285)**	(2,805,235)	(3,387,780)
At 31 December	**1,394,804,225**	1,047,777,786	683,270,339

Net debt analysis	Cash USD	Lease liabilities USD	Total USD
Net debt at 01 January 2021	**1,050,583,021**	**(2,805,235)**	**1,047,777,786**
Cash flows (i)	**346,590,520**	**737,703**	**347,328,223**
Net foreign exchange difference	**(260,771)**	**—**	**(260,771)**
Other changes (ii)	**(36,260)**	**—**	**(36,260)**
Net changes to leases (iii)	**—**	**(4,753)**	**(4,753)**
Net debt at 31 December 2021	**1,396,876,510**	**(2,072,285)**	**1,394,804,225**
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 01 January 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

(i) Cashflows for lease liabilities include principal portion payment classified within financing activities and interest payment classified within operating activities.
(ii) Other changes include the 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 2021: 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	121,314	—	—	—	—	153,610	—	(117,350)	—	36,260	157,574
Total	121,314	—	—	—	—	153,610	—	(117,350)	—	36,260	157,574

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	1,397,034,084	271,806,555	—	1,125,227,347	—	182	—	—	—	—	—
Less: Total expected credit loss provision for loans and advances to Bank at amortised cost	(157,574)	—	—	—	—	—	—	—	—	—	—
Stage 1	(157,574)										
Stage 2	—										
Stage 3	—										
Interest In Suspense (IIS)	—										
Net carrying value of loans and advances at amortised cost	1,396,876,510										

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

7. Cash and cash equivalents (continued)

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	
Cash and cash equivalents	1,050,704,335	182,932,152	—	867,772,134	—	49	—	—	—	—	—
Less: Total expected credit loss provision for cash and cash equivalents	(121,314)	—	—	—	—	—	—	—	—	—	—
Stage 1	(121,314)										
Stage 2	—										
Stage 3	—										
Interest In Suspense (IIS)	—										
Net carrying value of cash and cash equivalents at amortised cost	1,050,583,021										

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											
Bank lending	(28,341)	—	—	—	—	(11,413)	—	23,498	—	12,085	(16,256)
Total	(28,341)	—	—	—	—	(11,413)	—	23,498	—	12,085	(16,256)

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	
Cash and cash equivalents	686,674,375	686,581,335	—	92,940	—	100	—	—	—	—	—
Less: Total expected credit loss provision for cash and cash equivalents	(16,256)	—	—	—	—	—	—	—	—	—	—
Stage 1	(16,256)										
Stage 2	—										
Stage 3	—										
Interest In Suspense (IIS)	—										
Net carrying value of cash and cash equivalents at amortised cost	686,658,119										

8. Trading assets

Trading assets

Bank – Total & Segment A	2021 USD	2020 USD	2019 USD
Sovereign	**4,632,688**	1,013,864	3,690,943
Current	**4,632,688**	1,013,864	3,690,943

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		
	2021 USD	2020 USD	2019 USD	2021 USD	2020 USD	2019 USD
Bank Total						
Held-for-trading	**1,478,203**	2,591,021	1,151,716	**1,680,018**	2,546,347	1,063,354
Held-for-hedging	**—**	—	—	**132,597**	686,644	641,871
	1,478,203	2,591,021	1,151,716	**1,812,615**	3,232,991	1,705,225
Segment A						
Held-for-trading	**34,095**	2,594	7,412	**9,334**	—	7,133
	34,095	2,594	7,412	**9,334**	—	7,133
Segment B						
Held-for-trading	**1,444,108**	2,588,427	1,144,304	**1,670,684**	2,546,347	1,056,221
Held-for-hedging	**—**	—	—	**132,597**	686,644	641,871
	1,444,108	2,588,427	1,144,304	**1,803,281**	3,232,991	1,698,092
Current	**1,478,203**	2,591,021	1,151,716	**1,812,615**	2,967,163	1,063,354
Non-current	**—**	—	—	**—**	265,828	641,871

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:

	2021			2020			2019		
	Fair value assets USD	Fair value liabilities USD	Nominal amount USD	Fair value assets USD	Fair value liabilities USD	Nominal amount USD	Fair value assets USD	Fair value liabilities USD	Nominal amount USD
Bank Total									
Foreign exchange derivatives	**1,478,203**	**1,680,018**	**249,097,994**	2,591,021	2,546,347	518,971,310	1,151,716	1,063,354	341,738,476
Segment A									
Foreign exchange derivatives	**34,095**	**9,334**	**9,310,000**	2,594	—	1,905,972	7,412	7,133	3,570,670
Segment B									
Foreign exchange derivatives	**1,444,108**	**1,670,684**	**239,787,994**	2,588,427	2,546,347	517,065,338	1,144,304	1,056,221	338,167,806

* 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 2021, the Bank applied hedge accounting in respect of interest rate risk on fixed rate loans.

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 2021								
Interest rate risk fair value hedging relationships								
Interest rate swaps	–	132,597	554,047	4,350,000	132,597	–	–	(132,597)
Total derivatives designated as hedging instruments in fair value hedging relationships	–	132,597	554,047	4,350,000	132,597	–	–	(132,597)
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)

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 2021						
Loans and advances						
Interest rate risk fair value hedging relationships	4,510,100	–	518,378	142,444	142,444	–
Total items classified as fair value hedges	4,510,100	–	518,378	142,444	142,444	–
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	–

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 2021			
Fair value hedges			
Interest rate risk fair value hedging relationships	—	—	8,083
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)

10. Loans and advances to banks

	2021	2020	2019
	USD	USD	USD
Bank Total			
Loans and advances to banks	378,923,371	259,679,814	298,671,634
Less Stage 1 ECL Collective Allowance	(812,609)	(519,931)	(190,474)
	378,110,762	259,159,883	298,481,160
Segment A			
Loans and advances to banks	13,059,732	37,608	4,336,939
Less Stage 1 ECL Collective Allowance	(6,258)	(1)	(467)
	13,053,474	37,607	4,336,472
Segment B			
Loans and advances to banks	365,863,639	259,642,206	294,334,695
Less Stage 1 ECL Collective Allowance	(806,351)	(519,930)	(190,007)
	365,057,288	259,122,276	294,144,688

	2021	2020	2019
	USD	USD	USD
Remaining term to maturity			
Bank Total			
Up to 3 months	23,609	37,608	65,041
Over 3 months and up to 6 months	35,132,571	99,321,900	66,469,100
Over 6 months and up to 12 months	131,622,089	33,873,187	184,647,869
Over 1 year and up to 5 years	198,806,163	126,447,119	40,575,947
Over 5 years	13,338,939	—	6,913,677
	378,923,371	259,679,814	298,671,634
Remaining term to maturity			
Segment A			
Up to 3 months	23,609	37,608	65,041
Over 3 months and up to 6 months	—	—	4,271,898
Over 6 months and up to 12 months	—	—	—
Over 1 year and up to 5 years	13,036,123	—	—
	13,059,732	37,608	4,336,939
Remaining term to maturity			
Segment B			
Up to 3 months	—	—	—
Over 3 months and up to 6 months	35,132,571	99,321,900	62,197,202
Over 6 months and up to 12 months	131,622,089	33,873,187	184,647,869
Over 1 year and up to 5 years	185,770,040	126,447,119	40,575,947
Over 5 years	13,338,939	—	6,913,677
	365,863,639	259,642,206	294,334,695
Current assets	166,778,269	133,232,695	251,182,010
Non- current assets	212,145,102	126,447,119	47,489,624

10. Loans and advances to banks (continued)

31 December 2021: 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				
Stage 1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Bank lending	519,931	—	—	—	—	722,742	—	(430,064)	—	292,678	—	—	—	812,609
Total	519,931	—	—	—	—	722,742	—	(430,064)	—	292,678	—	—	—	812,609

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)	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		
Bank lending	378,923,371	12,861,102	—	366,062,269	—	—	—	—	—	—	—	—	—	—
Sovereign lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross carrying value of loans and advances	378,923,371	—	—	—	—	—	—	—	—	—	—	—	—	—
Less: Total expected credit loss provision at amortised cost	(812,609)	—	—	—	—	—	—	—	—	—	—	—	—	—
Stage 1	(812,609)													
Stage 2	—													
Stage 3	—													
Purchased/originated credit impaired	—													
Interest In Suspense (IIS)	—													
Net carrying value at amortised cost	378,110,762													

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				
Stage 1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
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)	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		
Bank lending	259,679,814	37,608	—	259,642,206	—	—	—	—	—	—	—	—	—	—
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 catogory	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				
Stage 1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
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)	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		
Bank lending	298,671,634	291,757,957	—	6,913,677	—	—	—	—	—	—	—	—	0%	0%
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													

11. Loans and advances to customers

	2021 USD	2020 USD	2019 USD
Bank-Total			
Personal Loans	—	—	574,422
Corporate Customers	149,822,081	152,972,887	184,948,696
Entities outside Mauritius	35,255,357	52,101,826	49,452,035
Gross Loans and Advances to customers*	185,077,438	205,074,713	234,975,153
Less stage 3 ECL/specific allowance	(15,607,054)	(15,997,580)	(7,298,018)
Less stage 1&2 ECL collective allowance	(1,188,285)	(1,319,478)	(673,021)
	168,282,099	187,757,655	227,004,114

* Amount is net of interest in suspense of USD1,644,101 (2020: USD 1,273,791:2019: USD 152,646)

	2021 USD	2020 USD	2019 USD
Segment A			
Personal Loans	—	—	263,887
Corporate Customers	1,299,121	3,765,017	9,400,485
	1,299,121	3,765,017	9,664,372
Less stage 3 ECL/specific allowance	—	—	—
Less stage 1&2/ ECL collective allowance	(3,376)	(4,071)	(21,911)
	1,295,745	3,760,946	9,642,461
Segment B			
Personal Loans	—	—	310,535
Corporate Customers	148,522,960	149,207,870	175,548,211
Entities outside Mauritius	35,255,357	52,101,826	49,452,035
	183,778,317	201,309,696	225,310,781
Less stage 3 ECL/specific allowance	(15,607,054)	(15,997,580)	(7,298,018)
Less stage 1&2 ECL/collective allowance	(1,184,909)	(1,315,407)	(651,110)
	166,986,354	183,996,709	217,361,653

(a) Remaining term to maturity

	2021 USD	2020 USD	2019 USD
Bank – Total			
Up to 3 months	33,268,019	73,479,131	90,360,964
Over 3 months and up to 6 months	18,097,035	535,156	581,251
Over 6 months and up to 12 months	57,867,728	18,266,676	12,601,125
Over 1 year and up to 5 years	75,844,656	112,793,750	131,121,278
Over 5 years	—	—	310,535
	185,077,438	205,074,713	234,975,153
Segment A			
Up to 3 months	1,149,674	3,765,017	9,400,485
Over 3 months and up to 6 months	149,447	—	263,887
Over 6 months and up to 12 months	—	—	—
Over 1 year and up to 5 years	—	—	—
Over 5 years	—	—	—
	1,299,121	3,765,017	9,664,372
Segment B			
Up to 3 months	32,118,345	69,714,114	80,960,479
Over 3 months and up to 6 months	17,947,589	535,156	317,364
Over 6 months and up to 12 months	57,867,728	18,266,676	12,601,125
Over 1 year and up to 5 years	75,844,655	112,793,750	131,121,278
Over 5 Years	—	—	310,535
	183,778,317	201,309,696	225,310,781
Current assets	109,232,783	92,280,963	103,543,340
Non-current assets	75,844,655	112,793,750	131,431,813

11. Loans and advances to customers (continued)

(b) Credit concentration of risk by industry sectors

	2021 USD	2020 USD	2019 USD
Bank-Total			
Consumer	12,099,848	6,688,690	5,635,618
Financial Institutions	1,147,362	2,405,404	6,234,997
Industrials	2,312	84,904	—
Mining and Metals	—	23,684,488	23,212,544
Personal	—	—	574,422
Power and Infrastructure	—	—	359,025
Real Estate	23,304,956	23,003,357	23,410,337
Global Business Licence Holders	148,522,960	149,207,870	175,548,210
	185,077,438	205,074,713	234,975,153
Segment A			
Consumer	149,447	1,274,709	2,806,463
Financial Institutions	1,147,362	2,405,404	6,234,997
Industrials	2,312	84,904	—
Mining and Metals	—	—	—
Personal	—	—	263,887
Power and Infrastructure	—	—	359,025
Real Estate	—	—	—
Global Business Licence Holders	—	—	—
	1,299,121	3,765,017	9,664,372
Segment B			
Consumer	11,950,401	5,413,981	2,829,155
Financial Institutions	—	—	—
Industrials	—	—	—
Mining and Metals	—	23,684,488	23,212,544
Personal	—	—	310,535
Power and Infrastructure	—	—	—
Real Estate	23,304,956	23,003,357	23,410,337
Global Business Licence Holders	148,522,960	149,207,870	175,548,210
	183,778,317	201,309,696	225,310,781

Sector have been amended to reflect the actual sector distribution in line with our business model

(c) Segmental Analysis -Geographical Area

	2021 USD	2020 USD	2019 USD
Africa	185,077,438	181,390,225	197,172,135
Australia	—	—	13,700,914
Europe	—	23,684,488	24,102,104
	185,077,438	205,074,713	234,975,153

11. Loans and advances to customers (continued)

(d) Allowance for credit impairment

	Stage 3 ECL/specific allowance	Stage 1&2 ECL collective allowance	Total
	USD	USD	USD
Balance at 01 January 2019	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 at1 January 2020	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 1 January 2021	**15,997,580**	**1,319,478**	**17,317,058**
Provision for credit impairment for the year	**—**	**331,232**	**331,232**
Transfer between stages	**—**	**—**	**—**
Provisions raised	**(390,526)**	**(462,425)**	**(852,951)**
Balance at 31 December 2021	**15,607,054**	**1,188,285**	**16,795,339**

2021			
Segment A	**—**		**(3,376)**
Segment B	**15,607,054**		**(1,184,909)**
2020			
Segment A			
Segment B			
2019			
Segment A			
Segment B			

11. Loans and advances to customers (continued)

(e) Allowance for credit impairment by industry sectors

	2021					2020	2019
	Gross amount of loans	Impaired loans	Stage 3 ECL/ specific allowance	Stage 1&2 ECL collective allowance	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
	USD	USD	USD	USD	USD	USD	USD
Bank – Total							
Consumer	12,099,848	—	—	128,685	128,685	68,560	25,408
Financial Institutions	1,147,362	—	—	1,300	1,300	2,176	13,479
Industrials	2,312	—	—	16	16	683	
Mining and Metals	—	—	—	—	—	415	2,598
Personal	—	—	—	—	—	—	5,744
Power and Infrastructure	—	—	—	—	—	—	199
Real Estate	23,304,956	—	—	25,370	25,370	5,629	7,351
Global Business Licence Holders	127,747,658	20,775,302	15,607,054	1,032,914	16,639,968	17,239,595	7,916,260
	164,302,136	20,775,302	15,607,054	1,188,285	16,795,339	17,317,058	7,971,039
Segment A							
Consumer	149,447	—	—	2,060	2,060	1,212	5,594
Financial Institutions	1,147,362	—	—	1,300	1,300	2,176	13,479
Industrials	2,312	—	—	16	16	683	—
Mining and Metals	—	—	—	—	—	—	—
Oil and Gas	—	—	—	—	—	—	—
Personal	—	—	—	—	—	—	2,639
Power and Infrastructure	—	—	—	—	—	—	199
Real Estate	—	—	—	—	—	—	—
Global Business Licence Holders	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—
	1,299,121	—	—	3,376	3,376	4,071	21,911

Segment B	2021					2020	2019
	Gross amount of loans	Impaired loans	Stage 3 ECL/ specific allowance	Stage 1&2 ECL collective allowance	Total allowances for credit impairment	Total allowances for credit impairment	Total allowances for credit impairment
	USD	USD	USD	USD	USD	USD	USD
Segment B							
Consumer	11,950,401	—	—	126,625	126,625	67,348	19,814
Financial Institutions	—	—	—	—	—	—	—
Industrials	—	—	—	—	—	—	—
Mining and Metals	—	—	—	—	—	415	2,598
Personal	—	—	—	—	—	—	—
Power and Infrastructure	—	—	—	—	—	—	3,105
Real Estate	23,304,956	—	—	25,370	25,370	5,629	7,351
Telecoms and Media	—	—	—	—	—	—	—
Global Business Licence Holders	127,747,658	20,775,302	15,607,054	1,032,914	16,639,968	17,239,595	7,916,260
	163,003,015	20,775,302	15,607,054	1,184,909	16,791,963	17,312,987	7,949,128

Impaired loans of USD 20,775,302 as at 31 December 2021 (2020: USD 21,168,525, 2019:USD 21,908,817) were from clients resident in Zimbabwe and Mozambique.

11. Loans and advances to customers (continued)

31 December 2021: Reconciliation of the expected credit losses for loans and advances at amortised cost

	Opening ECL balance	Transfers between stages				Income statement movement				Time Value of Money	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	
Stage 1												
Corporate lending Amortised cost	935,905	–	–	–	–	130,670	–	(146,786)	(16,116)	–	919,789	–
Total	935,905	–	–	–	–	130,670	–	(146,786)	(16,116)	–	919,789	–
Stage 2												
Corporate lending Amortised cost	383,573	–	–	–	–	200,562	–	(315,639)	(115,077)	–	268,496	–
Total	383,573	–	–	–	–	200,562	–	(315,639)	(115,077)	–	268,496	–
Stage 3 (excluding IIS)												
Corporate lending Amortised cost	15,997,580	–	–	–	–	–	–	–	–	(390,526)	15,607,054	–
Total	15,997,580	–	–	–	–	–	–	–	–	(390,526)	15,607,054	–
Total ECL	17,317,058	–	–	–	–	331,232	–	(462,425)	(131,193)	(390,526)	16,795,339	#REF!

11. Loans and advances to customers (continued)

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				
Corporate lending*	186,721,539	15,439,458		107,670,639	8,650,784	23,304,956	9,236,299	11,885,853	10,533,550	22,419,403	5,168,248	1,644,101	15,607,054
Gross carrying value of loans and advances	186,721,539	–	–	–	–	–	–	–	–	–	–	–	–
Less: Total expected credit loss provision for loans and advances at amortised cost	(16,795,339)	–	–	–	–	–	–	–	–	–	–	–	–
Stage 1	(919,789)												
Stage 2	(268,496)												
Stage 3	(15,607,054)												
Purchased/ originated credit impaired	–												
Interest In Suspense (IIS)	(1,644,101)												
Net carrying value of loans and advances at amortised cost	168,282,099												

*The corporate lending exclude interest in suspense.

Loans and advances include the element of MTM amounting USD 108,007 from Hedge accounting (ref note 9.3.2).

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				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 P/L
		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					
Stage 1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending	673,021	—	(79,170)	—	(79,170)	47,305	—	294,749	342,054	—	—	—	935,905	—
Total	673,021	—	(79,170)	—	(79,170)	47,305	—	294,749	342,054	—	—	—	935,905	—
Stage 2														
Corporate lending	—	79,170	—	—	79,170	—	—	304,403	304,403	—	—	—	383,573	—
Total	—	79,170	—	—	79,170	—	—	304,403	304,403	—	—	—	383,573	—
Stage 3 (excluding IIS)														
Corporate lending	7,298,018	—	—	—	—	—	—	8,565,936	8,565,936	—	133,626	—	15,997,580	—
Total	7,298,018	—	—	—	—	—	—	8,565,936	8,565,936	—	133,626	—	15,997,580	—
Total ECL	7,971,039	79,170	(79,170)	—	—	47,305	—	9,165,088	9,212,393	—	133,626	—	17,317,058	—

11. Loans and advances to customers (continued)

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)	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				
Corporate lending*	206,348,504	40,901,714	0	118,610,207	9,239,548	—	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 loans and advances 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 from USD 626,384 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.

		Transfers between stages				Income statement movement							
	Opening balance	Transfer to/from Stage 1	Transfer to/from Stage 2	Transfer to/ from Stage 3	Total	Originated "New" impairments raised	Subsequent changes in ECL	De-recognition	Total	Impaired Accounts written off	Time value of Money	Closing ECL balance	Post Write off recoveries recognised in PL
	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	
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)	—	—	—	—			—	
Total	2,015,744	—	—	(2,015,744)	(2,015,744)	—	—	—	—	—	—	—	
Stage 3 (excl IIS)													
Corporate lending	838,673	25,221	2,015,744	—	2,040,965	—	5,387,128	—	5,387,128	(837,047)	(131,701)	7,298,018	(770)
Total	838,673	25,221	2,015,744	—	2,040,965	—	5,387,128	—	5,387,128	(837,047)	(131,701)	7,298,018	(770)
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)

Credit risk exposure of Loans and advances at Amortised cost

		SB 1 - 12		SB 13 - 20		SB 21 - 25		Stage 3				
	Gross Carrying value	Stage 1	Stage 2	Stage 1	Stage2	Stage 1	Stage 2	Sub standard	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	235,127,799	68,813,306		144,253,030		—	—	11,994,491	10,066,972	22,061,463	7,298,018	(152,646)
Sovereign lending	—	—	—	—	—	—	—	—	—	—	—	—
Bank lending	—	—	—	—	—	—	—	—	—	—	—	—
Intercompany	—	—	—	—	—	—	—	—	—	—	—	—
Gross carrying value of loans and advances	235,127,799											
Less: Total expected credit loss provision for loans and advances 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											

Loans and advances include the element of MTM amounting USD 598,843 from Hedge accounting (ref note 9.3.2).

12. Financial investments

	Segment A			Segment B			Bank - Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Comprising of									
Sovereign bonds	3,527,537	6,335,418	10,319,779	212,468,472	213,641,375	186,755,638	215,996,009	219,976,793	197,075,417
	3,527,537	6,335,418	10,319,779	212,468,472	213,641,375	186,755,638	215,996,009	219,976,793	197,075,417
Classified as:									
Net debt financial investments measured at amortised cost	–	–	–	212,468,472	213,641,375	186,755,638	212,468,472	213,641,375	186,755,638
Gross debt financial investments measured at amortised cost	–	–	–	212,474,958	213,644,603	186,757,301	212,474,958	213,644,603	186,757,301
Less: Expected credit losses for debt financial investments measured at amortised cost (note 12.4)	–	–	–	(6,486)	(3,228)	(1,663)	(6,486)	(3,228)	(1,663)
Net debt financial investments measured at fair value through OCI	3,527,537	6,335,418	10,319,779	–	–	–	3,527,537	6,335,418	10,319,779
Gross debt financial investments measured at fair value through OCI	3,527,537	6,335,418	10,319,779	–	–	–	3,527,537	6,335,418	10,319,779

12.1 Maturity analysis

	Segment A			Segment B			Bank -Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Current:									
Up to 3 months	–	1,277,224	6,098,962	–	92,851,338	–	–	94,128,562	6,098,962
Over 3 months and up to 6 months	568,865	–	2,728,584	–	–	93,333,639	568,865	–	96,062,223
Over 6 months and up to 12 months	2,958,672	5,058,194	1,492,233	118,932,519	–	–	121,891,191	5,058,194	1,492,233
Non-current:									
Over 1 year and up to 5 years	–	–	–	93,535,953	120,790,037	93,421,999	93,535,953	120,790,037	93,421,999
	3,527,537	6,335,418	10,319,779	212,468,472	213,641,375	186,755,638	215,996,009	219,976,793	197,075,417

12.2 Reconciliation of Financial investments measured at fair value through OCI

	Segment A	Segment B	Total
2021	USD	USD	USD
Balance at 01 January 2021	6,335,418	–	6,335,418
Purchase of Financial Investments	3,514,630	–	3,514,630
Matured	(6,310,218)	–	(6,310,218)
Accrued Interest	10,689	–	10,689
Fair value movements	(22,982)	–	(22,982)
Balance at 31 December 2021	3,527,537	–	3,527,537
2020			
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	11,248	–	11,248
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	22,474	–	22,474
Balance at 31 December 2019	10,319,779	–	10,319,779

12.3 Reconciliation of Financial investments measured at amortised cost

	Segment A	Segment B	Total
2021	USD	USD	USD
Balance at 01 January 2021	–	213,641,375	213,641,375
Purchase of Financial Investments	–	93,493,313	93,493,313
Matured	–	(92,851,338)	(92,851,338)
Accrued Interest	–	(1,811,620)	(1,811,620)
Fair value movements	–	–	–
Impairment -ECL	–	(3,258)	(3,258)
Balance at 31 December 2021	–	212,468,472	212,468,472
2020			
Balance at 01 January 2020	–	186,755,638	186,755,638
Purchase of Financial Investments	–	121,720,890	121,720,889
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

12.4 Reconciliation of expected credit losses for debt financial investments measured at amortised cost

Year Ended 2021

	Opening ECL 1 January 2021	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2021
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign									
Stage 1	3,228	—	3,970	(712)	—	3,258	—	—	6,486
Stage 2	—	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	—	—	—
Total	3,228	—	3,970	(712)	—	3,258	—	—	6,486

Year Ended 2020

	Opening ECL 1 January 2020	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2020
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	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

Year Ended 2019

	Opening ECL 1 January 2019	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2019
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	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

12.5 Reconciliation of expected credit losses for debt financial investments measured at fair value through OCI

Year Ended 2021

	Opening ECL 1 January 2021	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2021
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign									
Stage 1	238	—	128	(238)	—	(110)	—	—	128
Stage 2	—	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	—	—	—
Total	238	—	128	(238)	—	(110)	—	—	128

Year Ended 2020

	Opening ECL 1 January 2020	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2020
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	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

Year Ended 2019

	Opening ECL 1 January 2019	Total transfers between stages	Income statement movements			Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2019
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition				
	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

Bank – Total	Computer Equipment USD	Office Equipment USD	Furniture and Fittings USD	Motor Vehicles USD	Total USD
Cost					
Balance at 01 January 2019	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
Acquisitions	144,052	4,467	19,743	—	168,262
Transfers	—	—	(1,852)	—	(1,852)
Disposals	(925)	(38,342)	(4,162)	—	(43,429)
Balance at 31 December 2021	**3,396,904**	**929,398**	**4,246,886**	**187,221**	**8,760,409**
Depreciation and Impairment Losses					
Balance at 01 January 2019	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
Depreciation for the year	355,421	36,008	323,072	25,053	739,554
Disposal	(925)	(38,342)	(4,162)	—	(43,429)
Balance at 31 December 2021	**2,841,439**	**758,717**	**2,420,844**	**136,240**	**6,157,240**
Carrying Amounts					
Balance at 31 December 2021	**555,465**	**170,681**	**1,826,042**	**50,981**	**2,603,169**
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

2021	Segment A USD	Segment B USD	Bank USD
Depreciation	(35,011)	(704,543)	(739,554)
Carrying amounts	123,235	2,479,934	2,603,169
2020			
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

14. Intangible assets

Bank –Total	USD Computer Software	USD Other Intangible Assets	USD Total
Cost			
Balance at 01 January 2019	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
Balance at 31 December 2020	156,086	20,593,472	20,749,558
Acquisitions	—	—	—
Balance at 31 December 2021	**156,086**	**20,593,472**	**20,749,558**
Amortisation and Impairment Losses			
Balance at 01 January 2019	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
Balance at 31 December 2020	95,391	4,564,442	4,659,833
Amortisation for the year	26,816	1,471,572	1,498,388
Balance at 31 December 2021	**122,207**	**6,036,014**	**6,158,221**
Carrying Amounts			
Balance at 31 December 2021	**33,879**	**14,557,458**	**14,591,337**
Balance at 31 December 2020	60,695	16,029,030	16,089,725
Balance at 31 December 2019	63,333	16,947,130	17,010,463

There were no capitalised borrowing costs related to the acquisition of software during the year (2020: Nil; 2019: Nil).

2021	Segment A USD	Segment B USD	Bank USD
Depreciation	(70,934)	(1,427,454)	(1,498,388)
Carrying amounts	690,761	13,900,576	14,591,337
2020			
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

15. Leases

(i) Amounts recognised in statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2021	31 December 2020	31 December 2019
	USD	USD	USD
Right-of-use assets			
Buildings	**1,832,547**	2,253,434	2,799,711
Others	**445,407**	406,949	506,548
	2,277,954	2,660,383	3,306,259
Lease liabilities			
Current	**759,035**	640,302	627,296
Non-Current	**1,313,250**	2,164,933	2,760,484
	2,072,285	2,805,235	3,387,780

Additions to the right-of use assets during the 2021 financial year were USD 451,647 (2020: Nil; 2019: USD 44,819)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020	2019
Depreciation charge of right-of-use assets	USD	USD	USD
Buildings	**(546,106)**	(546,277)	(599,909)
Others	**(101,526)**	(99,599)	(105,647)
	(647,632)	(645,876)	(705,556)
Interest expense (note 25)	**(113,628)**	(152,342)	(204,502)
Expense relating to short-term lease (note 32)	**(408,124)**	72,875	(136,076)

The total cash outflow for leases in 2021 was USD 737,703 (2020: USD 734,887, 2019: USD 828,344).

2021	Segment A	Segment B	Bank
	USD	USD	USD
Depreciation	**(30,659)**	**(616,973)**	**(647,632)**
Carrying amounts of right-of-use assets	**107,840**	**2,170,114**	**2,277,954**
Lease liabilities	**(98,103)**	**(1,974,182)**	**(2,072,285)**
2020			
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:

	2021	2020	2019
Bank -Total	USD	USD	USD
At 01 January	**153,687**	(435,000)	(760,000)
Movement during the year recognised in profit or loss (note 34)	**46,544**	557,835	325,000
Movement during the year recognised in OCI	**(46,927)**	30,852	—
At 31 December	**153,304**	153,687	(435,000)
Segment A			
At 01 January	**(55,387)**	(62,000)	(87,340)
Movement during the year recognised in profit or loss	**3,118**	5,482	25,340
Movement during the year recognised in OCI	**(2,390)**	1,131	—
Deferred tax liability as at 31 December	**(54,659)**	(55,387)	(62,000)
Segment B			
At 01 January	**209,074**	(373,000)	(672,660)
Movement during the year recognised in profit or loss	**43,426**	552,353	299,660
Movement during the year recognised in OCI	**(44,537)**	29,721	—
Deferred tax asset/(liability) as at 31 December	**207,963**	209,074	(373,000)

Deferred income tax assets and liabilities are attributable to the following items:

	2021	2020	2019
	USD	USD	USD
Deferred tax assets:			
Expected credit losses	**853,053**	913,254	425,000
Other temporary differences	**46,753**	55,067	26,000
	899,806	968,321	451,000
Deferred tax liabilities:			
Other temporary differences	**(16,078)**	—	—
Accelerated depreciation	**(730,424)**	(814,634)	(886,000)
	(746,502)	(814,634)	(886,000)

The deferred tax (release)/charge in profit or loss comprise the following differences:

	2021	2020	2019
	USD	USD	USD
Expected credit losses	**60,201**	(488,254)	(235,000)
Other temporary differences	**(6,456)**	1,785	9,000
Accelerated depreciation	**(84,210)**	(71,366)	(99,000)
	(30,465)	(557,835)	(325,000)

17. Other assets

	2021 USD	2020 USD	2019 USD
Mandatory balances with central bank	4,864,019	6,242,309	7,150,640
Other	587,612	761,171	911,696
	5,451,631	7,003,480	8,062,336
Segment A			
Mandatory balances with central bank	4,864,019	6,242,309	7,150,640
Other	127,283	381,870	723,345
	4,991,302	6,624,179	7,873,985
Segment B			
Other	460,329	379,301	188,351
	460,329	379,301	188,351
Current	5,424,392	7,003,480	8,062,336
Non Current	27,239	—	—

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

	2021 USD	2020 USD	2019 USD
Bank – Total			
Money Market Deposits	100,008,656	97,076,705	35,238,690
Other deposits from banks	15,251,197	3,301,486	53,163,940
	115,259,853	100,378,191	88,402,630
Segment A			
Money Market Deposits	30,002,733	40,070,267	20,230,089
Other deposits from banks	14,802,747	2,931,365	—
	44,805,480	43,001,632	20,230,089
Segment B			
Money Market Deposits	70,005,923	57,006,438	15,008,601
Other deposits from banks	448,450	370,121	53,163,940
	70,454,373	57,376,559	68,172,541
Current	115,259,853	100,378,191	88,402,630

19. Deposits from customers

	2021 USD	2020 USD	2019 USD
Bank Total			
Corporates			
Demand deposits			
Current accounts	695,502,022	388,785,370	349,356,964
Savings accounts	5,051	5,521	20,089
Call accounts	1,056,276,821	638,174,325	529,250,397
Time deposits			
Up to 3 months	173,605,073	467,548,873	247,015,629
Over 3 months and up to 6 months	1,267	2,093,575	7,118,952
Over 6 months and up to 12 months	18,489,317	7,542,632	71,062,812
Over 1 year and up to 5 year	—	193,116	7,272,633
Over 5 years	—	—	—
	1,943,879,551	1,504,343,412	1,211,097,476
Segment A			
Demand deposits			
Current accounts	11,040,715	17,574,686	27,523,920
Savings accounts	5,051	5,521	20,089
Call accounts	9,439,553	43,555,684	18,134,041
Time deposits		—	
Up to 3 months	729,183	691,996	9,276,027
Over 3 months and up to 6 months	1,267	1,426	554,322
Over 6 months and up to 12 months	14,341,056	3,304,114	29,816,355
Over 1 year and up to 5 years	—	—	—
Over 5 years	—	—	—
	35,556,825	65,133,427	85,324,754
Segment B			
Demand deposits			
Current accounts	684,461,307	371,210,684	321,833,044
Call accounts	1,046,837,268	594,618,641	511,116,356
Time deposits		—	
Up to 3 months	172,875,890	466,856,877	237,739,602
Over 3 months and up to 6 months	—	2,092,149	6,564,630
Over 6 months and up to 12 months	4,148,261	4,238,518	41,246,457
Over 1 year and up to 5 years	—	193,116	7,272,633
Over 5 years	—	—	—
	1,908,322,726	1,439,209,985	1,125,772,722
Current liabilities	1,943,879,551	1,504,150,293	1,203,824,843
Non-current liabilities	—	193,119	7,272,633

20. Other Borrowed Funds

	2021 USD	2020 USD	2019 USD
Bank-Total and segment B			
Borrowings from Banks	—	—	470,766
Current	—	—	470,766

21. Current tax liabilities

	USD	USD	USD
Bank – Total	2021	2020	2019
Income tax based on chargeable income	897,660	1,107,001	1,175,000
Withholding taxes	(16,938)	(33,268)	—
Advanced payments made	(570,320)	(850,964)	(298,219)
	310,402	222,769	876,781
Segment A			
Income tax based on chargeable income	140,068	125,613	318,000
Advanced payments made	(26,999)	(22,640)	(155,847)
	113,069	102,973	162,153
Segment B			
Income tax based on chargeable income	757,592	981,388	857,000
Withholding taxes	(16,938)	(33,268)	—
Advanced payments made	(543,321)	(828,324)	(142,372)
	197,333	119,796	714,628

22. Other liabilities

		USD	USD	USD
		2021	2020	2019
Accrued expense		1,643,406	1,692,836	1,945,216
Unsettled money market transactions[1]		—	—	2,908,320
Retirement benefit obligations	31(c)	630,817	1,422,660	751,580
Other liabilities & provisions		618,583	606,469	1,007,628
Sundry Creditors		1,683,360	1,308,001	1,220,288
Others[2]		3,826,454	4,403,744	4,290,628
		8,402,620	9,433,710	12,123,660
Segment A				
Accrued expense		77,801	45,039	107,640
Retirement benefit obligations		29,863	37,851	41,562
Other liabilities & provisions		29,284	40,339	1,007,628
Sundry Creditors		1,683,360	1,308,001	1,220,288
Others[2]		1,377,780	1,856,950	2,460,940
		3,198,088	3,288,180	4,838,058
Segment B				
Accrued expense		1,565,605	1,647,797	1,837,576
Unsettled money market transactions[1]		—	—	2,908,320
Retirement benefit obligations		600,954	1,384,809	710,018
Other liabilities & provisions		589,299	566,130	—
Others[2]		2,448,674	2,546,794	1,829,688
		5,204,532	6,145,530	7,285,602
Current		7,415,417	8,573,292	11,263,242
Non-Current		987,203	860,418	860,418

(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

	2021	2020	2019
	USD	USD	USD
Authorised capital: -			
Ordinary (40,000,000 shares of USD 1 each)	40,000,000	40,000,000	40,000,000
Issued and paid capital			
Ordinary (35,000,000 shares of USD 1 each)	35,000,000	35,000,000	35,000,000
Unissued capital			
Ordinary (5,000,000 shares of USD 1 each)	5,000,000	5,000,000	5,000,000

24. Contingent liabilities

	2021	2020	2019
	USD	USD	USD
Total Bank			
Guarantees on account of customers	20,088,885	12,792,706	22,504,859
Letters of credit and other obligations on account of customers	13,097,296	10,316,151	7,209,848
	33,186,181	23,108,857	29,714,707
Less IFRS 9 provision on Off-balance sheet exposures	(29,091)	(14,047)	(21,406)
	33,157,090	23,094,810	29,693,301
Segment A			
Guarantees on account of customers	14,451	137,971	1,010,758
Letters of credit and other obligations on account of customers	—	—	630,960
	14,451	137,971	1,641,718
Less IFRS 9 provision on Off-balance sheet exposures	(462)	(633)	(2,212)
	13,989	137,338	1,639,506
Segment B			
Guarantees on account of customers	20,074,434	12,654,735	21,494,101
Letters of credit and other obligations on account of customers	13,097,296	10,316,151	6,578,888
	33,171,730	22,970,886	28,072,989
Less IFRS 9 provision on Off-balance sheet exposures	(28,629)	(13,414)	(19,194)
	33,143,101	22,957,472	28,053,795

24. Contingent liabilities (continued)

31 December 2021

	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	De-recognition	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1										
Letters of credit	4,274	–	–	–	–	–	16,308	–	16,308	20,582
Guarantees	9,713	–	–	–	–	253	(2,194)	–	(1,941)	7,772
Total	13,987	–	–	–	–	253	14,114	–	14,367	28,354
Stage 2										
Letters of credit	–	–	–	–	–	–	–	–	–	–
Guarantees	60	–	–	–	–	229	448	–	677	737
Total	60	–	–	–	–	229	448	–	677	737
Total	14,047	–	–	–	–	482	14,562	–	15,044	29,091

31 December 2020

	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	De-recognition	Total	
	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

31 December 2019

	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	De-recognition	Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
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

25. Net interest income

	2021	2020	2019
Bank- Total	USD	USD	USD
Interest income measured at amortised cost			
Loans and advances to banks	9,785,634	14,632,462	27,066,873
Loans and advances to customers	7,832,861	10,337,454	13,562,851
Financial investments	939,251	2,525,869	3,753,411
Other (IFRS Unwinding)	101,002	181,148	233,218
Total interest income	18,658,748	27,676,933	44,616,353
Interest Income on items measured at fair value through OCI			
Financial investments	38,057	122,761	262,629
Total	18,696,805	27,799,694	44,878,982
Interest expense			
Interest expense on items measured at amortised cost			
Deposits from banks	(189,472)	(586,483)	(1,261,543)
Deposits from customers	(2,193,737)	(4,278,139)	(11,012,804)
Other:			
Interest on lease liabilities	(113,628)	(152,342)	(204,502)
Total interest expense	(2,496,837)	(5,016,964)	(12,478,849)
Net interest income	16,199,968	22,782,730	32,400,133
Segment A			
Interest income measured at amortised cost			
Loans and advances to banks	8,726	78,583	124,050
Loans and advances to customers	76,551	216,921	566,282
Other (IFRS Unwinding)	(3,326)	—	—
Total interest income	81,951	295,504	690,332
Interest Income on items measured at fair value through OCI			
Financial investments	38,057	122,761	262,629
Total	120,008	418,265	952,961
Interest expense			
Interest expense on items measured on an amortised cost			
Deposits from banks	(78,237)	(404,689)	(575,770)
Deposits from customers	(26,279)	(242,818)	(498,953)
Other:			
Interest on lease liabilities	(113,628)	(152,342)	(204,502)
Total interest expense	(218,144)	(799,849)	(1,279,225)
Net interest (expense)/income	(98,136)	(381,584)	(326,264)
Segment B			
Interest income measured at amortised cost			
Loans and advances to banks	9,776,908	14,553,879	26,942,823
Loans and advances to customers	7,756,310	10,120,533	12,996,569
Financial investments	939,251	2,525,869	3,753,411
Other (IFRS Unwinding)	104,328	181,148	233,218
Total	18,576,797	27,381,429	43,926,021
Interest income on items measured at fair value through OCI			
Financial investments	—	—	—
Total interest income	18,576,797	27,381,429	43,926,021
Interest expense on items measured on an amortised cost			
Deposits from banks	(111,235)	(181,794)	(685,773)
Deposits from customers	(2,167,458)	(4,035,321)	(10,513,851)
Total interest expense	(2,278,693)	(4,217,115)	(11,199,624)
Net interest income	16,298,104	23,164,314	32,726,397

26. Net fee and commission income

	2021 USD	2020 USD	2019 USD
Fee and commission income			
Corporate banking customer fees	**4,254,406**	3,938,973	4,570,726
Corporate banking credit related fees	**1,893,937**	1,646,244	1,728,839
Investment Banking Fees	**67,500**	21,750	295,304
Custody Fees	**67,015**	157,459	336,527
Total fee and commission income	**6,282,858**	5,764,426	6,931,396
Fee and commission expense	**(52,670)**	(135,615)	(311,241)
Net fee and commission income	**6,230,188**	5,628,811	6,620,155
Segment A			
Fee and commission income			
Corporate banking customer fees	**45,803**	47,977	71,595
Corporate banking credit related fees	**9,126**	32,861	60,201
Custody Fees	**67,015**	157,459	336,527
Total fee and commission income	**121,944**	238,297	468,323
Fee and commission expense	**(52,670)**	(135,615)	(311,241)
Net fee and commission income	**69,274**	102,682	157,082
Segment B			
Fee and commission income			
Corporate banking customer fees	**4,208,603**	3,890,996	4,499,131
Corporate banking credit related fees	**1,884,811**	1,613,383	1,668,638
Investment Banking Fees	**67,500**	21,750	295,304
Total fee and commission income	**6,160,914**	5,526,129	6,463,073
Net fee and commission income	**6,160,914**	5,526,129	6,463,073

27. Net trading income

	2021 USD	2020 USD	2019 USD
Fixed Income / Money Market	**87,050**	46,311	59,557
Foreign exchange	**8,265,376**	6,022,148	7,331,860
Other	**—**	—	8,200
	8,352,426	6,068,459	7,399,617
Segment A			
Fixed Income / Money Market	**87,050**	46,311	59,557
Foreign exchange	**1,141,759**	823,596	2,322,217
Other	**—**	—	—
	1,228,809	869,907	2,381,774
Segment B			
Fixed Income / Money Market	**—**	—	—
Foreign exchange	**7,123,617**	5,198,552	5,009,643
Other	**—**	—	8,200
	7,123,617	5,198,552	5,017,843

28. Net income from other financial instruments carried at fair value

	2021 USD	2020 USD	2019 USD
Bank-Total and Segment A			
Government Bonds / Treasury Bills	**—**	54,964	40,066
Other	**—**	(118)	—
	—	54,846	40,066

29. Other operating income

	2021 USD	2020 USD	2019 USD
Bank-Total			
Total other Income	**279,839**	275,506	336,855
Segment A			
Rental income and recharges	**270,564**	280,300	336,855
Segment B			
Currency Sell-off	**9,275**	(4,794)	—

30. Net impairment gain/(charge) on financial assets

	2021 USD	2020 USD	2019 USD
Bank-Total			
Loans and advances to customers*	**1,409,012**	(9,212,393)	(5,038,450)
Loans and advances to banks & cash and cash equivalents	**(328,938)**	(434,515)	27,423
Financial investments	**(3,148)**	(1,729)	(1,524)
Non-funded facilities**	**141,732**	(69,519)	(148,810)
Recoveries on loans and advances previously written off	**—**	—	770
	1,218,658	(9,718,156)	(5,160,591)
Segment A			
Loans and advances to customers	**695**	17,840	12,551
Loans and advances to banks & cash and cash equivalents	**(6,257)**	472	(311)
Financial investments	**110**	(164)	(6)
Non-funded facilities	**5,839**	(16,921)	(10,861)
Recoveries on loans and advances previously written off	**—**	—	770
	387	1,227	2,143
Segment B			
Loans and advances to customers	**1,408,317**	(9,230,233)	(5,051,001)
Loans and advances to banks & cash and cash equivalents	**(322,681)**	(434,987)	27,734
Financial investments	**(3,258)**	(1,565)	(1,518)
Non-funded facilities	**135,893**	(52,598)	(137,949)
	1,218,271	(9,719,383)	(5,162,734)

* Loans and advances to customers include unwind time value of money: of USD 243,779.
** Impairment charge relates to off-balance sheet exposures.

31. (a) Personnel expenses

	2021	2020	2019
Bank-Total	USD	USD	USD
Wages and salaries	**4,693,592**	4,658,517	5,087,752
Other personnel expenses	**2,282,445**	1,535,154	3,051,083
Compulsory social security obligations	**23,558**	16,112	23,060
Contributions to defined contribution plans	**466,112**	481,184	523,361
Retirement benefit cost	**159,430**	119,136	502,159
Share based payment - cash settled	**71,424**	106,086	347,850
	7,696,561	6,916,189	9,535,265
Segment A			
Wages and salaries	**222,197**	123,943	281,532
Other personnel expenses	**108,052**	40,844	168,833
Compulsory social security obligations	**1,115**	429	1,276
Contributions to defined contribution plans	**22,066**	12,802	28,960
Retirement benefit cost	**7,548**	3,170	27,787
Share based payment - cash settled	**3,381**	2,822	19,248
	364,359	184,010	527,636
Segment B			
Wages and salaries	**4,471,395**	4,534,574	4,806,220
Other personnel expenses	**2,174,393**	1,494,310	2,882,250
Compulsory social security obligations	**22,443**	15,683	21,784
Contributions to defined contribution plans	**444,046**	468,382	494,401
Retirement benefit cost	**151,882**	115,966	474,372
Share based payment - cash settled	**68,043**	103,264	328,602
	7,332,202	6,732,179	9,007,629

31. (b) Share Based Payments

(i) Share Incentive Scheme

	Option price range (cents)	Number of Options		
		2021	2020	2019
Share Incentive Scheme reconciliation				
Options outstanding at beginning of year		**—**	—	23,125
Transfers		**—**	—	—
Exercised		**—**	—	(23,125)
Options outstanding at end of year		**—**	—	—

At 31 December 2021, the Bank issued nil (2020: 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 2021 and the amount charged for the year under the scheme is 115,282 (2020: USD 185,715 ; 2019: USD 257,129). Total expenses recognised in staff costs for 2021 was USD 71,424 (2020: USD 106,086 ; 2019: USD 347,850).

31. (b) Share Based Payments (continued)

	Units	Units	Units
Reconciliation	2021	2020	2019
Units outstanding at beginning of year	1,701	—	7,189
Granted	—	—	—
Transferred out	3,870	983	—
Exercised	5,175	1,176	—
Lapsed	(3,242)	(458)	(7,189)
	7,504	1,701	—
Units outstanding at end of the year			
Weighted average fair value at grant date (R)	**142.6**	152.64	n/a
Expected life (years)	**2.51**	2.51	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 the local currency of employees' host countries, 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.

31 December 2021

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	**142.00**	**2.51**	**109,977**	**15,621**	**(53,969)**	**(41,002)**	**15,086**	**45,713**
UGX	**—**	**—**	**15,086**	**—**	**—**	**(15,086)**	**—**	**—**

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. (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 USD 417,078 for December 2021 (2020: USD 458,071; 2019: USD 523,361).

The Bank has recognised a net defined liability of USD630,817 as at 31 December 2021 (2020: USD 1,422,660; 2019: USD 751,580) 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 respectof 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.

31. (c) Retirement Benefits (continued)

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.

	2021 USD	2020 USD	2019 USD
Reconciliation of Net Defined Benefit Liability			
Opening Balance	**1,422,660**	751,580	–
Amount recognised in profit or loss	**159,430**	119,136	502,159
Amount recognised in other comprehensive income	**(926,488)**[1]	610,572[2]	249,421
Less Benefits paid	**(24,785)**	(58,628)	–
Closing Balance	**630,817**	1,422,660	751,580

	2021 USD	2020 USD	2019 USD
Reconciliation of Present Value of Defined Benefit Obligation			
Opening Balance	**1,422,660**	751,580	–
Current Service Cost	**89,088**	82,745	477,913
Interest Expense	**70,342**	36,391	24,246
Benefits paid	**(24,785)**	(58,628)	–
Exchange Difference	**(196,967)**	49,098	205,764
Liability experience (gain)/loss	**(439,652)**	–	–
Liability (gain)/loss due to change in financial assumptions	**(289,869)**	561,474	43,657
Closing Balance	**630,817**	1,422,660	751,580
Components of amount recognised in profit or loss			
Current service cost	**89,088**	82,745	477,913
Net Interest on net defined benefit liability	**70,342**	36,391	24,246
	159,430	119,136	502,159
Components of amount recognised in other comprehensive income			
Exchange Difference	**(196,967)**	–	–
Liability experience (gain)/loss	**(439,652)**	49,098	205,764
Liability loss due to change in financial assumptions	**(289,869)**	561,474	43,657
	(926,488)	610,572	249,421

During the year, benefits paid for the unfunded scheme amounted to USD 24,785 (2020: USD 58,628 ; 2019 :USD nil). The Bank anticipates to make payment of USD 1,648 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.

Principal assumptions used at end of year	2021	2020	2019
Discount rate	**4.6%**	3.0%	5.6%
Rate of salary increases	**3.0%**	2.5%	2.8%
Average retirement age (ARA)	**60**	60	60

Sensitivity analysis on defined benefit obligation at end of year	USD	USD	USD
Increase due to 1% decrease in discount rate	**233,000**	324,675	225,175
Decrease due to 1% increase in discount rate	**202,000**	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	USD 72,000
Weighted average duration of the defined benefit obligation	16 Years

[1] Remeasurement of defined benefit liabilities net of tax amount to USD 877,945 for 2021.
[2] Remeasurement of defined benefit liabilities net of tax amount to USD 579,720 for 2020.

32. Operating lease expenses

	2021 USD	2020 USD	2019 USD
Bank-Total			
Operating Lease Expense	**408,124**	72,875	136,076
Segment A			
Operating Lease Expense	**19,321**	1,939	7,530
Segment B			
Operating Lease Expense	**388,803**	70,936	128,546

Operating lease expenses include a modification loss of USD 312,214 incurred on the right-of-use assets this year.

Operating lease Commitments

The future minimum lease payments under non-cancellable operating lease are as follows:

	2021 USD	2020 USD	2019 USD
Bank- Total			
Buildings			
Less than one year	**4,681**	5,199	6,140
Between one and five years	**–**	–	–
	4,681	5,199	6,140
Bank-Total			
Equipment			
Less than one year	**31,528**	42,452	38,109
Between one and five year	**4,734**	39,925	4,489
	36,262	82,377	42,598

The operating lease commitments comprise mainly of the rental of PCs, 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

	2021 USD	2020 USD	2019 USD
Bank-Total			
Software licensing and other information technology cost	**1,170,978**	1,254,654	1,560,177
Professional Fees	**1,171,901**	1,210,320	1,720,320
Marketing & Advertising	**11,672**	232,562	266,056
Bank Charges	**821,435**	835,079	996,786
Other	**3,989,497**	3,404,578	1,584,239
	7,165,483	6,937,193	6,127,578
Segment A			
Software licensing and other information technology cost	**55,435**	33,382	86,333
Professional Fees	**55,167**	32,494	99,096
Marketing & Advertising	**553**	6,187	14,722
Bank Charges	**38,887**	22,218	55,157
Other	**188,865**	86,707	(384,826)
	338,907	180,988	(129,518)
Segment B			
Software licensing and other information technology cost	**1,115,543**	1,221,272	1,473,844
Professional Fees	**1,116,734**	1,177,826	1,621,224
Marketing & Advertising	**11,119**	226,375	251,334
Bank Charges	**782,548**	812,861	941,629
Other	**3,800,632**	3,317,871	1,969,065
	6,826,576	6,756,205	6,257,096

34. Income tax expense

	2021 USD	2020 USD	2019 USD
Income tax charge	**1,074,062**	1,342,562	1,133,253
Deferred tax (release) (note 16)	**(46,544)**	(557,835)	(325,000)
Income tax expense	**1,027,518**	784,727	808,253
Bank-Total			
Net profit before income taxes	**14,125,337**	8,265,790	23,061,950
Current tax based on adjusted profit	**718,501**	422,956	976,400
Non-allowable expenses	**14,573**	21,523	(117,509)
Tax rate differentials	**—**	—	(204,663)
Under/(over) provision in previous years	**144,652**	80,161	(109,250)
Under provision of tax in current year	**—**	80,450	18,285
Special Levy	**89,172**	79,121	177,486
Absorbed Value Added Tax	**1,092**	21,454	17,522
Other taxes	**59,528**	79,062	49,982
	1,027,518	784,727	808,253
Segment A			
Net profit before income taxes	**611,683**	483,280	2,032,433
Current tax based on adjusted profit	**42,818**	33,830	345,514
Non-allowable expenses	**948**	789	(136,327)
Tax rate differentials	**—**	—	(39,509)
Under/(over) provision in previous years	**129,804**	45,678	(84,165)
Under/(over) provision of tax in current year	**—**	43,347	(53,378)
Special Levy	**89,172**	79,121	177,486
Absorbed Value Added Tax	**52**	571	970
Other taxes	**5,463**	1,011	2,766
	268,257	204,347	213,357
Segment B			
Net profit before income taxes	**13,513,654**	7,782,510	21,029,517
Current tax based on adjusted profit	**675,683**	389,126	630,886
Non-allowable expenses	**13,625**	20,734	18,818
Tax rate differentials	**—**	—	(165,154)
Under/(over) provision in previous years	**14,848**	34,483	(25,085)
Under/(over) provision of tax in current year	**—**	37,103	71,663
Special Levy	**—**	—	—
Absorbed Value Added Tax	**1,040**	20,883	16,552
Other taxes	**54,065**	78,051	47,216
	759,261	580,380	594,896

35. Statutory and Other Reserves

	Credit Risk Reserves USD	Fair Value Reserves USD	Share Based Payment USD	Employee Benefits Reserves USD	Total USD
Balance at 1 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 1 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)
Balance at 1 January 2021	**513,327**	**12,891**	**0**	**(829,141)**	**(302,923)**
Net gain on fair value of debt instruments	**—**	**(8,941)**	**—**	**—**	**(8,941)**
Remeasurement of defined benefit liabilities	**—**	**—**	**—**	**877,945**	**877,945**
Share based payment	**—**	**—**	**—**	**—**	**—**
Transfer to credit risk reserve	**70,746**	**—**	**—**	**—**	**70,746**
	584,073	**3,950**	**—**	**48,804**	**636,827**

	2021 USD	2020 USD	2019 USD
Statutory reserves	**25,545,414**	23,580,741	22,458,581
Other reserves	**636,827**	(302,923)	1,355,171
Statutory & other reserves	**26,182,241**	23,277,818	23,813,752

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

	2021 USD	2020 USD	2019 USD
Bank - Total			
Loans and other facilities			
Undrawn credit facilities	180,795,754	182,661,673	144,347,386
Less Stages 1 and 2 ECL Collective Allowance	(197,965)	(354,741)	(131,665)
Less Stage 3 Specific Allowance	—	—	(146,198)
	180,597,789	182,306,932	144,069,523

36. Commitments (continued)

A reconciliation of the allowance for expected credit loss for "off balance sheet" exposures, by class:

2021	Opening Balance	Transfers between stages				Income statement movement			Closing ECL balance
		Transfer to/from Stage 1	Transfer to/from Stage 2	Transfer 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	266,742	–	61,599	–	61,599	28,397	(181,692)	(153,295)	175,046
Stage 2									
Irrevocable facilities	87,999	(61,599)	–	–	(61,599)	–	(3,481)	(3,481)	22,919
Stage 3									
Irrevocable facilities	–	–	–	–	–	–	–	–	–
Total	354,741	(61,599)	61,599	–	–	28,397	(185,173)	(156,776)	197,965

2020	Opening Balance	Transfers between stages				Income statement movement			Closing ECL balance
		Transfer to/from Stage 1	Transfer to/from Stage 2	Transfer 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

	2021	2020	2019
Emoluments:	USD	USD	USD
Full time directors	592,496	944,946	1,042,774
Non-executive directors	131,996	119,443	130,344
Key management personnel	724,492	1,606,929	1,794,696
Emoluments – Key Management Personnel			
Short Term Employee Benefits	1,546,320	1,557,607	1,717,491
Recharges	—	—	—
Deferred bonus scheme	67,263	49,322	77,205
	1,613,583	1,606,929	1,794,696
Long Term Employment Benefit			
Full time directors	123,382	95,421	43,588
Key management personnel	154,469	163,778	96,257

The following transactions were carried out with related parties:

(i) Balances and placements with Parent

	2021	2020	2019
	USD	USD	USD
At 01 January	1,118,705,331	595,911,452	824,848,382
Made during the years	44,843,182,726	33,258,887,547	31,672,205,611
Repaid during the year	(44,492,788,259)	(32,736,093,668)	(31,901,142,541)
At 31 December	1,469,099,798	1,118,705,331	595,911,452
Analysis by related party			
Standard Bank of South Africa	1,469,099,798	1,118,705,331	595,911,452
Loans and advances related to Standard Bank of South Africa.			
Interest received from parent during the year	9,456,111	13,241,988	21,719,315
Analysis by related party			
Standard Bank of South Africa	9,456,111	13,241,988	21,719,315
Accrued interest receivable from parent at 31 December	4,236,459	5,152,517	2,959,160
Analysis by related party			
Standard Bank of South Africa	4,236,459	5,152,517	2,959,160

(ii) Balances and placements with Other Related parties

	2021	2020	2019
	USD	USD	USD
At 01 January	7,773	2,013,987	89,804,042
Repaid during the year	—	(2,006,214)	(87,790,055)
Disbursed during the year	8,895	—	—
At 31 December	16,668	7,773	2,013,987
Loans and Advances to Other Related parties			
At 01 January	5,655,843	6,912,697	8,169,551
Repaid during the year	(1,256,854)	(1,256,854)	(1,256,854)
Disbursed during the year	13,338,000	—	—
At 31 December	17,736,989	5,655,843	6,912,697
Analysis by related party			
Stanbic Bank Kenya Limited	4,398,989	5,655,843	6,912,697
Stanbic Bank Nigeria Limited	13,338,000	—	—
	17,736,989	5,655,843	6,912,697
Interest received from other related entities during the year	184,237	272,915	438,389
Analysis by related party			
Stanbic Bank Kenya Limited	175,687	272,915	438,389
Stanbic Bank Nigeria Limited	8,550	—	—
	184,237	272,915	438,389
Accrued interest receivable from other related entities at 31 December	1,352	536	1,122
Analysis by related party			
Stanbic Bank Kenya Limited	413	536	1,122
Stanbic Bank Nigeria Limited	939	—	—

None of the facilities provided during the year under review was non-performing.

37. Related Parties (continued)

(iii) Borrowings from Parent

	2021 USD	2020 USD	2019 USD
At 01 January	–	470,714	1,412,143
Repaid during the year	–	(470,714)	(941,429)
At 31 December	–	–	470,714
Analysis by related party			
Standard Bank of South Africa	–	–	470,714
Interest paid during the year	–	9,396	47,082
Interest payable at 31 December	–	–	52

Interest paid during the year relates to Standard Bank of South Africa.

(iv) Deposits from other related parties

	2021 USD	2020 USD	2019 USD
At 01 January	57,032,054	66,597,131	10,108,450
Received during the year	1,416,000,000	1,521,000,000	790,000,000
Repaid during the year	(1,402,114,262)	(1,530,565,077)	(733,511,319)
At 31 December	70,917,792	57,032,054	66,597,131
Interest paid on deposits	102,735	172,398	638,692
Interest payable at 31 December	5,922	6,438	8,653

(v) Deposits from Parent

	2021 USD	2020 USD	2019 USD
At 01 January	302,550	1,257,577	1,790,188
Received during the year	12,615,114	–	–
Repaid during the year	–	(955,027)	(532,611)
At 31 December	12,917,664	302,550	1,257,577
Interest paid on deposits	–	–	–

Balances relate to vostro accounts and Master Risk Participation Agreement from Standard Bank of South Africa.

(vi) Deposits from Directors

	2021 USD	2020 USD	2019 USD
At 01 January	–	–	266,185
Received during the year	–	–	283,893
Repaid during the year	–	–	(550,078)
At 31 December	–	–	–
Interest paid during the year	–	–	1,057

(vii) Recharges

	2021 USD	2020 USD	2019 USD
Recharges to other related entities	381,906	640,865	765,138
Recharges to parent	31,940	65,223	79,953

(viii) Expenses

	2021 USD	2020 USD	2019 USD
Management fees paid to parent	931,937	1,044,181	1,403,973
Other expenses paid to parent	4,364,985	2,757,142	1,049,112
	5,296,922	3,801,323	2,453,085

Most of the other expenses paid to parent relate to IT support costs.

37. Related Parties (continued)

(ix) Amounts accrued but not yet paid for services rendered by parent

	2021 USD	2020 USD	2019 USD
Management Fees	232,864	227,489	319,974
IT Support Services	1,256,869	1,072,610	748,595
License Fee	186,131	–	148,564
Others	7,496	7,902	2,660
	1,683,360	1,308,001	1,219,793

(x) Dividend paid to owner

	2021 USD	2020 USD	2019 USD
Divident paid to owner	25,000,000	5,000,000	10,000,000

Dividend per share was USD 0.71 for the year ended 31 December 2021 (2020: 0.14 ; 2019: 0.29).

(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 31 December 2021 (2020: nil and 2019: nil).

As at 31 December 2021, the Bank's top five exposures to related parties was USD 1,491m which was 14 times the Bank's Tier I Capital.

38. Parent companies

The immediate parent company is Stanbic Africa Holdings Limited, a company incorporated in the United Kingdom and the ultimate parent company is Standard Bank Group Limited, 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 2021.