Standard Bank (Mauritius) Limited

Annual report

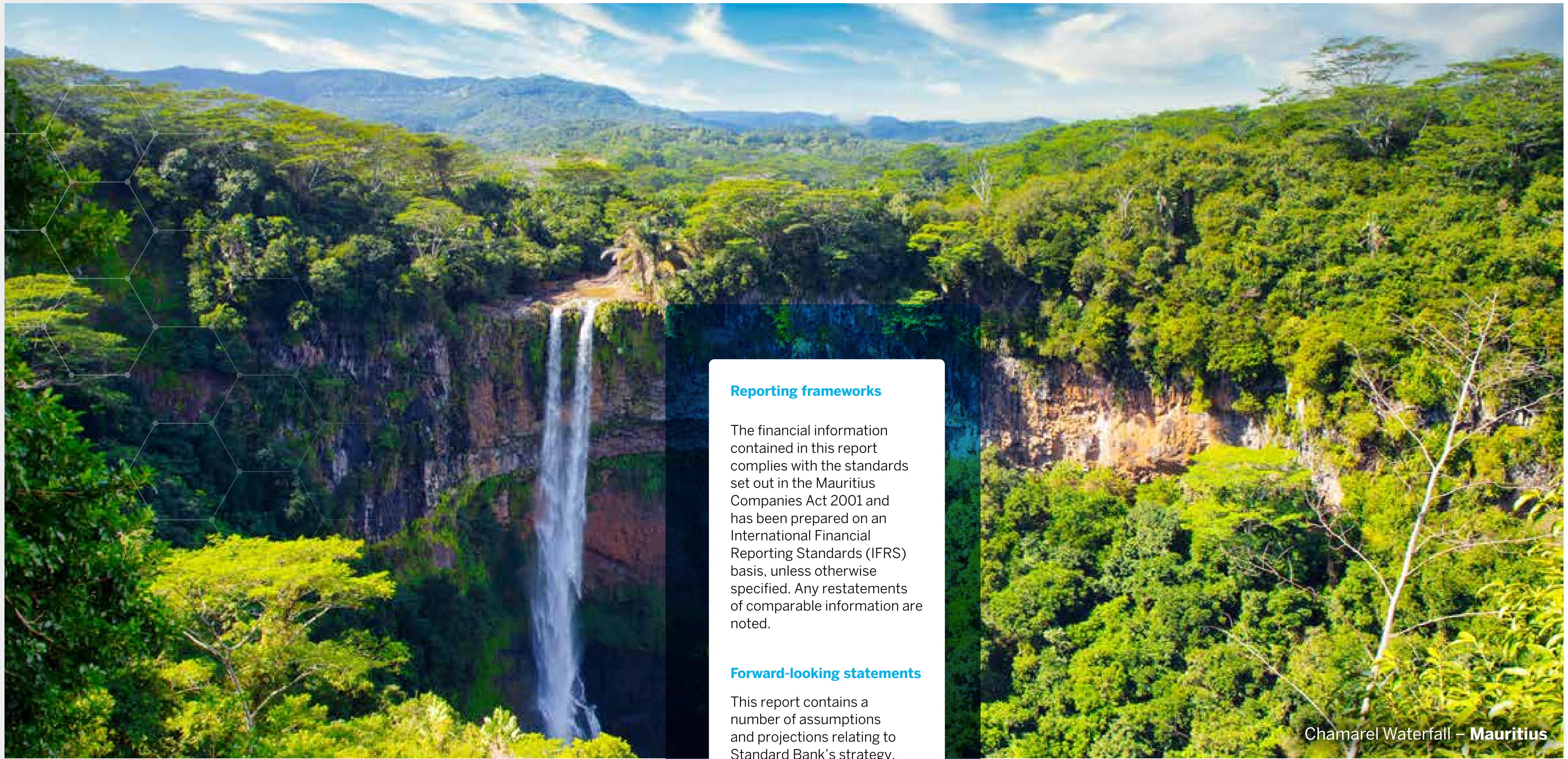
for the year ended 31 December 2022

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH

Pointe Des Cavernes Lighthouse – **Mauritius**

Standard Bank *IT CAN BE*™

Contents



Chamarel Waterfall – **Mauritius**

ABOUT THIS REPORT

Reporting boundary

Our report sets out the progress we have made towards achieving our strategic priorities and ambitions for the year ended 31 December 2022. It includes material financial and non-financial information up to the date of Board approval on 24 March 2023. Our progress is evaluated against our strategic value drivers, as laid out on page 11.

This report also provides an overview of our strategy, operating environment, performance and governance practices, as well as an assessment of the opportunities, risks and impacts influencing our ability to create and preserve sustainable value, and guard against value erosion, as we deliver on our purpose.

Reporting frameworks

The financial information contained in this report 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 assumptions and projections relating to Standard Bank's strategy, the future demand for our products and services, and the operating environment in which we operate. Such statements are not statements of fact or guarantees of future performance, and our actual results may differ materially from these forecasts. The Bank undertakes no obligation to update any forward-looking statements periodically. Readers are therefore advised not to place undue reliance on this information.

WHO WE ARE

Standard Bank (Mauritius) Limited (referred to in this report as "the Bank") is a wholly owned subsidiary of the Standard Bank Group Limited ("SBG"), the largest bank in South Africa ranked by assets and earnings. Backed by our franchise strength and footprint across 20 countries in Africa, we are in a unique position to leverage our brand, location and capabilities to position Standard Bank Mauritius as the global gateway to Africa, and in doing so, play our part in driving inclusive and sustainable growth across the continent.

Since the Bank's establishment in Mauritius over 21 years ago, we have been committed to supporting corporations in their ambitious African strategies by providing them with comprehensive and integrated financial solutions tailored to their specificities. We serve global corporations with operations across the African continent, as well as African corporations that operate on the continent and offshore.

We distinguish ourselves by our unique approach, which is centred on being Africa-focused, client-led and digitally enabled. Our expertise of the Mauritian jurisdiction, coupled with our deep market knowledge and insights, allows us to continuously assess opportunities and risks in our operating environment, and offer relevant solutions that meet the changing needs and aspirations of our clients.

While we remain focused on key sectors in which we have industry-specific knowledge and expertise, our diversification across geographies and markets enables us to reduce our exposure to risk, and demonstrate resilience in the face of an ever-changing operating environment.

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH / Maconde – **Mauritius**

BUSINESS REVIEW

FINANCIAL HIGHLIGHTS AT A GLANCE

TOTAL ASSETS

2022
USD 2.676bn

2021
USD 2.190bn

2020
USD 1.750bn

TOTAL DEPOSITS

2022
USD 2.510bn

2021
USD 2.059bn

2020
USD 1.605bn

RETURN ON AVERAGE EQUITY

2022
24.8%

2021 10.5%
2020 5.8%

NET PROFIT AFTER TAX

2022
USD 32.9m

2021 USD 13.1m
2020 USD 7.5m

COST TO INCOME RATIO

2022
41.8%

2021 58.4%
2020 48.3%

CUSTOMER LOANS TO DEPOSIT RATIO

2022
11.6%

2021 9.6%
2020 13.7%

TIER 1 RATIO

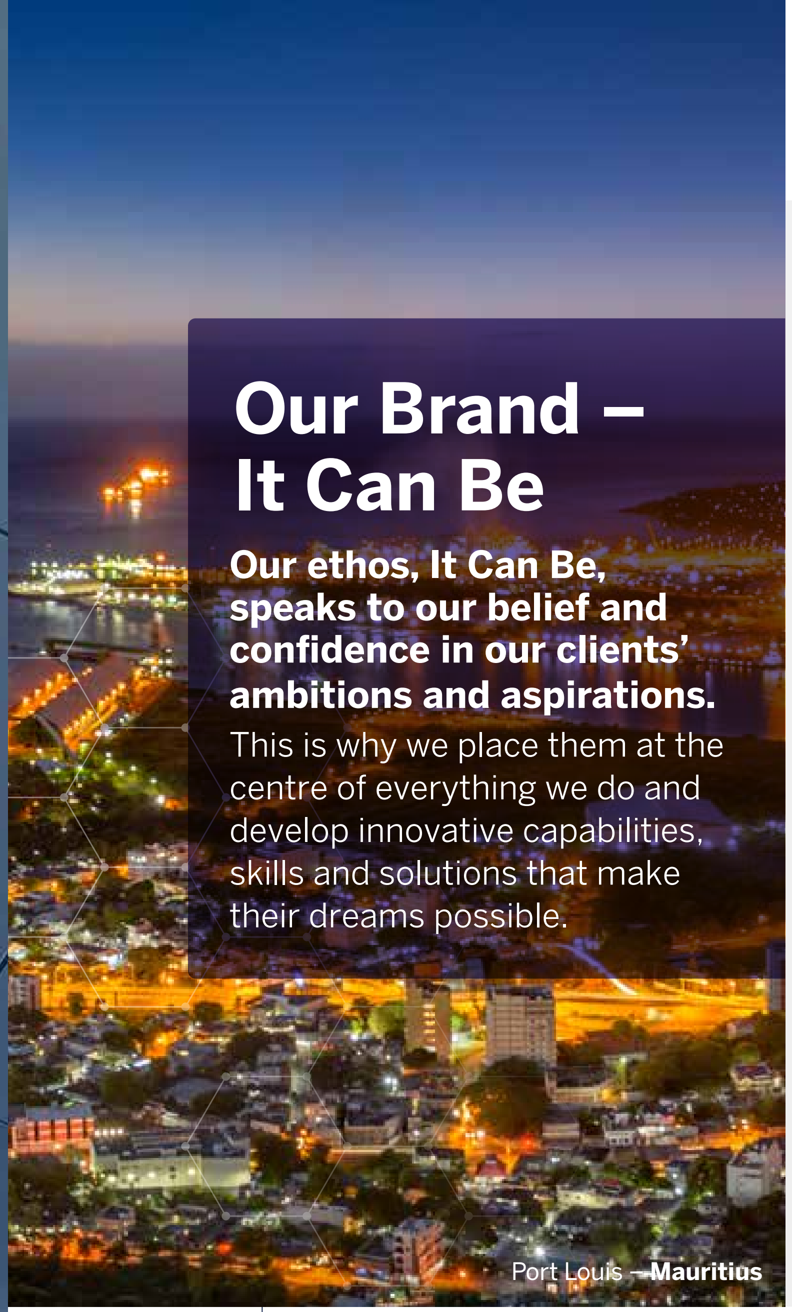
2022
25.0%

2021 31.4%
2020 32.2%

CREDIT LOSS RATIO

2022
0.7%

2021 0.8%
2020 3.8%



Our Brand – It Can Be

Our ethos, It Can Be, speaks to our belief and confidence in our clients' ambitions and aspirations. This is why we place them at the centre of everything we do and develop innovative capabilities, skills and solutions that make their dreams possible.

Port Louis – **Mauritius**

ACCOLADES

In 2022, the Bank was recognised by the prestigious magazine Global Finance as the 'Best Investment Bank' in Mauritius. A series of criteria are used to score and select winners, including market share, number and size of deals, service and advice, structuring capabilities, distribution network, efforts to address market conditions, innovation, pricing, and market reputation.

In December, the Bank was also recognised as the 'Best Foreign Bank' in Mauritius by the distinguished magazine EMEA Finance during the African Banking Awards 2022.

SPONSORSHIPS

Sponsorships 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. In 2022, the Bank renewed its support to the Royal Raid trail event and was the title sponsor of the Standard Bank Royal Raid 2022. Our staff members and clients were invited to participate in the trail run.

CLIENT EVENT

In September 2022, the Bank hosted its signature event, the Mauritius Business Conference, around the theme "Mauritius, The platform to Africa". We saw the participation of Group clients from South Africa, Africa Regions, Europe, Asia (China in particular) and Mauritius.

The aim was to enable the Bank to showcase the benefits of Mauritius as an International Financial Centre, while bringing to the fore the Standard Bank's value proposition. During the presentations, key clients shared with the delegates their experiences, challenges and reasons for choosing Mauritius as a gateway for their cross-border investments in Africa. Over the two days, the delegates had an excellent opportunity to network, create business growth avenues, discuss investment opportunities and understand how Mauritius is a strategic trade, investment and financial hub for investment flows in Africa.

"We entered 2022 with a clear focus on growing our asset pipeline, improving our earnings and keeping client interests at the heart of our activities. We not only achieved, but also surpassed the key goals we set ourselves in these areas."

Chairman's message

Revenues improved by **93.8%** year-on-year

Arvind Hari Chairman

I am pleased to report a year of strong performance, in the form of record revenues and profitability during the financial year ended 2022. Despite the challenging environment in which we operated, the Bank succeeded in achieving notable milestones in its strategy: to harness the power of Mauritius as the global gateway to Africa. With a new Chief Executive taking the reins, newfound dynamism has permeated the Bank, which has translated into more efficiency, more engagement, and our bottom line exceeding pre-Covid levels by 33%.

Setting the context

Before I delve into our performance, I want to acknowledge the setbacks and challenges the world has been confronting. Primary among these is the Russia-Ukraine war, which shocked the global landscape first and foremost on a humanitarian level. It has also dealt a heavy blow on commodity prices and the cost of raw materials, intensifying global inflationary pressures. In addition to this, China's former zero-tolerance approach to Covid-19 impacted global economic growth, including some of our key markets in Africa. We are cautiously monitoring the escalating tensions between Taiwan and China, which could push some businesses to rethink their African strategies.

For the most part, Mauritius bucked the trend of weakening growth experienced in other parts of the world. The island has also re-established its credentials as a jurisdiction with a strong compliance regime following its removal from the FATF's grey list. On the downside, rising inflation remains a cause for concern for household incomes and business activity.

Understanding this context makes the Bank's results all the more remarkable. We certainly benefitted from this high-interest rate environment and pickup in economic activity, which boosted revenues from our interest-bearing assets. But it is the new dynamics brought in by our leadership, an ambitious client acquisition strategy and an innovation-driven culture that have made the difference in achieving these results.

A strong performance guided by a clear strategy

We entered 2022 with a clear focus on growing our asset pipeline, improving our earnings and keeping client interests at the heart of our activities. We not only achieved, but also surpassed the key goals we set ourselves in these areas. Revenues improved by 93.8% year-on-year, on account of a strong deposit base, as well as increased transactional flows from existing clients — all while maintaining high service levels and acquiring new quality clients.

Achieving sustainable growth is also incumbent on our ability to diversify our income streams and clients. While we have long focused on multinational corporations, we are increasingly exploring opportunities to increase our share of earnings stemming from our non-interest related activities. This will bring us one step closer to positioning the Bank as the 'Centre of Excellence' for the wider Group. In my view, Mauritius has all the requisites to operate shared services for Standard Bank Group.

We also owe our marked improvement to our operational progress. We continued to pursue our transformation into a Truly Digital and Truly Human Bank to chart a course towards being future-ready. We continued making targeted investments in technologies, data analysis and capability-building, applying them for the benefit of both our customers and employees. The automation of a number of processes has been instrumental in building a robust back office, leaving our people with more time to focus on our core activities and on strengthening client relationships. Our revamped People & Culture strategy, for its part, is boosting morale and collaboration across the Bank in measurable ways and contributing to instilling the high-performance culture required to drive our strategy.

Good governance and risk management

Today, there is an ever greater need for independent oversight and stewardship — a responsibility that is bestowed upon the Board. We undertake an annual audit of our composition and competencies to reflect this commitment. This year, we took our assessment a step further and identified the skills needed to best serve the Bank's ambitions. IT and Accounting were singled out as underrepresented competencies, and a need for an improvement in gender balance was noted. We have already appointed a new female Director, who brings with her a breadth of experience and knowledge that will add tremendous value to the Board. We are also implementing the Group's Governance Framework, including a maximum tenure per Director, to ensure that the Board is discharging its duties in the best interest of the Bank and its clients. During 2023, we intend to further enhance our governance practices by appointing an external party to evaluate the Board with an objective lens.

Risk management is central to good governance. Although our core risks from a bank perspective remain more or less the same, other external risk factors, such as ESG and data security risks, have become equally crucial considerations. The Bank responded promptly by setting up relevant frameworks and roadmaps to manage and mitigate these risks.

The past year has held up a mirror to what the Bank is capable of achieving even under the most strenuous of circumstances. This resilience and adaptability are some of the many reasons I am optimistic about the Bank's ability to overcome and rise above any challenges we may face in the future.

Geared for the future

We continue to operate in a mitigated environment. Interest rates remain high, but we expect global growth to be subdued as inflation persists and businesses continue to face a volatile market. While we are proud of our many achievements and are optimistic about the future, we are certainly not complacent. We aim to continue diversifying our revenue streams, and place increased emphasis on building strong client relationships, which I believe will set us apart in this fiercely competitive environment.

On behalf of the Board, I would like to thank the Executive and Management Teams, guided by our CE, François Gamet, for bringing the Bank to greater heights in 2022. You have demonstrated that outstanding leadership and financial success go hand in hand.

I also extend my gratitude to our partners, clients and regulators for placing their trust in us.

I would like to reserve my last word of appreciation for our employees, whose enduring discipline, grit and commitment have been crucial contributors to the Bank's performance. They continue to prove, day in and day out, that an organisation is only as good as its team.

I look forward to embarking on another historic year of setting higher standards and outperforming ourselves.

Chairman
Arvind Hari
24 March 2023

"The Bank delivered a record year of revenues and accelerated growth across our business lines, driven largely by a relentless strategic execution and positive culture change."

Chief Executive's review

Deposit base growth
21.9%
year-on-year

Profit After Tax
↑150%

François Gamet Chief Executive

It has been a full financial year since I have held the position of Chief Executive of Standard Bank Mauritius — and what an outstanding year this has been with innovation as our key tenet. 2022 will be a year that will be remembered as the Bank's best performance in its history.

When I joined the Bank in October 2021, my top priority was to breathe new life into the Bank's strategy and position Standard Bank Mauritius as the gateway for investments in Africa. My admiration was twofold: Mauritius as a reputed International Financial Centre has a progressive and forward-thinking financial and regulatory institutions, creating a favourable environment for foreign investments into the African continent. Second were the strong foundations I inherited, in the competencies and capabilities of the talent pool already present in the Bank, who allowed me to not only confidently market the legitimacy of Standard Bank Mauritius to the Africa region, but also make me proud to be leading the Bank on a continued path of success.

Highlights of our performance

I am pleased to announce that the Bank delivered a record year of revenues and accelerated growth across our business lines, driven largely by a relentless strategic execution and positive culture change. This was achieved despite a challenging macro environment — inflation, geopolitical tensions between China and the USA, the war in Ukraine, political instability in some of our key markets in Africa. Our financial metrics surpassed the objectives set for the year and reached new highs, with Profit After Tax soaring by 150%, an elevated ROE (in USD) at 24.8%, and our cost-to-income ratio improving to 42%. Our aggressive liabilities strategy, which hinges on having a quality liability pool, fared well, with our targeted client acquisition strategy yielding strong outcomes,with an increasing client base and a deposit base growth of 21.9% year on year. We increased our wallet share of Top Existing Customers by 30% and further diversified our client base in China, reducing our exposure to revenue concentration. Thanks to a rising interest rate environment and greater client engagement, we saw a ramping up in our clients activities and utilisation of facilities, which resulted in improved revenues. In 2022, a new Head : Investment Banking was appointed and significant growth in our assets book was witnessed.

Our non-financial performance carries equal weight in our performance. The ability to maintain strong client relationships, especially in times of difficulty, requires a great deal of enterprise, innovation and hard work.

Executing our 2025 strategy

The Bank's 2025 Future-Ready Transformation (FRT) strategy remains unchanged, fit-for-purpose and well on course.

a. The clarity of our strategy and a relentless strategy execution cascaded down throughout the Bank

Our 'Proof of Value' (PoV) concept **(more on page 13)** took our strategy into high gear this past year, giving rise to three major projects in the areas of Compliance, Operations and Global Markets. Having tried and tested these solutions in Mauritius, which in my view is a fertile ground for innovative financial solutions, the next step is to scale and deploy them across the Group in Africa, generating new revenue streams for the Bank.

b. The right talents in the right roles, underpinned by a strong performance culture

Our Culture journey, which is rooted in a performance and innovation mindset, is core to disseminating our strategy, building the desired capabilities and behaviours, and ensuring that our employees all feel a sense of shared ownership in the Bank's ambitions. We delivered innovative solutions through our refreshed People & Culture journey, leading me to believe that our growth journey is only getting started.

c. A flexible and adaptive business model

Although our strategic direction remains firm, our business model is nimble enough to adapt quickly to new market conditions and customer expectations. This agility came about following the Bank's transformation from a siloed organisation into a leaner operating model, with the set up of a cross-functional Client Coverage Team (CCT) whose clear goal is to develop bespoke solutions that address our clients' aspirations. In 2022, we pivoted away from being liability-focused and developed new value propositions to grow our business, in the form of new client acquisitions, enhanced client engagement and the acceleration of operational excellence.

d. Proactive risk management

As a financial institution that operates in various markets with differing risk profiles, it is in our DNA to always be prepared for unexpected events, and most importantly, to make sure our clients are hardly affected by these forces. The innovative mindset we are instilling in the Bank encourages calculated risk-taking in a way that maximises profitability in a conducive environment and minimises the decrease in profitability in a less conducive environment. This approach resulted in higher credit recovery rates during the year.

The goal of our strategy, ultimately, is to support corporations in their African strategies. The Mauritius Business Conference which we hosted in September 2022 around the theme 'Mauritius, the platform to Africa' was a resounding success with our attendees. The event gave us the opportunity to showcase what Mauritius and the Bank can offer as a strategic gateway for investments into Africa.

Becoming Truly Digital and Truly Human

Truly Digital

This past year, we pursued our journey into a Truly Digital organisation to develop the efficiency, security and innovation needed to position the Bank as a Centre of Excellence for the Group. Led by the Engineering team, which combines capabilities in Technology, Operations, Security, Data and Analytics, several milestones were achieved in this respect:

- We progressed well in our cloud migration strategy, which was rolled out in a phased manner to ensure adherence to the local regulatory requirements, as well as the wider Group's. A special token of recognition goes out to the Engineering team, who undertook rigorous training and is now certified for its cloud fluency, for their tireless efforts in delivering on the Bank's cloud migration journey and for providing the 'Always On, Always Secure' foundations our customers have come to trust and rely on.
- Automation is key in driving organic growth by generating economies of scale and new revenue streams. This year, we implemented Robotic Process Automation (RPA) solutions to a number of processes, yielding positive results for both our employees and clients. The pace of execution leaves no doubt in my mind that the Bank will meet its target of automating 100 RPA opportunities over the next two years and have an efficient and seamless banking operations in Mauritius, and in Africa, by 2024.
- I am proud of the leaps and bounds made in digitalising our client onboarding experience, which has been received favourably and has set the tone for what clients can expect from their banking partner in the future.
- Harnessing data is key to our continued growth. We recruited a Head: Data to devise a targeted strategy geared towards better understanding our customer behaviours, anticipating their needs, and providing more relevant solutions as a result. Seeing how the Data team is rapidly and efficiently bridging the information gaps within the Bank, we expect our top-line revenues to keep apace with this enhanced client centricity.

Truly Human

This brings me to our People & Culture agenda, which is indissociable from the Bank's overarching strategy. The first major shift was to make hybrid working part of the Bank's modus operandi. The second and biggest shift has been to build the behaviours and micro-habits required to drive this strategy. These desired behaviours include collaboration across departments and roles, the confidence to bring ideas to the table, and a work environment that encourages experimenting and the willingness to learn from a failed experiment. The results so far have been extremely positive.

Looking ahead

We are determined to maintain this growth momentum and to continue raising the bar in the years to come. Our goal is to ensure high levels of profitability across the full economic cycle; for this, our sources of income must be sufficiently well-diversified across both our assets and our liabilities. As we look to the year ahead, our focus is squarely on the following priorities:

- Continue exploring new products, segments and corridors to improve the client experience;
- Pursue and monitor our People & Culture journey to make each employee a proactive participant in our ambitions;
- Improve our reward and recognition initiatives to keep our talents highly incentivised and engaged;
- Deploy our successfully-tested PoVs across Africa;
- Conclude strategic partnerships with key service providers.

That said, we remain mindful of the impact of geopolitical tensions on our clients' business activities across Africa, such as the tense relationship between China and the USA, as well as the elections and sovereign debt levels in our key markets like Nigeria, Zimbabwe and Ghana. These macroeconomic trends, which fall within the purview of elements we cannot control, are driving us to further strengthen our risk management practices and pursue our diversification strategy even more aggressively.

I would like to end my message by thanking the Bank of Mauritius and Financial Services Commission for laying an enabling foundation for Mauritius to shine as the jurisdiction of choice for African investments.

As ever, our colleagues have proven to be our greatest asset as we hit this historic milestone in the Bank's story. I am beyond impressed at the ingenuity and motivation with which they delivered on our objectives. Thanks to them and the unwavering loyalty and support of our clients, partners and Board members, we face the year ahead with confidence that the future is even brighter.

Chief Executive
François Gamet
24 March 2023

Management Discussion and Analysis

Strategy

The Bank is structured in a way that supports SBG's aspiration to be the leading financial services institution, in, for and across Africa. Our vision is to "Harness the power of Mauritius as the global gateway to Africa: we will create value for our clients and for the Group, joining and building platforms, in financial services and beyond, partnering with them and growing their African businesses delivering exceptional client experiences and superior value in financial services and beyond."

Our three strategic pillars

1 **To be the go-to International Financial Centre – in Africa, for Africa, providing best-in-class financial services.**

2 **To be a platform of ecosystems and marketplaces – connecting clients from Asia to Africa and across their value chains.**

3 **To use our platform to partner with our clients and add value to their businesses beyond banking.**

Set up as a Corporate and Investment Banking (CIB), the Bank's focus is on providing a full range of solutions and expertise to multinational corporations (MNCs) – our most important clients. To remain relevant and exceed the expectations of our sophisticated client base, we innovate relentlessly and expand our value propositions to address a broad set of needs across multiple industries and disciplines:

- In Financial Services (FS): to deliver best-in-class solutions that grow CIB businesses.
- Beyond FS: to move along the value chain and provide services beyond banking.
- Beyond the Standard Bank Group (SBG) footprint: to support our MNC clients in their cross-border expansion and meet their needs outside the constraints of the SBG footprint.
- Ecosystem solutions: to provide end-to-end solutions that are relevant to the entire ecosystems in which our clients operate, irrespective of the Bank's traditional client segmentation.

We strive to use a **Truly Digital** and **Truly Human** lens to offer bespoke solutions and a differentiated banking experience.

Our Strategic Value Drivers

Africa is our home, we drive her growth

Transform the client experience

Client focus
Putting the client at the centre of everything we do

Focusing on the client lies at the heart of our business; it is a value inextricably linked to the profitability and sustainability of the Bank. In consistently creating exceptional client experiences, understanding our clients holistically and by offering the products, services and solutions they need to achieve their goals, we also achieve our goals.

We are increasingly working more collaboratively and seamlessly across business units and corporate functions to address our clients' financial needs, and to build long-term and lasting quality relationships.

The voice of our clients informs the development of our products and solutions. Their opinion and feedback are invaluable to us and are taken into account to validate our material decisions and catalyse sustainable growth. To this end, the 'Rate my Service' survey was introduced to gather critical feedback and provide insights to the Client Services team as they look to continuously improve the client experience. We achieved a CSI score index of 8.2, which is testament to the reliability of our platforms and relevance of our solutions.

Employee engagement
Making Standard Bank a great place to work

Our people are our biggest assets. They bring their individual skills, experience and unique backgrounds to collectively deliver on our strategic objectives. There is a direct correlation between the growth of our organisation and the growth of our employees.

Our ability to deliver on our strategy and fulfil our customers' needs hinges on how our people think and feel about their work. We work hard to empower them and recognise their contributions to our organisation. In simple words: satisfied employees lead to satisfied clients.

Execute with excellence

Risk and Conduct
Supporting our clients by doing the right business the right way

The financial services industry operates within a strict set of regulatory frameworks. As a Bank, we comply with all applicable laws and regulations to ensure that we support and protect our clients responsibly. In order to maintain our reputation as a trusted financial services organisation, we must do our part to ensure we bring our core values to life on a daily basis, which means doing the right business, the right way.

Operational excellence
Driving efficient operations and agility

We use technology and data to better serve and protect our clients, reduce costs and scale our platform businesses, while enabling our employees to boost their productivity levels.

Drive sustainable growth and value: our strategic outcomes

Financial outcome
Delivering value to our shareholder

Value creation for our shareholder is an essential part of our strategy, which we measure by the organisation's financial outcomes. Generating earnings allows us to invest capital towards supporting our clients' needs, in turn enabling us to drive Africa's growth. Financial outcomes are directly driven by and dependent on client satisfaction, employee engagement and risk value drivers.

Social, Economic and Environmental (SEE) Impact
Creating and maintaining shared value

Delivering value to the communities we serve by contributing to the social, economic and environmental wellbeing in the markets in which we operate is a key pillar of our strategy. This is how we drive Africa's growth in a responsible manner.

How we executed our strategy

The Bank's strategy has remained resolute, with a clear focus on delivering on our stated purpose of having our clients at the centre of everything we do, harnessing the power of a strong global network and promoting Mauritius as a platform for growth for Africa.

This past year, we made major strides in executing our strategy:

Our client base comprises primarily of global multinationals who operate in, for and across Africa. We embarked on an acquisitive client strategy two years ago, which has contributed significantly to the improved franchise performance. High-quality assets being the lifeblood of our business, we have successfully partnered with a number of new multinationals, complementing our existing robust client base. Much of our work is focused on providing solutions to the following key sectors and their ecosystems: Mining & Metals , Power & Infrastructure, Telecoms, Consumer, Industrials. During the year, we have seen resilience and growth in these sectors, which have translated into increased economic activity on the African continent and unlocked future growth for our business.

Our 'Proof of Value' (PoV) methodology played a decisive role in the execution of our strategy. It aims to test whether a product or solution is a worthwhile investment for our business. This methodology has allowed us to explore innovative ideas, and demonstrate their tangible benefits, value and applicability for our customers, before we deploy them at scale within the wider Group franchise. It places the customer at the heart of the development process, bringing together team members from multiple disciplines to ensure that an idea is being carefully considered from all aspects, whether from a legal, IT or operational perspective.
A very meticulous governing and monitoring process is in place to measure our successes and areas of improvement. Various PoVs were developed, of which three major projects emerged in the areas of Compliance, Operations and Global Markets. We aim to deploy them across the Group in due course.

The biggest beneficiaries of our PoV concept have been our employees. Not only have there been unprecedented levels of collaboration, engagement and knowledge-sharing across the Bank, but the process has also allowed potential leaders to emerge and new skills to be honed.

Business Lines Overview

The Bank's core activities lie within the area of Corporate and Investment Banking, serving large companies (multinational, regional and domestic), parastatals and financial institutions across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory, transactional, trading and funding support.

Our value proposition is underpinned by three core business segments:

Transactional Products and Services

Products and Services that cater to multinational companies

- Transactional Services
- Cash Management
- Trade Services
- Short Term Funding

Global Markets

Management of client foreign exchange, interest rate requirements and structured derivative solutions

- Foreign Exchange
- Money Market and Fixed Income
- Derivative Solutions

Investment Banking

Corporate banking solutions

- Debt Capital Market Solutions
- Term Funding
- Structuring Solutions

Supported by Coverage

- Cross-sell Opportunities
- Client Acquisition
- Customer Satisfaction

Transactional Products and Services (TPS)

As the Covid-19 pandemic and its socioeconomic effects ease, favourable macro and social trends created opportunities for growth and development in financial services.

Our Core Pillars

- Deliver compelling value propositions to clients, underpinned by an improved client experience
- Grow quality and sustainable revenues
- Build an engaged and motivated team

How we delivered against our strategy

We experienced a complete turnaround in our activities and performance in 2022. The green shoots which were visible late in 2021 sprouted this year. We benefitted from our focused client acquisition strategy, which resulted in an increased client base and enabled us to maintain a strong and stable deposit base for the year, as evidenced in the 16.1% growth. New clients brought in fresh deposits, while our key existing clients increased their transactional flows. As recovery unfolds and business confidence rises, we witnessed an increasing utilisation in our working capital facilities, which improved our asset growth and led our average loans and advances book to increase by 195.5% on the prior year. In 2022, we saw a healthy uptick in the volumes of transactional flows, particularly in the second half of the year. Payment volumes have more than recovered and are higher than pre-Covid levels by 25%. This came as a result of increased business activity across our markets, reflecting some green shoots of recovery following a few challenging years. The improvement in activity is particularly promising in the Mining & Metals and Consumer sectors, and provides a basis for an optimistic yet cautious outlook for our chosen markets in 2023. Our Net Interest Income ('NII'), was positively impacted by the hikes in interest rates in the US and the Eurozone and, was up by 459% compared to 2021.

Looking ahead

2023 looks even more promising, with a healthy pipeline of new opportunities both on the loans and on the deposits side. We will continue to benefit from the relatively high interest rate environment in the US and Europe, which is likely to last through 2023. For us to remain ahead of the game and maintain this growth momentum, we aim to continue collaborating in new ways to develop innovative solutions and remain relentlessly focused on addressing our clients' evolving needs.To achieve this, it is important for us to further entrench our presence in our markets and connect with our clients in a relatable manner.

Global Markets (GM)

As recovery sets in post Covid-19, Global Markets saw a positive impact on business opportunities, which translated into improved revenues for 2022.

Our Core Pillars

- Deepen client engagement and broaden the product offering
- Grow quality and sustainable revenues
- Create an engaged and motivated team

How we delivered against our strategy

Backed by our deep insights and expertise of the market, we delivered an outstanding performance this year, driven by strong client flows and forex trading.

Frequent client engagement and data analytics remained at the forefront of our sales activities. Our client acquisition initiative once again yielded positive results and directly contributed in reducing revenue concentration. During the year, we rolled out trading repos and callable forwards as a product offering and worked on various initiatives to improve the client experience.

The aggressive US rate hikes in 2022 had an adverse impact on GM's NII, as yields on placements repriced at a lag to costs of funding, which led to a 61% reduction in NII. Initiatives taken to boost this revenue line include participating in a club term loan facility to the tune of USD 20m and lending to Group entities through our regional treasury activities.

Looking ahead

Client engagement remains our key priority next year and our objective is to deepen and broaden our relationships with our clients in a way that adds more value to their businesses, with a view to grow our trading revenue line by increasing the wallet share of existing clients and acquiring new ones.

Investment Banking (IB)

Our focus this year was to grow our asset book despite a difficult global inflationary environment. We proactively engaged with our clients to anticipate and manage their needs, especially given the variable impact of inflation on their businesses.

Our Core Pillar

Grow our asset base to generate additional opportunities across our target sectors and countries.

How we delivered against our strategy

We ended the year with a healthy increase to our term asset book size, which grew by 30.4%. Thanks to our ability to leverage SBG's broad network to unlock value for our MNC clients, we saw continued growth in our pipeline throughout the year. Nevertheless, difficult economic conditions in some of our markets, such as the sovereign downgrade of Ghana, did have an impact on the Bank's bottom line.

In 2022, the Bank successfully participated in a syndicated multimillion-dollar sustainability-linked debt refinancing facility for a pan-African impact real estate investment and management company listed on the London Stock Exchange & Stock Exchange of Mauritius. The syndicated facility, which aligned with our client's ESG goals, was structured and exclusively led by Standard Bank Group.

Looking ahead

We aim to continue pursuing the growth of our asset book, notably via focused collaboration with the Client Coverage team and SBG Africa's stakeholders. In parallel, we aim to continue executing our pipeline, which are showing great promise with corporate activities picking up across the African continent. This growth in our asset book will further our aim of diversifying our exposures to build resilience against the net effect of credit impairment events, and accelerating our speed of execution and operational excellence.

Operational Excellence

Operational Excellence is one of the Bank's critical strategic differentiators. It aims to reduce our costs and grow our revenues through the continuous improvement of our processes and of the customer experience. Our ability to build organisational excellence rests on being a Truly Digital and Truly Human Bank, able to strike a fine balance between being technologically-driven and human-centric.

Truly Digital: Technology and Data

The digitalisation of our processes is one of the key strategic pillars for the Bank's Future-Ready Transformation strategy. This applies both to our employee processes and our customer-facing processes.

Each client segment is enabled and supported by Engineering, Data and Innovation capabilities for the seamless delivery of integrated, innovative and cost-effective products and services. We use technology and data to better serve and protect our clients, reduce our costs and scale our business. Operational Excellence looks at problem-solving, teamwork and leadership, contributing to the continuous improvement of the organisation.

We aim to measure our progress by reducing our cost to serve and generating new revenue streams for the Bank as well as the Group, and ensuring, above all, that our systems are always on and always secure for our clients. We are focusing on solutions that can be standardised, connectable and cost-effective, so they can be efficiently scaled across our segments and to the Group.

Our employees also stand to benefit from improved internal efficiency, creating more time and capacity for our resources to focus on value-added tasks and deliver exceptional service to our clients. Our staff has contributed to the effective implementation of a wide range of new digital assets this year, with tremendous efforts to drive the robotics programme of work and report automation agenda.

Our achievements for the year was as follows:

Payments

Over 90% of all our customer payments are received through electronic platforms. For a more positive customer experience, the Payments and Client Services teams have mined customer data pertaining to the processing of payment instructions, aiming to identify the blockers that prevent the transactions to be released automatically through Straight Through Processing (STP). Following continuous engagement with customers, 70.45% of transactions across all products are now processed through STP, compared to 65% for last year, leading to increased efficiency and an improved client experience. We strive to maintain the stability of our systems at all times.

Client Onboarding

A seamless client onboarding experience has proven to be very successful, with the maintenance of our KYC Compliance status at 98% of the total book and above during the whole year. A 100% completion rate was achieved for client reviews.

CIB Online

We deployed a platform that will further digitalise and improve our Investment Banking processes. The first version of CIB Online focuses on digital transaction management and provides a view of existing loan details. We intend to go live with CIB Online in Q1 2023, after adding a number of functionalities, in particular transaction execution capabilities.

E-Market trader

More clients were onboarded on our real-time pricing and trade execution platform as part of our objective to enhance the client experience and drive efficiency in the dealing room.

We developed an automated solution whose goal is to assist the AML Analyst to review and close alerts in a more timely manner. The solution collates information from various systems and consolidates it on one interface, which is expected to significantly minimise the time spent on reviewing and closing alerts, which in turn, will lead to cost savings and reduced inefficiencies. It is also expected to minimise our financial crime risks and enable us to meet regulatory objectives.

Engineering

Our Engineering team provides the capabilities required to provide the 'Always On, Always Secure' digital foundation for excellent strategy execution and superior client experiences. Engineering brings together the whole range of infrastructure capabilities (technology, operations, security, data and analytics) needed for our core business segments to meet their objectives and enhance their data security and agility, thus contributing to meeting the Bank's ambition.

2022 was a tremendous year as we set the landscape for the execution of the Bank's Future Ready Transformation (FRT) Strategy. While the preliminary groundwork was laid in 2021, significant achievements were realised in 2022, projecting the Bank into the next phase of its transformative journey from traditional banking to an innovative platform business.

We made remarkable progress on key strategic initiatives, namely on the cloud migration strategy, Robotic Process Automation (RPA), data engineering, the operationalisation of our business resiliency strategy, and the digitisation of the client onboarding process. While the focus is certainly on landing our strategic initiatives, we are equally focused on ensuring high operational efficiency. We are therefore taking proactive measures to maintain our technology costs within reasonable boundaries and ensure a robust 'Always On, Always Secure' environment.

Supported by very strong leadership and a robust governance framework, we made strides in delivering against Engineering's "5 Big Bets", which will fuel the Bank's accelerated growth:

1 Integrate Ops & Technology

Always On & Always Secure

This non-negotiable prerequisite is at the heart of the Bank's operational excellence framework. It seeks to ensure optimal and efficient business operations by allowing our different customer-facing business units to process client transactions on robust, resilient, safe, and secure platforms.

The number of critical and high-priority incidents reduced considerably in 2022, delivering an improved uptime on key transactional platforms.

2 Enable Tech Delivery of Partnerships & Ecosystems

Operationalisation of Business Resiliency Strategy

Our data centre was relocated to a Tier 4 third-party-hosted facility this year, bringing in economic benefits for the Bank. This is also a strategic advantage for us in paving the way for the migration of in-country-hosted workloads to the Cloud. Another positive outcome of this relocation is the reduction of our energy footprint in terms of electricity and other energy consumables.

To optimise IT costs and value realisation, we carried out other localisation initiatives of some critical services previously consumed from the Group.

3	Use Data to Improve Client Experience Report Automation Plan Data Engineering Construct	Numerous regulatory reports were automated and run on a pilot basis alongside the various business units with a view to go live in 2023. In line with the migration of the on-premises Group Data Reservoir to the Cloud, we have ensured that there is no impact to our various reportings. Trilateral engagements are progressing between the Group, the local Engineering team and the Enterprise Data Office.
4	Rapid Innovation & Business Ability Partnership	To help us deliver on the FRT strategy, strategic partnerships are critical. The Bank has elected "Big Techs" to support us on this transformative journey. AWS, Microsoft, Salesforce, Infosys and VMWare, to name a few, have been onboarded to help us achieve our short-, medium- and long-term objectives. These partnerships ensure that our resources have the relevant exposure and experience to drive our growth journey and their own development.
5	Transition Engineering Skills Employee Engagement	To support our various strategic initiatives, key additions were made to the Technology team in 2022. An upskilling plan has been embedded as part of the Engineering Skills Development Plan, which will equip our Engineering resources with the relevant training and certifications required to support the Bank's FRT strategy.

Looking forward

Next year promises to be an even more exciting year. Signature projects, which are the cornerstones of our FRT strategy, will see the light of day. The Finacle migration to Cloud project is expected to go live in June 2023. In the same breath, we are exploring the potential migration of several locally-hosted systems and applications to the Cloud via the VMware VMC solution. Group-hosted CIB systems and applications are also in the pipeline for Cloud migration and are pending the relevant regulatory approvals.

These migrations to the Cloud will release new opportunities to accelerate the execution of the Bank's transformation strategy by leveraging the API marketplace, which will seamlessly integrate with strategic partners and ecosystem.

RPA will continue to be a focus to propel the organisation into its next phase of development. A pipeline of 90+ automation opportunities have been identified through our continuous engagement with the different business units. Once implemented, they are expected to create an opportunity to cross-sell the solutions to other countries in the African region. Our goal is to transform the Mauritius franchise into a Centre of Excellence, with the ability to support other jurisdictions.

The delivery of our Data Engineering strategy will also enable our Enterprise Data Office to mine and monetise data.

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 our 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 through the Employee Opinion Survey.

In 2022, we refreshed our People & Culture strategy to develop the desired performance-driven and innovative behaviours required for our FRT strategy.

The People & Culture agenda provides a safe and conducive work environment for our employees, both on our premises and in their home. A hybrid working model is part of our employee value proposition to cater for more flexibility and a work-life balance. Employees are given the opportunity to work from the comfort of their home three times a week. We continue to pay close attention to the wellbeing of our staff by communicating regularly with them about the Covid-19 pandemic and providing tips on how to remain safe. Personal sanitary and social distancing measures were also maintained in the workspace in line with international and local best practices.

Gearing our people to be future-ready

As we transition towards a digitally-enabled and platform-based financial services organisation, we are aware that the Bank's existing culture needs a fundamental change. To facilitate this shift in culture, the Bank has deployed various initiatives:

a. Online training through enhanced learning management systems.
b. Training sessions on the topic of 'Future-ready transformation' were carried out across the Bank.
c. Targeted training programmes were rolled out for specific functions.

Operating Environment

Dampened global recovery and higher inflation

As the global economy was still reeling from the effect of the pandemic and slowly getting back on its feet, a new set of unexpected and unprecedented turbulences upended this fragile recovery. Russia's invasion of Ukraine and supply chains disruptions related to China's renewed lockdowns led to a significant slowdown in global economic growth in 2022, which is expected to contract from 6.0% in 2021 to 3.4% in 2022. As a result of these factors, rising energy and food prices have soared to unseen levels, leading to inflation projections of 8.8% in 2022 (2021: 4.7%).

Following the reopening of borders late in 2021, the Mauritian economy has been gradually recovering, supported by greater dynamism across key sectors of the economy. The services sector has strengthened over the year, led by the resilience in tourism, with positive spillover effects in other areas of the economy. Sectors such as manufacturing, financial services, construction and retail trade continue to maintain good momentum, with promising prospects ahead. This also triggered an improvement in the unemployment rate, whilst economic growth has been projected to close at 7.8% in 2022 (2021: 3.5%).

In keeping with the global inflationary pressures, Mauritius also saw its headline inflation rate soar to a double digit at 10.8%, given its high dependency on imports. To contain this exponential surge in inflation, central banks have implemented a rapid tightening of monetary policies, translating into several interest rate hikes during the year. The Federal Reserve (FED) had aggressively increased its interest rate from 0.25%-0.5% to 4.25%-4.5% by December 2022. Although the Bank benefitted from the rising interest rate environment on both its assets and liabilities, we continued to closely monitor the market outlook to ensure a proactive management of the balance sheet and revenue optimisation

Our clients' business operations experienced some level of recovery in 2022, as evidenced by the growth in our trade finance activities and transactional volumes. However, we remain cautiously optimistic as the aftershocks of the geopolitical tensions will still be felt through 2023.

The Bank continues to pursue its strategy to diversify its client base and attract clients from a wide portfolio of sectors, while maintaining and growing the global MNC franchise along with the Group. This strategy has proven to be robust, as we witness a positive impact on our sustainable growth. As part of our client acquisition strategy, we successfully implemented and delivered on our five-year plan to partner with global MNCs with long-term aspirations to establish multiple jurisdictional businesses in Africa. We continued to accelerate our speed of execution and operational excellence to offer clients relevant and targeted products across a range of channels.

Industry environment

Mauritius was removed from the FATF's grey list after implementing an enhanced AML/CFT framework. This has, in turn, prompted the removal of Mauritius from the United Kingdom's list of high-risk jurisdictions. With effect from 07 January 2022, the European Commission also removed Mauritius from its list of high-risk third countries, since all strategic deficiencies identified by FATF were duly addressed. The removal of Mauritius from the EU's blacklist reinforces its position as a trusted and compliant jurisdiction. Given that our client base is primarily composed of multinationals operating in or investing in Africa, this event had little impact on the Bank. As a liability-based business, the Bank benefitted from deposits made in the wider franchise by clients operating in the telecommunications, mining and pharmaceutical sectors.

The Reference Rate Reform (RRR) project was ongoing, with the global transition away from the referencing Interbank Offered Rates (IBORs), and towards new alternate reference rates that are more reliable and robust. As from June 2023, this cessation will apply to all remaining USD settings, while all overdraft facilities are benchmarked against the central bank rates. Starting from January 2022, all new clients term transactions are benchmarked against the alternative rates, while legacy deals maturing after June 2023 will transition to the alternative rates prior the cessation date. During this transition, the Bank remains committed to ensuring that our pricing practices will adhere to international best practices.

The Bank constituted a working group to ensure a smooth transition from LIBOR to the alternative rates, and collaborated closely with our Group counterparties, along with the Bank of Mauritius, to ensure that we are in accordance with local and international market norms. Client coordinators and relationship managers engaged with clients to ensure this smooth transition and provided the relevant guidance and assistance where required.

Pertinent regulatory changes implemented by the Bank of Mauritius and the Financial Services Commission

The Bank of Mauritius issued the Guideline on Climate-related and Environmental Financial Risk Management, which sets out the Bank's expectations of a prudent approach to climate-related and environmental financial risks. with a view to enhancing the resilience of the banking sector against these risks. To this end, the Bank is reviewing its risk management framework to cater for the requirements of the Guideline and has submitted its roadmap to the Bank of Mauritius for its implementation. Training and awareness campaigns were conducted across the Bank to this effect; vulnerable sectors to climate risks have been identified; a climate risk appetite has been set; climate risk assessments at credit origination and annual reviews and monitoring of depositor concentration for vulnerable sectors is also in place. The Bank is progressing with the implementation of the Guideline's other requirements.

The Bank of Mauritius has amended the Guideline on related party transactions, following representations received from banks. The setting up of a Conduct Review Committee to review and approve related party transactions was removed, with the roles and responsibilities of the former Conduct Review now entrusted to the Board of Directors. The Guideline sets out the types of transactions that require Board approval, following which the Board can establish approval authorities and processes for any other related party transactions that do not fall under this category. The Board of Directors and employees are called upon to declare their interest, and in the event of a conflict of interest, shall be excluded from the monitoring and approval process. The Company Secretary has reviewed the current structure of the Board and has accordingly aligned the mandates with the requirements of the Guideline. The Bank has shared its views on the amendments made and has reviewed its current approval process to align with the requirements of the Guideline.

With new technological developments reshaping financial and banking services, the Bank of Mauritius has issued the Guideline on Cloud Computing, which provides the appropriate guidance to financial institutions engaging in cloud-based services such that their risks are adequately identified and managed. The Guideline also sets out the general requirements for the use of cloud services and the additional minimum requirements for the use of material cloud services and for cloud services involving customer information. The Guideline provides the level of governance to be applied, the risk assessment, the information security requirements, the types of controls to be deployed, the contingency plans and exit strategies, as well as the level of the initial and ongoing due diligence and assurance to be performed, ensuring that it shall be commensurate with the materiality of the services. The Bank has a clear plan to migrate at least 90% of its workload to the Cloud by 2025, while ensuring compliance with the Guideline on Cloud Computing from the Bank of Mauritius. This transition to the Cloud is expected to provide improved cost efficiency, resiliency, system availability, security and agility, thus enhancing our time to market. There are regular engagements with the regulator to ensure that they are kept abreast of the Bank's progress with respect to its Cloud Migration journey.

The Cross-Border Exposure Guideline issued by the Bank of Mauritius was also revised. The amendments outline the due diligence criteria on counterparties that banks are required 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 this Guideline.

The Bank of Mauritius amended the Guideline on Credit Concentration Risk to allow for the set-off of credit exposure which are guaranteed by confirmed letters of credit. The Bank has taken note of the amendments and embedded the change in terms of setting off credit exposure, which is guaranteed by a confirmed letter of credit when computing the credit concentration. The Bank is fully compliant with the requirements of this Guideline.

Financial Overview

This year saw the Covid-19 pandemic presenting a reduced risk as governments removed public health restrictions and the impact of lockdowns faded. However, new geopolitical tensions arose shortly into the beginning of 2022, such as the Ukraine war, triggering another significant adverse global supply shock, fuelling high commodity and energy prices. This led to a surge in global inflation and weaker economic growth, thereby casting a pall on global economic prospects. In response to inflationary pressures and volatility, and aiming to manage economic growth, central banks tightened their monetary policy. Against this challenging backdrop, Standard Bank remained resilient, showcasing greater agility and client focus as demonstrated by the strong financial performance delivered this year.

We are very pleased with the delivery of a solid set of financial results: headline earnings rebounded by 151.5% to USD 32.9m and a meaningful return on equity (ROE) uplift to 24.8% (2021: 10.5%). This pleasing performance was underpinned by the strategic gains made during the year, which included strengthening our existing relationships and acquiring new clients, optimising our key client engagement processes and growing our reach in the countries in which we operate. Client revenues for 2022 were up 165.0% following the diversification of our portfolio and sector capability, which supported our resilience and strong performance.

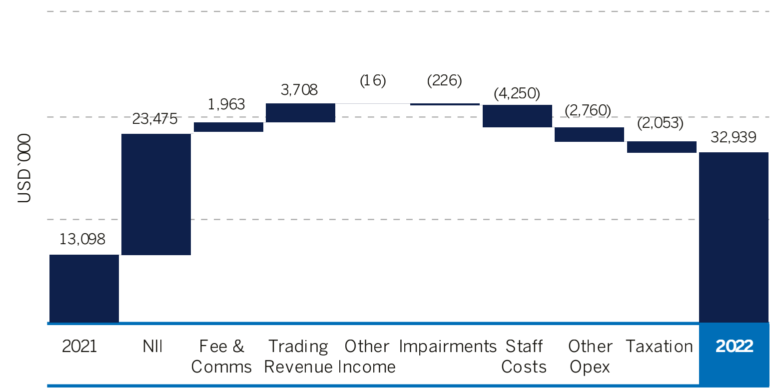
Revenue grew by 93.8% year-on-year on the back of a robust and stable deposit base. The pressure on net interest income (NII) as a result of negative endowment experienced last year faded away following the recurring interest rate hikes by the Fed. Net interest income improved significantly by 144.9% off higher average balances and improved margins. Fee income and trading revenues recovered well, registering a growth of 31.5% and 44.4% respectively. The biggest contributors to this performance were increased levels of transactional volumes, as well as commitment fee income received from term disbursements, with trading revenues benefiting from better client flows and exchange rate volatility, Clawback on credit impairment charges, driven by the recovery of an impaired asset, contributed positively to our financial outcome and our credit loss ratio improved to 0.7% (2021: 0.8%). Our continuous good cost discipline resulted in an improved cost to income ratio of 41.8% (2021: 58.4%), resulting in positive 'jaws' of 55.2% for 2022.

The focus this year was on maintaining a strong deposit base and protecting our future earnings in view of the unstable macroeconomic environment. Our deposit book expanded by 21.9% to USD 2.5bn (2021: USD 2.1bn) through our new client acquisitions strategy, reasserting the stability of our strong funding base.

Revenue optimisation, as well as asset growth, was key in this uncertain context. Total assets grew by 22.2% to reach USD 2.7bn (2021: USD 2.2bn). Loans and advances to customers grew by 47.0% predominantly on account of the increased utilisation of working capital facilities as clients eased out of the lockdown (up by 95%) and new term facilities disbursed (up by 30%). Strong momentum was noted in our loans to banks, which expanded by 560%. This is attributable to a combination of increased lending to financial institutions and regional treasury activities. Financial Investment grew by 115.1% to USD 464m, attributable to an endowment hedge of USD 186m.

The Bank's capital position remains strong, with a Common Equity Tier1 capital adequacy (CET1) of 25.0% and a Capital Adequacy Ratio (CAR) closing at 25.8%, post the payment of a dividend of USD 5m during the year.

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



Looking Ahead

Our performance affirms the overall strength of the Bank and the deliberate execution of our strategy across our diverse products, clients and operating markets. Good opportunities lay ahead to expand our client sectors and grow our revenue streams as we carry out our client and product diversification strategy within our set risk appetite and framework.

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.

Performance against Objectives by Key Area

	Objectives set for 2022	Performance against objectives in 2022	Objectives for 2023
Return on Equity (ROE)	ROE is expected to be around 14.3%.	ROE at 24.8% in signed annual report, lifted by higher income earned on assets and deposits as well as trading revenues and fee income.	ROE is expected to improve to 30.2%.
Return on Average Assets (ROA)	ROA is estimated at 0.8%.	Our Return on Average Assets increased to 1.4%, driven by higher income.	ROA is estimated at 2.1%.
Operating Income	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.	Notable growth was achieved in operating income, up by 60%, attributable to NII increasing off higher average balances and improved margins. Non interest revenue was also up driven by increased client FX flows and transactional volumes.	NII is expected to increase by 78.1%, driven by asset growth and higher yielding assets. Non-interest income is expected to grow by 8.2%, due to higher transactional flows and Forex activities.
Operating expenses	Our operating costs are expected to increase by 14.2%.	Our operating costs went up by 21.4%, driven by expenses incurred following the acceleration of our FRT.	In line with our continued investment in IT infrastructure in building a future-ready organisation, operating costs are expected to increase by 27.2%, .
Cost to Income	The cost-to-income ratio is expected to close at 55.2% as revenues improve.	Cost-to-income ratio improved to 41.8%, driven by higher revenues.	As revenues gear up, our cost-to-income ratio is expected to improve to 36.4%.
Loans & Advances	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%.	The loan book did not reach the target set for 2022, with an asset growth of 47.1% driven by the good utilisation of short-term facilities. Our term asset took longer to materialise.	The loan book is expected to grow by 65.5% in view of the healthy client acquisition pipeline. Loan to deposit ratio is expected to increase to 22%.
Deposits	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.	Customer deposits overshot our target by 31.7%, driven by our ability to maintain and grow our deposit base.	We expect a slight shrinkage in our deposit base by 6.1% from clients outflows as funds are being utilised for investment purposes.
Asset Quality	NPL ratio is not expected to deteriorate further.	The ratio of non-performing loans to gross loans improved to 8.4%, driven by the expansion in the loan book.	With the growth in our loan book, we expect the NPL ratio to stand at 8.6%.
Capital Management	Capital adequacy ratio is targeted at 23.8%, with CET 1 aimed at 23.1%.	The capital adequacy ratio closed at 25.8%, with CET Tier I ratio at 25.0%.	Capital adequacy ratio is targeted at 23.0%, with CET 1 aimed at 21.3%.

Analysis of Results

Revenue

Total operating income increased by 93.8%, attributable to net interest income increasing by 144.9% and non interest revenue by 38.0%. Revenue growth positively reflected improved customer activity and trade recovery.

Net Interest Income (NII)

Net interest income recovered well and stood at USD 39.7m, delivering a growth of 144.9% year-on-year. We kept a strong positive momentum on earning assets, where an increase in both short-term and medium-term credit exposures were witnessed. Short-term assets are at a franchise record high, up by 95.0% on the back of rising working capital needs from our clients as the jurisdictions in which they operate moved out of pandemic restrictions to normalcy. As part of our Africa-centric strategy, new clients were onboarded and availed of short-term working capital needs. Term assets grew by 30.4%, driven by new assets.

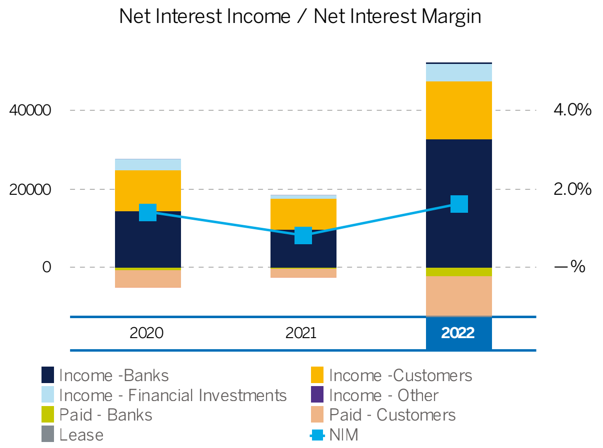
We maintained and grew a robust stable deposit base, mainly denominated in USD. This enabled us to optimise our excess funds, which were deployed into higher yielding USD bank placements with Group counterparties and correspondent banks. The Bank's regional treasury activities picked up with advances to Group counterparties and we participated in syndicated facilities to local banks.

In order to curb raging inflationary pressures in the US, the Federal Reserve Bank aggressively hiked interest rates during the year, going from 0% in March 2022 to reach 4.25% by December. These rates hikes were closely adopted by other Central Banks across the world.

Interest income rose by 178.4% to close at USD 52.1m, with growth across all product lines. Having predominantly a USD-based balance sheet, the Bank benefitted from the rising interest rate environment on its bank placements, with interest increasing threefold to reach USD 32.6m, while income earned on loans and advances improved by ratio at 88.3% in signed annual report to close at USD 14.7m. Interest on financial investments improved by 367.8% in signed annual report as the Bank invested in US Treasuries and benefitted from yields optimisation.

However, the rise in interest income was softened by the pickup in interest paid on our client deposits, predominantly driven by our term deposits which grew by 86.2%.

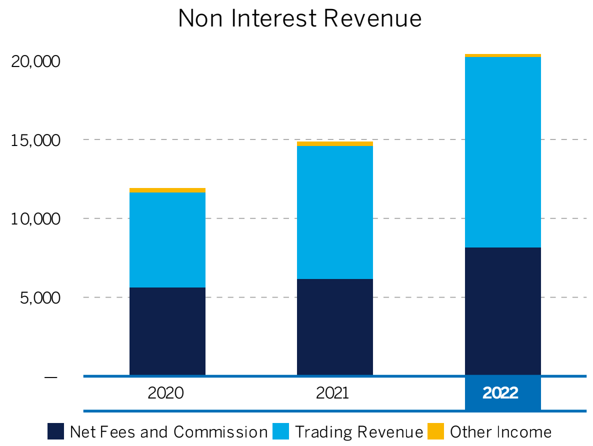
As a result of these higher yielding assets, net interest margin improved to 1.6% (2021: 0.8%).



Non-Interest Revenue (NIR)

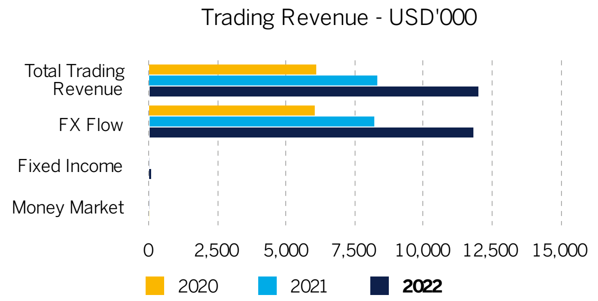
Non-Interest Revenue increased by 38.0% to USD 14.9m, driven by a 31.5% rise in net fees and commissions revenue, and a strong trading revenue performance, which grew by 44.4%.

Fees and commissions scaled up as client activity levels and transactional volumes improved. Higher electronic banking fees were earned as more clients onboarded our digital solutions. This performance was further improved by higher trade finance activities, upfront fees and commitment fees earned on unutilised facilities.



Trading Income

Growth in client activity and gains from currency volatility boosted trading revenue up by 44.4% from the prior year to reach USD 12.0m. The fixed income trading desk showed a year-on-year growth of 124.4%, driven by increased secondary market bond trading activities, while the money market trading desk reported an increase of 102.2% on the back of a pickup in swap activities.



Other revenue: Other revenue decreased by 5.7%.

Credit Impairment

Towards the later part of the year, the Bank was able to recover a bad debt written off to the tune of USD 1.5m, which provided a release in the credit impairment charge. This was offset by an additional credit impairment charge of USD 2.1m raised towards the last quarter as a result of the sovereign risk downgrade of one of our credit exposures. Customer risk profiles improved and the Bank recorded a net release of USD 992.8k on its credit impairment charge for the year, resulting in an improvement in the credit loss ratio, which closed at 0.7% (2021: 0.8%).

A detailed analysis of performing and non-performing loans is provided in the Financial Risk Management report (page 126 to 139).

Operating Expenses

As we moved out of the pandemic, we saw an increase in our cost base as economic activity reverted back to normalcy. Operating expenses increased by 38.6% and was mostly driven by two major components: staff costs and IT support costs.

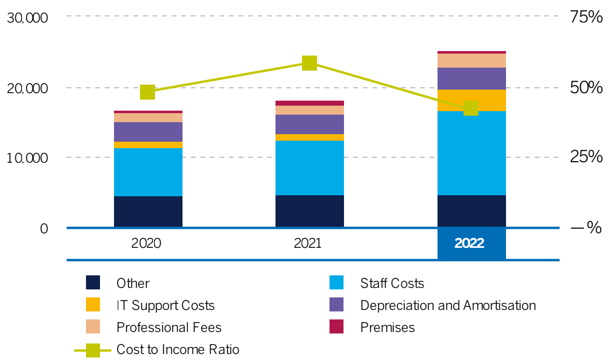
Staff costs, which represented 47.5% of our overall operating expenses, rose by 55.2% year-on-year, driven by the appointment of some key resources, along with an increase in incentives to support and motivate our workforce. As part of our FRT, the Bank continues to invest in its IT infrastructure. We kicked off the Core Banking cloud migration project, as well as other peripherals, which led to a 256.8% increase in IT support costs.

A rise in depreciation and amortisation costs was noted as the Bank onboarded the new collocation of production and disaster recovery data centre.

Other Operating expenses dropped by 1.5% on account of lower operational risk losses incurred this year.

With the significant improvement in operating income, which rose by 93.8%, our cost-to-income ratio improved by 16.6bps to 41.8%.

Operating Expenses



Tax

The tax charge comprises corporate tax, special levy and Corporate Social Responsibility. 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 2022.

Dividends

A dividend of USD 5.0m was paid in 2022 to our Shareholder, Stanbic Africa Holdings Limited.

Total Assets

Total assets grew by 22.2% year-on-year to reach USD 2.67bn, driven predominantly by the strong deposit growth, which led to an increase in loans and advances, financial investments and bank placements.

Loans and Advances

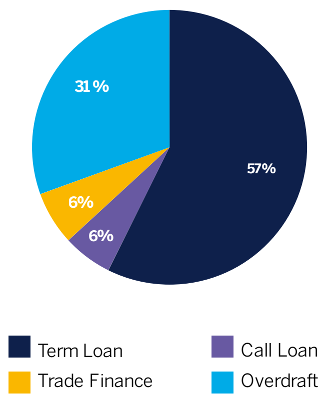
Loans and advances to banks

The Bank continued to develop its presence on the market and was active in availing facilities to local financial institutions through its regional treasury activities. Gross loans and advances to banks are made up of bank placements, which dropped by 7.9% to USD 320.8m, and loans to banks, which registered a commendable growth of 560.4% year-on-year to close at USD 202.9m.

Loans and advances to clients

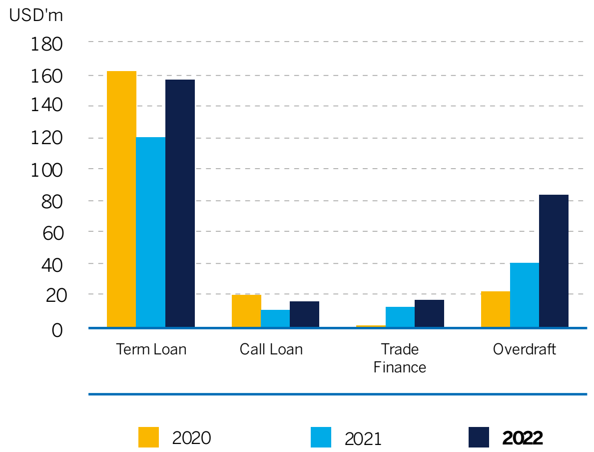
The Bank experienced a significant growth in its credit loan portfolio following the economic recovery seen in 2022, positively impacting its existing client base. Gross loans and advances grew by 47.0% to USD 274.4m in 2022, with the asset mix split into a 30.4% (USD 36.7m) increase in term loan facilities, while short-term advances grew twofold (USD 49.9m). The loan book is predominantly Segment B driven.

The product mix is detailed as follows:



As at 31 December 2022, the loan-to-deposit ratio improved to 11.5%, compared to 9.6% in 2021. The higher loan to deposit ratio is driven by a combination of the increase in the deposit base, as well as growth in loans and advances.

Analysis of gross loans and advances

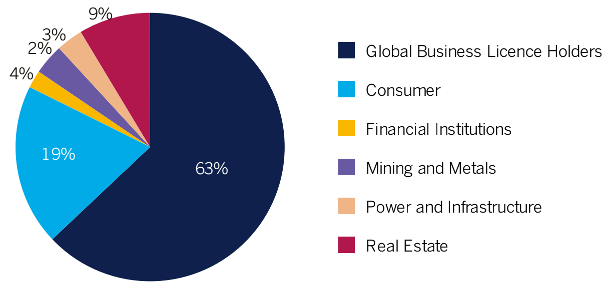


Credit Exposure Portfolio

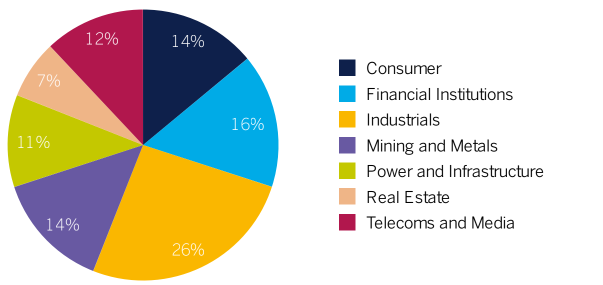
Our client segments consist of Tier 1 MNCs, as well as established Tier 1 domestic counterparties. We constantly review our credit risk appetite in relation to evolving sector challenges and macroeconomic changes, with caution being exercised as and when appropriate. The sector appetite is a yardstick used to manage our current and future 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.

As at year end, the Bank's exposures to the Global Business Licence (GBL), Consumer and Real Estate sectors stood at 62.9%, 19.4% and 8.6% respectively. Exposure within the GBL sector remained well-diversified and in line with our sector appetite.

The Credit Exposure portfolio mix (%) highlighting its concentration across sectors is as follows:



In view of the predominance of the GBC's exposure in our asset book, a further breakdown of the Global Business Licence Holders portfolio mix (%) is provided below:



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 2022, all credit exposures were within the regulatory limit. There are no single customers with exposures above 25% of Tier 1 capital base, no group of customers with exposures above 40% of Tier 1 capital base for MUR-denominated exposures and 75% of Tier 1 Capital for foreign currency-denominated exposures. The Bank's internal policies and practices are governed by the requirements of the Bank of Mauritius's Guideline on Credit Concentration Risk and other relevant Bank of Mauritius regulatory guidelines.

The large credit exposure as at 31 December 2022 were as follows:

Sector	Exposure (USD'000)	Percentage of Tier 1 capital
Consumer (2 Clients)	42,973	32%
Financial Institutions (1 Clients)	20,056	15%
GBL (14 Clients and 1 Group of clients)	302,223	227%
Real Estate (1 Client*)	23,528	18%
Mining and Metals (1 Client)	10,248	8%
Oil and Gas (1 Group of clients)	20,050	15%
Total	419,078	315%

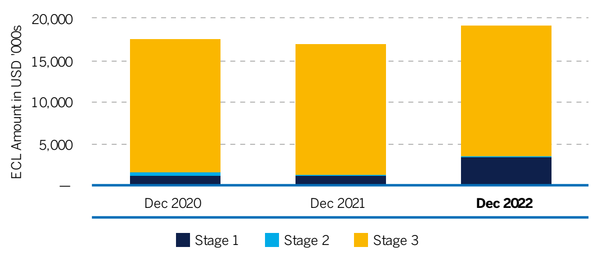
(*) - the client in the Real Estate sector is also part of a group of clients under the GBL sector.

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.

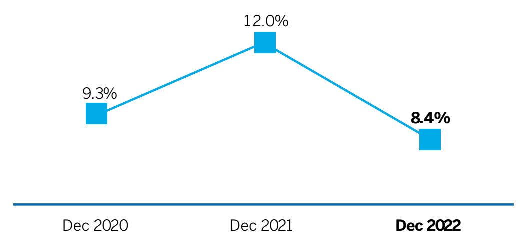
Credit Quality

The Bank performed rapid risk review exercises on the credit portfolio using the latest available information on the counterparties and their respective sectors taking into consideration the current macroeconomic conditions prevailing in the world such as global inflation, the Russia-Ukraine war and the post-pandemic economic recovery. The overall portfolio was deemed to be in a healthy position.

IFRS 9 - Impairment Analysis



Non Performing Loan Ratio



The Non-Performing Loans (NPLs) ratio to total credit exposure fell to 8.4% as at year end. Stage 3 credit impairment provisions remained constant at USD 15.6m. This, in turn, has led to our credit loss ratio to stand at 0.7% in 2022 (2021: 0.8%). The total allowance for credit loan losses aggregated to USD 19.2m under IFRS 9 for all financial assets subject to credit risk.

The level of provision on the performing book under IFRS 9 was higher than the 1% regulatory requirement provision, as per the Bank of Mauritius Guideline on Credit Impairment and Income Recognition at year end. No further additional provision was raised to be maintained under the statutory credit risk reserve in line with Bank of Mauritius Guideline on Credit Impairment and Income Recognition.

A detailed analysis of performing and non-performing loans is provided in the Financial Risk Management section on pages 126 to 139.

The quality of the lending book remains healthy, with no new impaired exposures during the year. The existing impaired assets remained at USD 22.9m and were duly provisioned for. Two of these non-performing assets were restructured during the year. On a previously written off exposure, the Bank recovered fully the amount of USD 1.5m after eight years of legal dispute.

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 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.

Cash and cash equivalents

Cash and cash equivalents consists of nostro balances, balances with Central Bank and bank placements with a maturity of less than three months. These short-term liquidity have remained almost at par with the prior year.

Financial Investments

Financial investments are made up of MUR treasury bills and US treasuries, stemming from the Bank's requirement to maintain an adequate stock of unencumbered high-quality liquid assets (HQLA). As part of the Bank's endowment hedge strategy, USD 186m were invested in US Treasuries, growing the financial investment portfolio by 115.1% to USD 464.6m, The overall ratio of liquid assets as a percentage of deposits was 77.5%, as opposed to 78.3% in the prior year.

Trading Assets

Trading assets primarily consist of MUR treasury bills, notes and bonds. Due to low client hedging activities in Mauritian Rupees towards the end of the year, there were no holdings in MUR Treasury bills and bonds in the trading portfolio.

Derivative Assets and Liabilities

Derivative assets and liabilities comprise mark-to-market on foreign exchange derivatives. The volume of outstanding foreign exchange contracts in the trading book was higher than previous year, resulting in an increase in derivative assets from USD 1.4m to USD 3.4m and an increase in derivative liabilities from USD 1.8m to USD 3.1m,

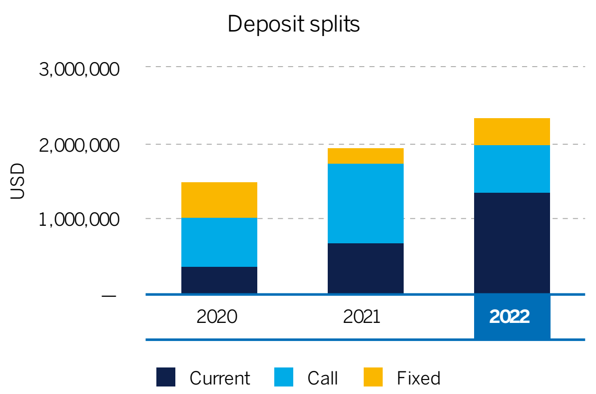
Hedging derivatives comprise of interest rate swap to hedge interest rate risk in the banking book. All interest rate swaps matured during the year and there were no new hedges.

Deposits from customers

The increased focus on our client acquisition strategy this year has led to a notable deposits growth of 22.0% to reach USD 2.4bn (2021: USD 1.9bn), underpinned by a double-digit growth in transactional as well as term deposits. The rise was driven by term deposits, which were up by 86.2%, and a mild increase in call/ current deposit of 13.9%.

The removal of Mauritius from the EU FATF's list of high-risk third countries in January 2022 had no major impact on our depositors base.

Composition of Deposits from customers (%)



Deposits from banks

Deposits from banks increased by 20.3% to reach USD 138.6m (2021: USD 115.3m), driven by regional treasury activities and deposits from local banks.

Off-Balance-Sheet Exposure per sector

Sector	2022 USD'000	2021 USD'000	2020 USD'000
Consumer	1,826	2,602	2,871
Financial Institutions	972	2,249	605
Industrials	20,129	15,823	13,041
Mining and Metals	18,616	–	310
Oil and Gas	5,650	–	–
Personal	–	5	5
Power and Infrastructure	11,066	11,827	6,217
Real Estate	–	–	–
Telecoms and Media	775	680	60
	59,034	33,186	23,109

Off-Balance-Sheet exposure grew by 78% in 2022 with increases in the Mining & Metals and Oil & Gas sectors.

Off-Balance-Sheet Exposure by geographical concentration

Country	2022 USD'000	2021 USD'000	2020 USD'000
Botswana	–	–	123
China	240	1,373	–
France	883	935	–
Germany	–	1	–
Ghana	366	193	123
Italy	240	291	351
Kenya	–	25	–
Luxembourg	10,697	11,627	6,043
Mauritius	19,345	15,321	13,635
Netherlands	5,650	–	–
South Africa	2,597	3,420	1,834
UK	400	–	1,000
DRC	17,845	–	–
Egypt	771	–	–
Grand Total	59,034	33,186	23,109

Le Morne Brabant – **Mauritius**

ENSURING OUR SUSTAINABILITY

AFRICA IS OUR HOME, **WE DRIVE HER GROWTH** / Pamplemousses – **Mauritius**

Chamarel – **Mauritius**

Risk and 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 pursuit of its strategic and financial goals.

HOW WE MANAGE RISK

We manage risk by:

- Taking a holistic forward-looking view to identify the risks we face;
- Assessing threats and opportunities in our operating environment;
- Being consistent in our approach to risk and capital management, with guidance from our well-developed risk management framework.

Risk culture

Our risk culture enables us to consistently do the right business, the right way to achieve our strategic objectives.

Organisational design

Risk management is enterprise-wide, applying to all entity levels.

Risk management approach

- Ensures consistent and effective management of risk within our Board-approved risk appetite
- Provides for appropriate oversight and accountability.

Risk governance

Our risk documents comprise governance frameworks, standards and policies. Our risk governance is:

- Underpinned by a strong control environment
- Defined in our risk governance and management standards and policies.

Our governance structure enables oversight and accountability through appropriately mandated Board and management Committees.

Risk management lifecycle

Our risk universe is managed through the risk lifecycle. The risk measurement process includes rigorous quantification of risks under normal and stressed conditions, up to and including recovery and resolution.

Identify → Assess and measure → Treat → Monitor and report

Three lines of defence

The three lines of defence maintains a strong and resilient risk culture.

1	**Risk ownership:** Business unit and legal entity management	Design and implement an effective risk management programme across the enterprise.
2	**Direct, control and oversight:** Risk and compliance management functions, and the Board	Facilitate risk and capital management activities at an enterprise level and within different segments and entities.
3	**Risk advisory and assurance:** Group internal audit	Provide assurance on the adequacy and effectiveness of the risk management programme.

Risk Universe

Our risk universe comprises the core risks to our business. We routinely scan our operating environment for changes to ensure that we respond appropriately to risk and opportunity.

STRATEGIC RISKS

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

Strategy position risk
Risks relating to strategic position choices, such as our value propositions, products, consumer segments and channels that result in the 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.

Reputation risk
Risks relating to the potential or actual damage to our image which may impair the profitability and sustainability of our business.

FINANCIAL RISKS

Credit risk
The risk of loss arising from the failure of obligors to meet their financial or contractual obligations when due. It comprises obligor risk, concentration risk and country risk and represents the largest source of risk exposure for our banking segments.

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

Funding and liquidity risk
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
The uncertainty that obligors, including relevant sovereigns and our branches and subsidiaries in a country, will be able to fulfil obligations due to the group, given political or economic conditions in the host country.

Non-Financial Risks

Non-financial risks cover operational risks from inadequate or failed processes, people and systems as a result of internal or external factors. They are managed separately from financials risks and exclude strategic risks. Non-financial risks are complex, and often difficult to anticipate and quantify. They evolve rapidly, with significant overlaps across risk types, and could have both financial and non-financial implications.

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

Compliance risk
Legal or regulatory sanction, financial loss or damage to reputation that we may suffer as a result of failure to comply with laws, regulations, codes of conduct, internal policies, and standards of good practice applicable to our financial services activities.

Conduct risk
Inappropriate execution of business activities resulting in adverse impacts to our clients, markets, or the group itself.

Cyber risk
Potential digital attack on our systems resulting in disrupted services, reputational damage, or financial losses.

ESG risk
The inability to achieve our strategy arising from our direct and indirect impact on the environment, society, and governance.

Financial accounting risk
The risk of misstatement of financial statements.

Financial crime risk
Money laundering, sanctions violation, bribery and corruption, facilitation of tax evasion and perpetration of fraud.

Information risk
Accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, that compromises the confidentiality, integrity and availability of information.

Legal risk
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
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
Inability to attract, develop, manage and retain the required talent; and unintentional breaches of employment legislation; and mismanaging employee relations.

Physical assets, safety and security risk
Damage to the group's physical assets, client assets, or public assets for which the group is liable, and (criminal) injury to the group's employees or affiliates.

Tax risk
Failure to meet statutory reporting and tax payments or tax filing requirements.

Technology risk
Failure to leverage emerging technologies and ineffective implementation, maintenance, or operation of technology assets resulting in reduced competitiveness, operational disruption and inefficiencies.

Third-party risk
Ineffective management of third-party relationships and the risks inherited through the association or services provided to the group.

Transaction processing risk
Failure to process, manage and execute transactions and/or other processes correctly or appropriately.

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 frameworks are approved by the Board.

GOVERNANCE COMMITTEES

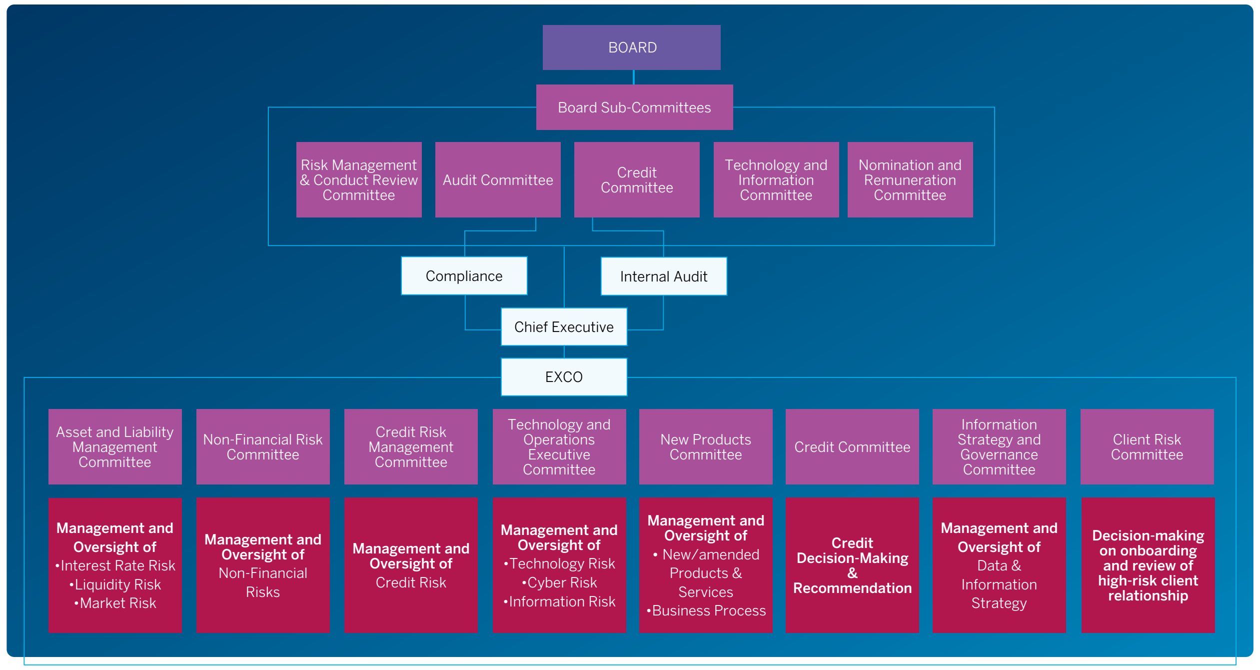
Governance Committees are in place at both a Board and management level. These Committees have mandates and delegated authorities that are regularly reviewed.

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, regulations and the operating environment.

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 and assurance reviews. Reviews are also performed by the third line of defence function as per the annual internal audit plan.

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 2022, 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 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 by 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 the 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 the 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 the 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 the Chief Executive, Head of Legal, Money Laundering Reporting Officer (MLRO) and one other EXCO member (Operations, Risk or Transaction Banking). The Committee meets weekly or as required depending on business requirements.

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 risk practices across the Bank as defined by Group Risk and ensuring that controls are in place for all risk categories.

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 Assets & Liabilities Committee is the primary management-level governance committee responsible for overseeing the Group's risk appetite and stress testing. It is guided by two principal governance documents: 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.

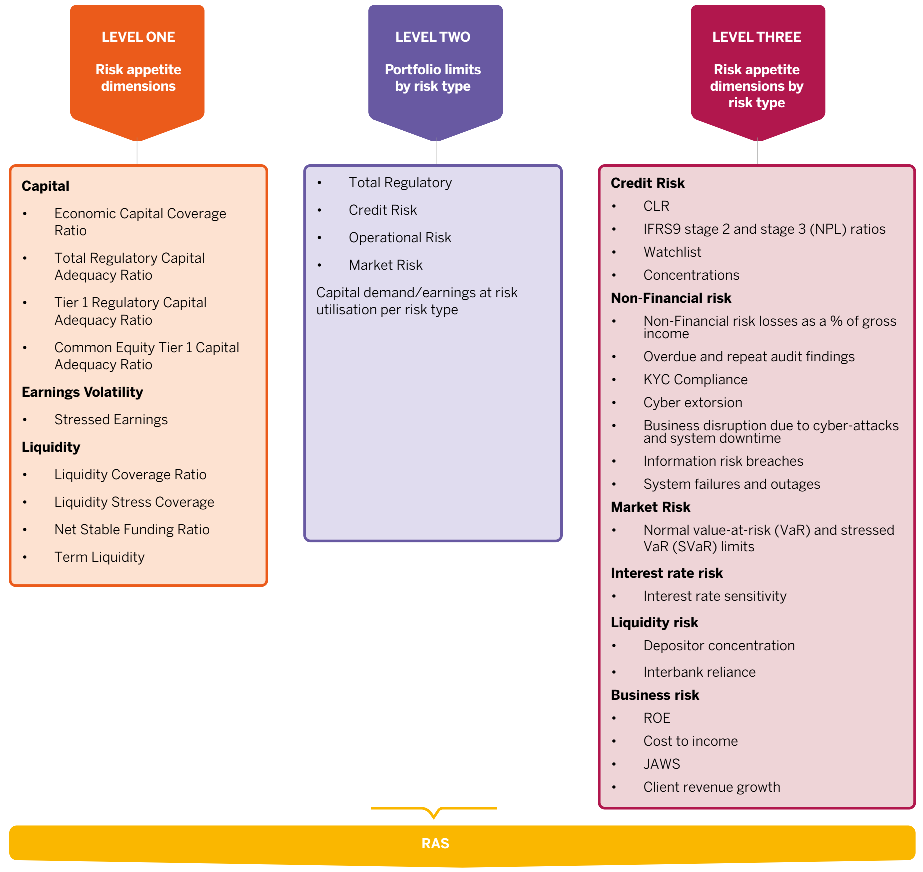
Risk Appetite Statement (RAS): the documented expression of risk appetite and risk tolerance which have been approved by the Board. The RAS is reviewed and revised, if necessary, on an annual basis.

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



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;
- facilitating the development of risk mitigation or contingency plans, including recovery plans, across a range of stressed conditions; and
- supporting communication between internal and external stakeholders.

Stress testing within the Bank is subject to the Bank's stress testing policy, 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.

The Bank of Mauritius implemented a Guideline on stress testing effective on 23 June 2022, with a transitional provision for banks to ensure full compliance by 30 November 2022. The Bank's stress testing policy has catered for the requirements of that new Guideline.

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 2022, there were two simulated scenarios that were considered: the first one was the cold war between the USA and China, coupled with extreme weather events, which was considered in the first half of the year; the second scenario considered in the second half of the year was global inflation peaking by year end 2022, and the USA being plunged into a deep recession, implying rate cuts. The results in both scenarios 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.

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. The Integrated Recovery Plan identifies 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 level 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, industry, product, geography, maturity, or collateral.

Approach to Managing Credit Risk

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

Credit risk is managed through:

- Setting the appetite for credit risk with respect to counterparty, sector and country concentrations, with regular monitoring to proactively adjust to changes in 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, increasing 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:

1. **Sub-standard credit**

   Credit that is currently performing but has weaknesses that throw doubt on the customer's ability to comply with the terms and conditions of the credit, may warrant to be classified as 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.

2. **Doubtful credit**

   Credit that is not in arrears or in arrears in less than 180 days, but has weaknesses that make collection in full highly improbable, may warrant to be classified 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.

3. **Loss**

   Credit classified as loss and uncollectible although there may be some salvage or recovery value of security available. Such credit should not be kept on the financial institution's book 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 the current inflationary environment

In Mauritius, the GDP growth of 7.8% for 2022 has been achieved on the back of general economic recovery and more specifically the tourism sector, which rebounded following the easing off of Covid-19 protocols and the opening of borders.

The Russia-Ukraine war led to a spike in global inflation and in particular relative to oil prices. In Mauritius, the increase in Inflation rate from 4% in 2021 to 10.8% in 2022 has been attributed to rise in food prices and high energy costs, compounded by higher freight costs and the depreciation of the Mauritian Rupee.

The global economic impact of Covid-19 and the Russia-Ukraine war continued to affect borrowers' capacity to repay their commitments as they saw continued pressure on their revenue lines. Drawing on our 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.

The Bank implemented various initiatives to gain a deep understanding of the impact on clients' operations and took 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 the 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 on a quarterly basis 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 proactive 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 risks. Once rated, the countries are then categorised into high, medium or low risk.

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

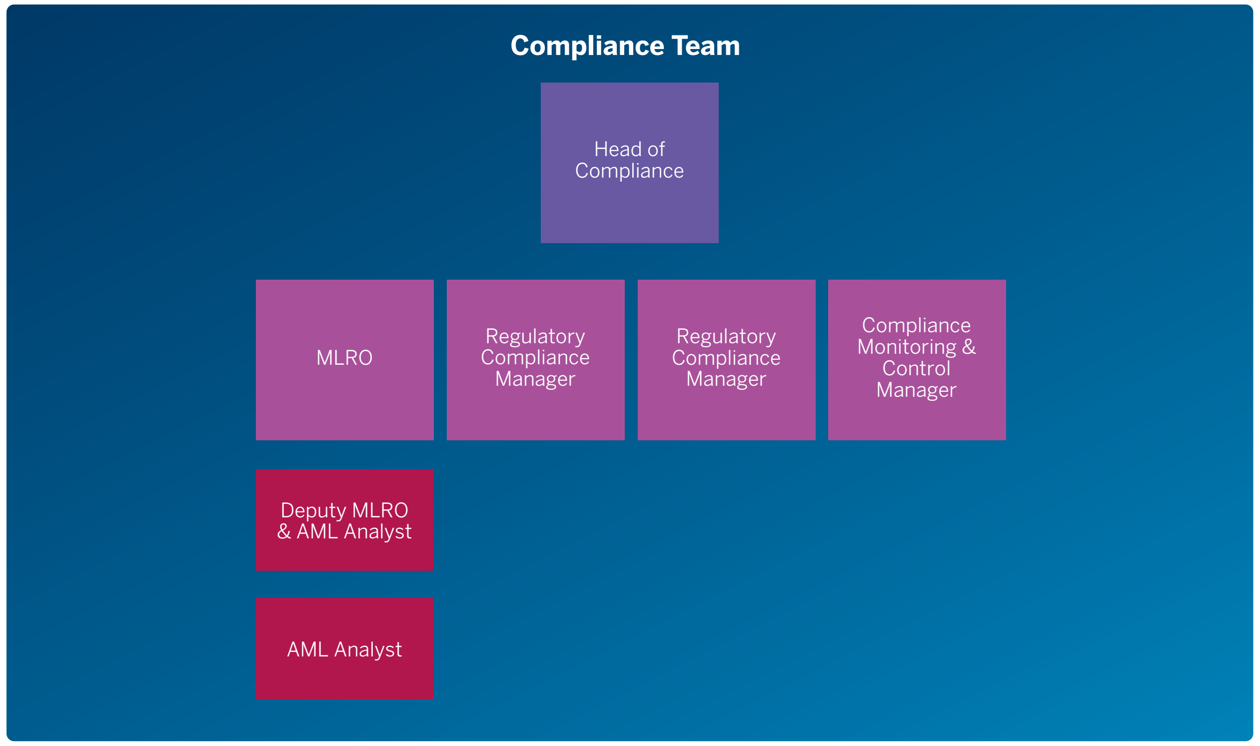
- Setting risk appetite thresholds
- Political and commercial risk insurance
- Co-financing with multilateral institutions
- Structures to mitigate transfer and convertibility risk such as collection, collateral and margining deposits outside the country in question.

Governance and Reporting

The Bank's CRMC and the Board Credit Committee represent the primary management level governance overseeing this risk type. 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 audit.

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

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

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

4. Funding and Liquidity Risk

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

(a) Approach to managing liquidity risks

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 analyses • 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 Basel Committee on Banking Supervision ('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 2022, the Bank was within regulatory compliance with a MUR Liquidity Coverage Ratio (LCR) of 799%, a USD LCR of 170% and a consolidated LCR of 150%.

(c) Governance

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

(d) Liquidity characteristics and metrics

Overview of Liquidity and Funding Metrics

	2022	2021	2020
Total Liquidity Reserves (USDm)	**1,725**	1,414	1,377
Eligible BOM LCR HQLA (USDm)	**517**	358	237
Single depositor (MUR%)	**34.53%**	37.42%	17.98%
Top 10 depositors (MUR%)	**78.84%**	82.95%	49.98%
Single depositor (FCY%)	**15.48%**	15.57%	15.54%
Top 10 depositors (FCY%)	**58.58%**	48.39%	43.66%
BOM LCR (Quarterly average of monthly observations%)	**133%**	115%	112%

(e) Liquidity Coverage Ratio (LCR) Disclosures:

Consolidated in USD	TOTAL UNWEIGHTED VALUE (quarterly average of bimonthly observations)[1]	TOTAL WEIGHTED VALUE (quarterly average of bimonthly observations)[1]
HIGH-QUALITY LIQUID ASSETS	USD	USD
Total high-quality liquid assets (HQLA)	459,765,132	459,765,132
CASH OUTFLOWS		
Retail deposits and deposits from small business customers (Less Stable)	28,662,560	9,790,579
Unsecured wholesale funding (Non-operational deposits)	2,311,645,348	1,324,849,812
Outflows related to derivative exposures and other collateral requirements	2,214,304	2,214,304
Credit and liquidity facilities	215,464,651	27,503,475
Other contingent funding obligations	58,466,983	14,195,506
TOTAL CASH OUTFLOWS	**2,616,453,846**	**1,378,553,676**
CASH INFLOWS		
Inflows from fully performing exposures	1,278,267,750	1,267,804,617
Other cash inflows	2,160,847	—
TOTAL CASH INFLOWS	**1,280,428,597**	**1,267,804,617**
		TOTAL ADJUSTED VALUE
TOTAL HQLA		**459,765,132**
TOTAL NET CASH OUTFLOWS		**344,638,419**
LIQUIDITY COVERAGE RATIO (%)		**133%**
QUARTERLY AVERAGE OF DAILY HQLA[2]		**442,847,550**

1 The quarterly average of bimonthly observations for the period October 2022 to December 2022
2 The quarterly average of daily HQLA is based on close of day figures over the period October 2022 to December 2022

The high-quality liquid assets mainly comprise investments 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.

In September 2022, the Bank performed a desktop simulation for ALCO and relevant stakeholders to assess the effectiveness of the contingency funding plan under a stressed scenario. Following this, enhancements were duly brought to the plan to make it more user-friendly based on recommendations received during the session.

(ii) Liquidity stress testing and scenario analysis

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

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

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

(g) Structural liquidity mismatch

Maturity analysis of financial liabilities using behavioural profiling

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

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

5. Market Risk

Information in this section has been audited

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 the 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).

The 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.

The Market Risk Unit ensures that the trading portfolio is carried at fair value by making sure 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 Unit is independent of trading operations and accountable to ALCO.

Market Risk Measurement

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

Metric: VAR (Value at Risk)

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 stress market conditions is based on VaR defined with a 10-day holding period, worst case and historical data for a period of 5 years. 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 (NFR) 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 and/or non-financial implications for the Bank and Group
- These risks are managed under the umbrella of operational risk

Approach to Managing Non-Financial Risks Through Conscious Risk-Taking

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 the risk appetite.

The Bank recognises that non-financial risks exist in the natural course of business activity and as such, 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: 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.

As part of the Bank's risk simplification journey and provision of 'Risk as a Service', the capabilities of the central risk platform (Risk Market Place) is progressively being enhanced. Currently, the platform includes modules for Incident Management, Risk Control Self Assessment (RCSA), Key Risk Indicators (KRI), Information Asset Register (IAR), Business Continuity Plans and Information Risk Maturity Assessment.

Risk & Controls Self-Assessment (RCSA)

The Bank inculcates a 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 KRI 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

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.

Key Non-Financial Risk:

The following risks could 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
- Business Disruption Risk
- Compliance Risk
- Financial Crime Risk
- Information Risk
- People 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 on emerging technologies, 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. Technology risk is therefore a major factor in the successful execution of our strategy.

To achieve our ambition of partnering with our clients, we continue to migrate towards a platform-based business model that provides holistic client solutions. Our integration with new partners facilitates our transition to a digital platform organisation which is fundamental to protecting and growing our client franchise, but increases the need to manage the dependencies, risks and complexities of third- and fourth-party relationships to protect our service levels and our reputation.

The stability of our digital platforms, as well as mitigating heightened cybersecurity risks, remains a top priority. We have significantly improved the availability of platforms and reduced outages due to our cloud migration strategy, Through ongoing reduction in legacy systems and process automation, we have also simplified our client experience while supporting the Group's transformation to a platform organisation.

In December 2022, we presented to the Bank of Mauritius with an update on the Finacle, Group and in-country application migrations 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. We have adopted a proactive, pragmatic, and strategic approach that considers risk and security from the onset of any new initiative, and nurtures trust at every stage.

The stability of our digital platforms, as well as heightened cybersecurity risks remains a top priority, and we continue to focus on investing in appropriate technology to mitigate this risk.

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.

2022 saw a continued focus on improving cybersecurity capabilities, including the following key initiatives:

- Increased focus on the testing of key controls to ensure they are designed and operating effectively
- Implementation of multi-factor authentication
- Network isolation between Standard Bank Group entities
- Vaulting of passwords for sensitive accounts
- Replacement of our vulnerability scanner

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 delivering services to clients and safeguarding people, assets, reputation and trust, and 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.

In 2022, the Business Units updated and digitised their Business Continuity Management plans, closely supported by the Risk Team, who provided 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. We also evaluated our recovery capabilities by performing a Disaster Recovery simulation, Work Area Recovery simulation and conducted crisis simulations. To further increase our resilience, we relocated our primary data centre to a Tier 4 data centre.

In the wake of the Russia-Ukraine war and the increase risk of cyber attacks, we developed a detailed recovery strategy during our worst-case scenario, where we are disconnected from the Standard Bank Group after being infected by a ransomware. This strategy provides a systematic and coordinated approach to recover critical operations during such a scenario.

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. It also tracks progress and highlights gaps in the Business Resilience programme. This report card is submitted to the Group on a monthly basis and is also tabled at the relevant governance committees.

The Bank leverages the following Group capabilities:

- Well-practised and well-rehearsed IT security and cybersecurity 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; and
- A well-staffed 24/7 Cyber Security Operations Centre, which monitors all cyber-vulnerabilities and attacks, including malware.

Managing Business Disruption Risk in a Covid-19 environment

Following the improvement in the Covid-19 situation in the country, the Government of Mauritius has lifted most of the Covid-19 restrictions. As such, the Bank implemented a gradual return to office during 2022, with a hybrid working model now adopted. This hybrid model incorporates a balanced 'work from office' and 'work remotely' approach.

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 its internet banking and application platforms, and more customers are favouring these channels. Customers are vulnerable to phishing attacks, whereby criminals could fraudulently access their banking information. At a Group level, we pursued our investment in anti-phishing and device-profiling capabilities to defer 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 incentivised staff programme, FraudStop, to encourage employees to log genuine cases of external fraud, for which they are financially rewarded. During the year, there were no instances of fraud reported at the Bank.

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 2022 and collaboration with stakeholders and industry leaders was strengthened to take information risk and data privacy initiatives even further.

In 2022, our priority was on minimising information exposures and reputational impacts from third-parties. We reviewed our approach to the management of third-party relationships and related information risk by automating the onboarding of third parties and we continued to explore practical ways to roll out technical information protection controls in a remote working environment. In our effort to drive and enable conscious risk-taking, an information risk maturity assessment is performed on a quarterly basis to continuously monitor the set of critical controls underpinning our information security landscape.

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. Awareness sessions on data privacy have been carried out throughout the year with a focus on adopting privacy and security by design approach.

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 of the 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.

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. In 2022, the Bank adopted a leading Third-Party Risk Management Software (Aravo) and efforts are ongoing to onboard both existing and new third parties on this tool.

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 the Standard Bank Group to exercise oversight and evidence good conduct risk management. Governance structures ensure business ownership are in place to manage conduct risks. Conduct is closely monitored through the Executive Committee and the Board Risk Management & Conduct Review Committee. The conduct framework facilitates a continuous process to identify conduct risk, which allows the Bank to keep abreast of economic and regulatory 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.

Environmental, Social and Governance (ESG) Risk

ESG risks are risks to the Bank's ability to achieve its strategy arising from the direct and indirect impact on the environment, society and governance. Climate risk is a component of ESG risk and is governed under the ESG risk governance framework which is embedded in the wider enterprise risk management system of the Standard Bank Group.

The Bank is exposed to both transition and physical climate-related risks, primarily but not limited to client-related credit risk.

TRANSITION RISK

Policy risk
Uncertain long-term demand for fossil fuels increasing financial risk

Technology risk
Risk of evolving technology to our clients' businesses

Liability risk
Increased potential for climate-related litigation driven by evolving regulation

Market risk
Driven by changing client and investor expectations

Reputation risk
Arising from negative stakeholder and media sentiment on projects or activities with negative impacts.

PHYSICAL RISK

Acute risk
Potential for increase in frequency and intensity of extreme weather events driven by climate change

Chronic risk
Climate change presents material risk for clients and insurance business.

OPPORTUNITIES

Products and services
We will continue to expand our offering of sustainable finance solutions and partner with clients to support climate smart and sustainable practices

Client engagement
We engage with a broad range of clients on their climate transition plans and readiness, and monitor their commitments

Portfolio resilience
We will continue to increase the proportion of our energy loan book committed to lending to green energy

Emissions reduction for own operations
We commit to achieving net zero carbon emissions from our own operations for newly built facilities by 2030, for existing facilities by 2040 and from our portfolio of financed emissions by 2050

Stakeholder engagement
We continue to engage with a broad range of stakeholders to develop solutions to climate risk challenges.

Short term Up to five years (2022 to 2026) | **Medium term** Five to ten years (2027 to 2032) | **Long term** Over ten years (2033 to 2050)

In terms of governance, the Bank adopted the Group's ESG policy and standards in 2022. Additionally, it is in the process of adopting a localised version of the Group Climate Change Policy.

The Bank of Mauritius has also issued a guideline on Climate Related and Environmental Financial Risk Management in April 2022. The objective of the guideline is to set out a prudent approach to climate-related and environmental financial risks and enhance the resilience of banks against these risks. Banks are required to embed sound governance and risk management frameworks to identify, assess, manage and disclose climate-related and environmental financial risks they face in relation to their activities. To this end, the Bank has submitted a roadmap for implementation of the guideline, with the first annual report disclosure on climate-related and environmental financial risk management expected to be communicated in the 2023 annual report.

Governance and Reporting

A number of governance committees are responsible for 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:

Banking (Financial Risks)
- Crime Insurance
- Professional Indemnity Insurance
- Directors' & Officers' Liability Insurance
- Cyber Protection Insurance

Non-Banking (Non-Financial Risks)
- Assets All Risks including Business Interruption
- Motor Vehicles
- Employers Liability
- Group Personal Accident
- Public Liability
- Political Riot and Terrorism

8. 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 public opinion of consumers, media, analysts, politicians, rating agencies, regulator and investors; and
- 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; and
- 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 in 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; and
- 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; and
- Stress testing techniques applied to assess the resilience of the Bank's planned earnings under macroeconomic downturn conditions.

The Executive Committee is the primary governance committee for overseeing this risk.

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. With 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)

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

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

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.

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. Whilst economic conditions have improved since 2021, they still 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.

Our top risks to achieve our strategic goals are fitness to execute strategy, ransomware attacks, fraud via digital channels, technology instability and operational dependence on third parties.

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

Information in this section has been audited

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 recommended measures 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).

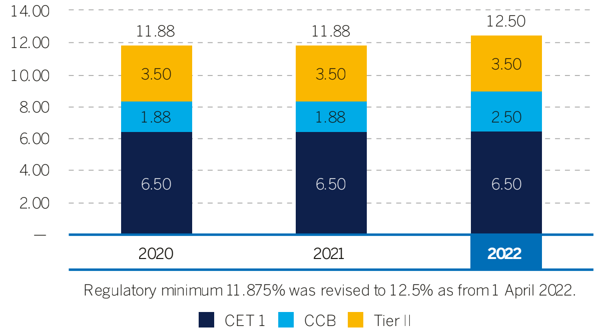
Tier I: CET I plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.

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 and increased the buffer to 2.5% as from 1 April 2022.

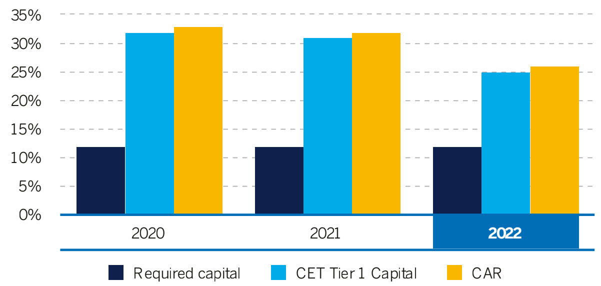
Bank of Mauritius minimum ratios (capital as a percentage of risk weighted assets) as at 31 December of each year (%).



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 (%)



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

Capital Structure under Basel III

	Basel III 2022 USD'000	Basel III 2021 USD'000	Basel III 2020 USD'000
Common Equity Tier I Capital			
Share Capital	35,000	35,000	35,000
Statutory Reserve	30,487	25,545	23,581
Other Reserves	81,114	57,534	71,472
Less: Deductions			
Intangible Assets	(13,098)	(14,591)	(16,090)
Deferred Tax	(319)	(153)	(154)
Adjustment to Additional Tier 1 Capital	—	—	(829)
Common Equity Tier I Capital	133,184	103,335	112,980
Other Reserves			
Subordinated Debts			
Provision for performing loans	4,024	2,976	2,846
	4,024	2,976	2,846
Total Capital Base	137,208	106,311	115,826
Risk Weighted Assets for:			
Credit Risk	457,342	259,359	279,070
Operational Risk	69,463	62,565	70,866
Aggregate Net Open Foreign Exchange Position	5,847	6,927	817
Total Risk Weighted Assets	532,652	328,851	350,753
Common Equity Tier I Capital	25.0%	31.4%	32.2%
CAPITAL ADEQUACY RATIO	25.8%	32.3%	33.0%

The Bank 's Common Equity Tier 1 capital ratio was 25.0% (2021: 31.4%) and total capital adequacy ratio was at 25.8% (2021: 32.3%).

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; and
(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	19,955
Total	19,955
Total credit risk exposures	3,293,261
% exposure covered by collaterals	0.61%

Exposures subject to the Standardised approach per risk weighting as at 31 December 2022

	2022				2021	2020
	Nominal Amount	Mitigation	Risk Weight	Risk Weighted Assets		
Credit Risk	USD 000		%	USD 000		
On Balance Sheet Assets						
Cash Items	101		0-20	—	—	—
Claims on Sovereigns	462,580		0-100	—	—	—
Claims on Banks	1,858,770		20-100	135,450	33,485	33,214
Claims on Central Banks	67,589		0-150	—	—	—
Claims on PSE	—		20-150	—	—	—
Claims on corporates	243,049	—	20-150	227,049	157,097	187,607
Claims secured on residential property	—		35-125	—	—	—
Past due claims	15,607		50-150	10,045	10,045	10,423
Other Assets / Fixed Assets	13,628		100	13,628	7,904	11,705
Total	2,661,324	—		386,172	208,531	242,949
Non-market related off-balance sheet risk weighted assets						
Direct Credit Substitute	56,037	36,149	20-100	36,149	30,386	15,943
Transaction-related contingent items	17,668	17,600	20-100	8,800	6,404	2,214
Trade Related Contingencies	—	—	20-100	—	—	—
Other Commitments	216,071	216,071	20-100	19,309	11,310	12,812
Total	289,776	269,820		64,258	48,100	30,969
Market related off-balance sheet risk weighted assets						
Interest Rate Contracts	—	—		—	—	21
Foreign exchange contracts	342,161	—		6,912	2,728	5,131
Total	342,161	—		6,912	2,728	5,152
Total Credit Risk	3,293,261	269,820		457,342	259,359	279,070
Operational Risk				69,463	62,565	70,866
Aggregate Net Open Foreign Exchange Position				5,847	6,927	817
Total Risk Weighted Assets	3,293,261	269,820		532,652	328,851	350,753

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 Bank of Mauritius.

Credit risk consumes approximately 86% of total regulatory capital usage as at 31 December 2022 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

The 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.

Macroeconomic stress scenarios as well as Bank-specific scenarios based on the composition of the loan book and liquidity profile are used for stress testing and these are 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 2022, 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 US/China cold war and extreme weather events and Management Expertise scenario relating to an expert judgment approach, where the Bank's senior management identify vulnerabilities in the portfolio that could result in a stress on earnings. This year a credit loss from single obligor default and operational loss incurred due to cyberattack was used as scenario.

The Bank will remain alert to the possible deterioration of economic conditions and will initiate early remedial action should circumstances dictate.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 purpose 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.

The Bank of Mauritius has amended the Guideline on related party transactions setting out the types of transactions that require Board approval. The Bank has shared its views on the amendments made and has reviewed its current approval process to align with the requirements of the Guideline. The revised Guideline on Related Party Transactions (effective 30 September 2022) requires the Board to receive at least quarterly report on the services provided by related parties and other arrangements/contracts with related parties:

- New services provided by related parties to the Bank
- The performance of the services provided by related parties as per the service level agreements

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

The Top 6 Related Party Exposures at 31 December 2022 are outlined below:

Counterparty	Exposure USD	% of Tier 1 Capital
The Standard Bank of South Africa Ltd. Isle of Man Branch	743,773,268	558.46%
The Standard Bank of South Africa Ltd.	480,142,557	360.51%
Stanbic Bank Nigeria	84,057,073	63.11%
Stanbic Bank Kenya	36,420,509	27.35%
Stanbic Bank Cote D'ivoire	8,257	0.01%
Stanbic Bank Uganda	1,403	—
	1,344,403,067	

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 36.

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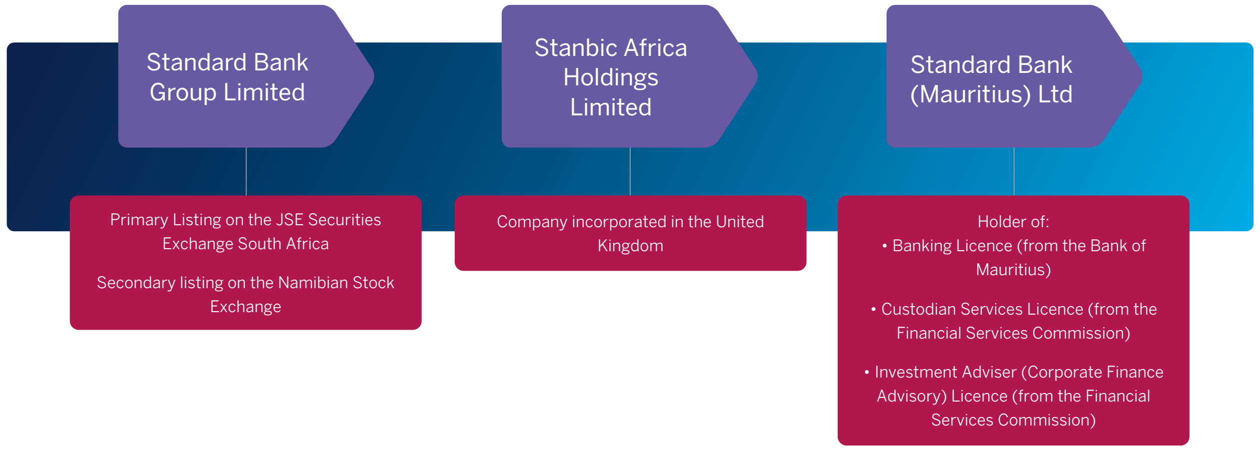
Corporate governance report

Holding Structure



Our governance philosophy

Our governance philosophy is rooted in 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 regulatory compliance. Instead, we believe that good governance creates shared value by underpinning responsive thinking, and protects shared value by ensuring responsible behaviour, effective leadership, robust risk management, clear performance management and greater transparency, while deepening competitive advantage through enhanced accountability.

Standard Bank (Mauritius) Limited (the "Bank") is directly held by Stanbic Africa Holdings Limited (SAHL), a company incorporated in the United Kingdom. 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 good 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 also 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, in alignment with 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 and serves as the custodian of the Bank's corporate governance. In addition, it 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 by ensuring that the principles of governance and codes of best practice are in place and adhered to.

The Board is also 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 and applied the Code throughout the year ended 31 December 2022, 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 set up in accordance with 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 nine Board members with a relevant 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, ensuring a balance of skills and objectivity.

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 and regularly reviewed to ensure it has the necessary skills to deliver on the Bank's 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 for the Bank to achieve its objectives. The Board has a sufficient breadth and 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 expectations of its stakeholders.

The Bank, a wholly owned subsidiary of Standard Bank Group Limited, operates in a highly regulated and dynamic sector, requiring the Bank to constantly adapt itself to conform to changing legislations 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 three independent Directors, namely Mr. Arvind Hari, Mr. Sanjeev Manrakhan and Mrs Sheila Ujoodha. 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 analyses 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. Ad hoc 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 sub-committees. The mandates of the Board and its sub-committees were reviewed at the Board of Directors' meeting held in November 2022.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, the Bank's organisational structure and the statement of major accountabilities of the executive management. These are published on the Bank's website.

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

- 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, the 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.

Mr Wilhelmus Jacobus (Helmut) Engelbrecht was appointed as Non-Executive Director on the Bank's Board on 04 January 2022.

As at 31 December 2022, the Board comprised 8 Directors, 4 of whom are non-executive Directors, 2 of whom are executive Directors and 2 are independent Directors.

On 31 January 2023, the Bank appointed Mrs Sheila Ujoodha as an independent 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 François 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
Mrs Sheila UJOODHA

Changes in Board's composition:

On 04 January 2022, the Bank appointed Mr. Helmut Engelbrecht as a non-executive Director on its Board.

On 31 January 2023, Mrs Sheila Ujoodha was appointed by the Bank as an independent Director.

Chairman and Chief Executive

The role of the Chairman is separate from that of the Chief Executive, with 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 ensuring 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 2022 were as follows:

COMMITTEE MEMBERSHIPS

Executive Directors · Non-Executive Directors · Independent Directors

François GAMET

Personal Profile

- Aged 53
- 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
- Member of Board Risk Management Committee, Board Credit Committee and Board Technology and Information Committee

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

Michele AH SEE

Personal Profile

- Aged 56
- Holder of an 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 the UK and PricewaterhouseCoopers Mauritius in Audit

Ordinarily Resident in Mauritius

Stephen Vincent SCALI

Personal Profile

- Aged 50
- Holder of a Juris Doctor from Harvard Law School, USA
- Holder of an 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 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

Roderick Terner Forbes POOLE

Personal Profile

- Aged 61
- Holder of a Bachelor of Commerce from the University of South Africa

Current

- Appointed as Non-Executive Director in November 2016
- Chairman of the Board Nomination and Remuneration Committee
- Member of the Board Risk Management 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
- Former Chief: Change and Business Transformation Officer of the Standard Bank Group until February 2022

Clive Robert TASKER

Personal Profile

- Aged 67
- 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 Committee
- Member of the Board Nomination and Remuneration Committee, 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

Helmut ENGELBRECHT

Personal Profile

- Aged 56
- Qualified as South African Chartered Accountant in 1991
- Holder of an 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
- Currently Regional Chief Executive Officer Africa Regions of the Standard Bank Group

Previous

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

	Arvind HARI	Sanjeev MANRAKHAN	Sheila UJOODHA
Personal Profile	• Aged 62 • 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	• Aged 52 • 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)	• Aged 52 • Holder of a Bachelor of Science in Accounting from the University of Mauritius • Fellow Member of the Association of Chartered Certified Accountants • Member of the Institute of Internal Auditors (UK), Mauritius Institute of Professional Accountants and Mauritius Institute of Directors
Current	• Appointed as Independent Director in October 2018 • Appointed as Chairman of the Board of Directors of Standard Bank (Mauritius) Limited in October 2021 • Member of the Board Nomination and Remuneration Committee	• Appointed as Independent Director in April 2020 • Chairman of the Board Technology and Information Committee • Member of the Board Risk Management Committee and Board Audit Committee	• Appointed as Independent Director in January 2023 • Currently Chief Executive Officer of the Mauritius Institute of Directors
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	• 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)	• Former Managing Director of SmarTree Consulting Ltd • Former Chief Risk and Audit Executive of CIM Group
	Ordinarily Resident in Mauritius	Ordinarily Resident in Mauritius	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 in place 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 effectively. Due diligence is conducted on the candidates, following which 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's 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 the appointment of independent and non-executive Directors are available on the Bank's website. In line with good corporate governance practices, the Board has constituted a Board Nomination and Remuneration Committee 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 2022 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.

The Board believes that Board succession planning is key for an organisation to continue meeting the challenges of a constantly changing business environment. To that effect, in August 2022, the Board Nomination and Remuneration Committee approved the methodology and key principles for the Board's succession plan. The key principles approved were as follows:

- Board composition to contain a mix of independent Director and non-executive Directors, gender balance and locally-based directors
- Maximum tenure of office for independent Directors and non-executive Directors
- Review of skills set, expertise and experience of Board members on an annual basis

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 various departments, 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 legislations 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 2022 included:

- Reward Framework and Perform to Grow Process
- Economic Capital
- Blockchain and Artificial Intelligence
- Capital Management
- Liquidity Risk Management
- Credit Risk
- Banking Book Risk

The above trainings were delivered by the Standard Bank Group's trainers.

Additionally, an online learning platform has been made available to the non-executive and independent Directors, enabling them to undertake and 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

The 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 their service on the Board and Board committees	Directors' remuneration is recommended by the Board to the shareholder for approval	A Director is re-elected annually at the annual meeting and non-excecutive Director/ independent Director may serve on the Board for a maximum of 9 years

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 increase 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 2022 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 2022, 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 2022 Board meeting. The recommendations on areas for improvement were noted and an action plan put in place.

The Board Nomination and Remuneration Committee provided feedback to the Board on the contribution of the individual Directors to the achievement of the Bank's corporate objectives, as well as on the regularity of their attendance at the Board and Board sub-committee meetings. The Board subsequently recommended the re-election of directors, retiring by rotation, to the Shareholder. All such Directors were re-elected.

Remuneration of Directors

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

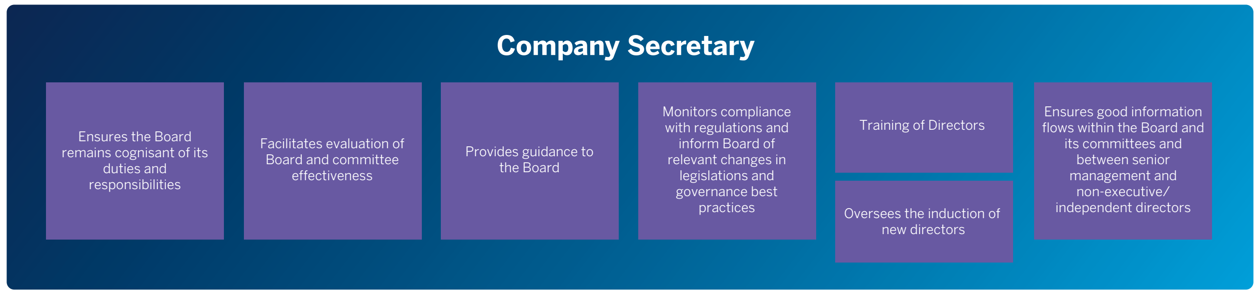
The Bank was dispensed by the Bank of Mauritius to establish a Nomination & Remuneration Committee at Board level upon being satisfied that a suitably effective framework is in place at the parent level to fulfil this role. In line with good governance practices and taking into account the Bank's growth and strategy, the Board approved the constitution of a Board Nomination and Remuneration Committee, effective from February 2022. 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. 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 the 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 carrying out in-depth analyses 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.

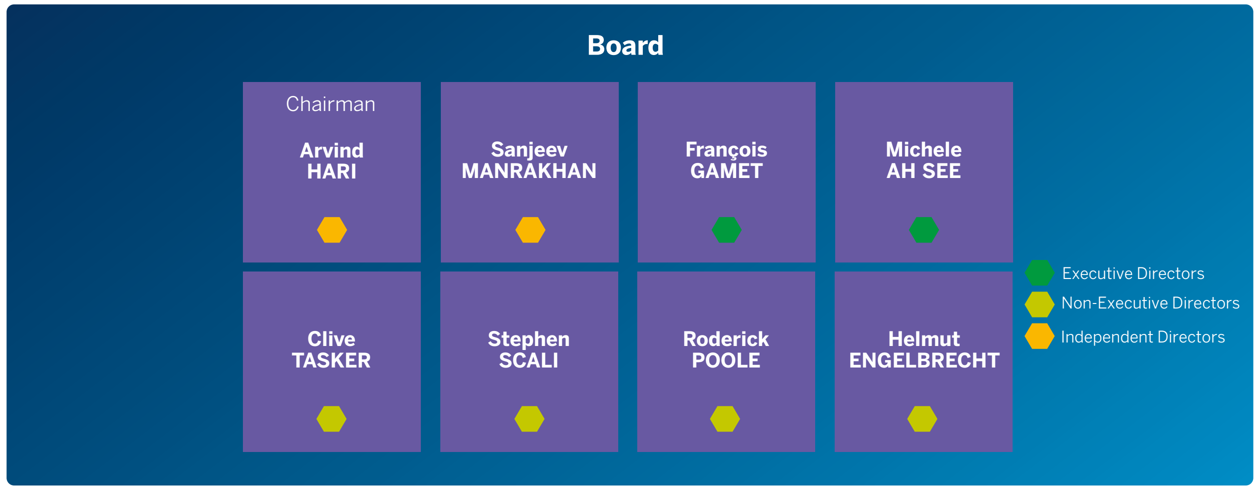
Eligible non-executive and independent Directors receive a Director's fee for their service on Boards and Board committees, payable on a quarterly basis. They do not receive annual incentive awards, nor do they participate in any of the Bank's or Group's long-term incentive schemes. For the remuneration of the executive Directors, please refer to the statement of remuneration philosophy on page 81.

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:



Board composition - Year 2022

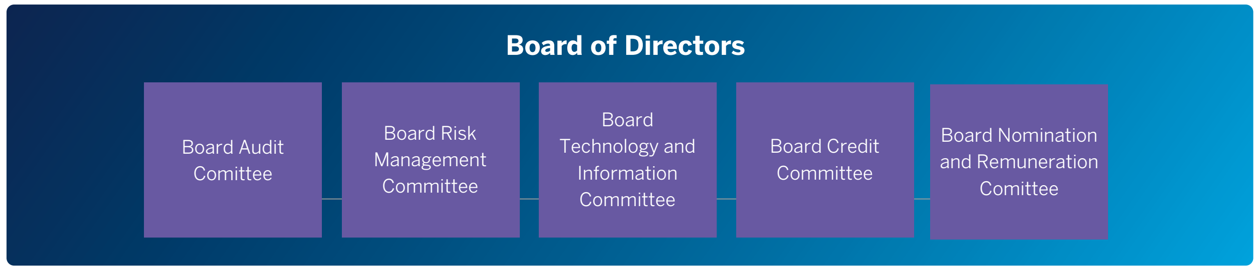


On 31 January 2023, Mrs Sheila UJOODHA was appointed as Independent Director on the Bank's Board.

Role and Duties of the 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 legislations. 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 their 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.



The Board Risk Management/Conduct Review Committee was renamed to Board Risk Management Committee in November 2022 following some key changes to the revised Bank of Mauritius Guideline on Related Party Transactions (2022).

The Board reviews and approves their terms of reference on an annual basis. To this end, in 2022, the Board reviewed and approved the mandates of its sub-committees.

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. ▪ Assess achievements against set objectives on an annual basis on an annual basis. ▪ Delegate power, authorities and discretions to the Chief Executive and sub-committees for an 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, as well as environmental and social issues. ▪ Ensure the approval of the Bank's Code of Ethics by the Board and its adherence to the highest set of standards for responsible business practices.
Board members' appointment, and overall effectiveness and evaluation of Board	▪ Conduct a fit and proper assessment before recommending the appointment of Directors to the Shareholder. ▪ Approve the appointment of the Chairperson and membership of all Board committees on an annual basis. ▪ Assume the responsibilities for succession planning and for the appointment and induction of new Directors to the Board. ▪ Ongoing Board education 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. ▪ Undergo an annual assessment of the Board's performance against set objectives to review and further its 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	▪ Prepare accounts that fairly present the state of affairs of the organisation and that comply with international reporting standards. ▪ Ensure that policies and systems in place help 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.

Priorities for 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	**Clive TASKER**	**Helmut ENGELBRECHT**	**Roderick POOLE**	**Sanjeev MANRAKHAN**

The **Board Audit Committee** (BAC) assists the Board in honouring its responsibilities for monitoring the quality of the Bank's financial statements. It reviews the accounting policies, financial reporting and regulatory compliance practices, as well as 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 recommendations 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 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 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 open and transparent. On a yearly basis, the Board Audit Committee convenes to assess the external auditors 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 2022, the Bank requested an extension to the Bank of Mauritius to reappoint PricewaterhouseCoopers as its auditors. In that same year the partner in charge of the audit was rotated after a tenure of five years The appointment of the external auditors for the year ended 31 December 2023 will be approved by both the Board Audit Committee and Board of Directors in March 2023 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 2022, 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.

	2022 USD	**2021 USD**	**2020 USD**
PwC			
Audit Fees	**153,250**	154,053	133,838
Non-Audit Fees	**—**	—	—
	153,250	154,053	133,838

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, as defined in the Internal Audit Charter approved by the Board Audit Committee on an annual basis.

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 a Head: Internal Audit and an Internal Audit Manager. Support is also provided by the 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 BAC and administratively to the Bank's Chief Executive and Regional Head of Audit. The Head: Internal Audit communicates and interacts directly with the 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 (RBS) framework, 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 with the regulator's expectations.

Internal Audit adopts a risk-based approach in developing and executing the annual audit plan. 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 the year 2022 included Trade Finance, ICAAP. Review, Cyber Security, AML / CFT and Credit Regulatory Reports. The Internal Auditors had full access to the Bank's records, and engaged with management or employees for the purpose of their reviews during audits, without any interference.

The Head: Internal Audit reports to the BAC. The Head: Internal Audit (appointed in January 2023) holds the following academic qualifications:

- Certified Internal Auditor (CIA), Institute of Internal Auditors (US) 2022
- IIA Certificate in Internal Audit and Business Risk (UK), 2017
- ACCA Certificate in Accounting and Business (UK), 2021
- BSc (Hons) Finance with Law, University of Mauritius, 2007

Priorities for 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 and compliance as they pertain to the regulatory and internal control environment of the Bank.
- Portfolio monitoring through engagement with stakeholders, and participation and attendance of key management committee meetings.
- Issue tracking that includes monitoring, tracking and closure of internal audit findings.

Board Risk Management Committee

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

Board Risk Management Committee

Chairman
Clive TASKER

Sanjeev MANRAKHAN

Stephen SCALI

Roderick POOLE

François GAMET

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 operations.
- 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 the independence of Head: Risk from operational management.
- Evaluate the efficacy of insurance coverage.
- Consider all ethics-related matters.

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

Priorities for the year ahead

- Continue to monitor the Bank's current and future risk profile to ensure it is managed within the risk appetite relative to its strategy.
- Continue to monitor the Bank's capital adequacy and review the impact of significant transactions on capital.

Board Credit Committee

Board Credit Committee

Chairman			
Stephen SCALI	**François GAMET**	**Helmut ENGELBRECHT**	**Roderick POOLE**

The purpose of the Board Credit Committee is to ensure that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk, including country risk.

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. Oversee the delegated authority to the Credit Committee, which approves credit facilities within approved thresholds.
- Approve agreed credit risk appetite framework as required under the Credit Risk Governance Standard as adopted by the Bank.
- Review 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.

Priorities for the year ahead

- Continue to monitor credit portfolios.
- Continue to monitor the Bank's current and future credit risk profile 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. To achieve this, the Board has delegated authority to the Board Technology and Information Committee, which is responsible for overseeing 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 for all matters related to data, technology and information.

Board Technology and Information Committee

Chairman			
Sanjeev MANRAKHAN	**Roderick POOLE**	**François 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.

Priorities for 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

The Board Nomination and Remuneration Committee assists 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	**Helmut ENGELBRECHT**	**Clive TASKER**	**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 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.

Priorities for 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.

Standard Bank (Mauritius) Limited		Board of Directors	Board Committees				
			Board Audit Committee	Board Risk Management Committee	Board Credit Committee	Board Technology and Information Committee	Board Nomination and Remuneration Committee
Number of meetings held		5	4	4	4	4	4
Chairman		Arvind Hari	Stephen Scali	Clive Tasker	Stephen Scali	Sanjeev Manrakhan	Rod Poole
Attendance							
Executive	François Gamet	5	N/A	4	4	4	N/A
	Michele Ah See	5	N/A	N/A	N/A	N/A	N/A
Non-Executive	Clive Tasker	5	4	4	N/A	4	4
	Stephen Scali	5	4	4	4	N/A	N/A
	Roderick Poole	5	4	4	4	4	4
	Helmut Engelbrecht	5	4	N/A	3	N/A	4
Independent	Arvind Hari	5	N/A	N/A	N/A	N/A	4
	Sanjeev Manrakhan	5	4	4	N/A	4	N/A

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 a Personal Account Trading Policy in place, 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 interest 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 the Directors' commitments outside of the Bank and is satisfied that the Directors allocate sufficient time 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.

In line with the Bank of Mauritius Guideline on Related Party Transactions, the Board is henceforth 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. To this end, it has in place a Data Privacy Policy that 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.

Directorships held in listed companies are as follows:

Names of Directors	Names of Companies
Clive Tasker	Nil
Stephen Scali	Nil
Michele Ah See	Nil
Rod Poole	Nil
Arvind Hari	Nil
Sanjeev Manrakhan	Nil
Helmut Engelbrecht	Nil
François Gamet	Nil
Sheila Ujoodha	Vivo Energy Mauritius Ltd, Alteo Limited and Innodis Ltd

Evolving our Ethical Framework

Our ability to achieve our purpose depends on our reputation as a trusted partner. In turn, our reputation rests on the culture 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, personal conduct, business conduct and societal conduct.

Our approach to ethics involves considering the following three types of conduct:

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

The following policies are in place to govern personal conduct:

- Company and culture
- Anti discrimination
- Sexual harassment
- Recruitment and selection
- Performance management, promotions and remuneration
- Leadership identity
- Occupational health and safety
- Leaves
- Employee relations

2. Business conduct: Doing the right business in the right way

The following policies are in place to govern business conduct:

- Anti-bribery and corruption
- Whistleblowing
- Financial crime control
- Data privacy and security
- Market abuse control
- Treating Customers Fairly (TCF)
- Ethical conduct standards

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.

The following policies are in place to govern societal conduct:

- Environmental and social risk management
- Corporate social investment policy
- Competition policy
- Trade Association Engagement policy

We aim to understand the impacts of our business activities – direct and indirect, including impacts on the environmental, societal 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.

During the year, the Group rolled out the new Code of Ethics and Conduct in an interactive document, which sets out the following:

- The Standard Bank Group's position on ethics and conduct;
- How to use the Code in decision-making;
- How to manage an ethics or conduct issue, and how to report it, if required;
- Our ethics and conduct as Standard Bankers, as a business and in society.

Each section links to relevant Group policies and frameworks and serves as a guide that can be used at any time to make decisions, when we are faced with an ethical conduct or dilemma to consider.

The Ethics and Conduct Hub includes relevant training and masterclasses that can be used for learning, review and refreshing. It also contains a decision-making tool to guide our thinking process when considering the ethics of a situation.

Relationships with the Shareholder

An important part of the Bank's approach to governing its stakeholder relationships is ensuring 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. In turn, it also provides an opportunity to 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 through various mediums, and strives to be responsive to their concerns and expectations.

The Bank's stakeholder management approach involves the application of the Bank's resources to build and maintain positive 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, and who have a stake in our 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 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.
- 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.

Direct contractual relationship

Direct contractual relationship

1. Our people
2. Our clients
3. Our partners
4. Our suppliers
5. Our shareholder

Indirect relationship

1. Civil society organisations
2. Professional bodies
3. Regulators, policy-makers
4. Academia, legislators
5. The diplomatic community
6. Political parties, special-interest and advocacy groups
7. Analysts, researchers and think tanks
8. The media
9. 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 regularly meet with their respective stakeholders 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 closely 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 we engage	Our robust client-centric model prompts us to place our clients at the centre of everything we do. We need a consistently updated and clear understanding of our clients' strategy, the environments in which they operate and the opportunities that exist to promote sustainable partnerships and solutions.	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 in supporting their objective of ensuring the financial stability and soundness of the financial system in Mauritius and internationally. To this end, 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 issues matter 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	• Promoting an integrated and personalised employee experience through meaningful career advancement and continuous development opportunities • Enable our people to grow and thrive by offering meaningful learning & career experience • A fair, diverse and inclusive work environment • Market-aligned remuneration	• Strengthening efficiency and return on investment • Responding to increased competition in challenging market conditions • Competitiveness and growth potential • Climate risk management • Strength of ESG risk management • Effectively managing Social, Economic and Environment (SEE) Impacts • Carbon trading and carbon offsetting initiatives	• Managing threats of money laundering, financing of terrorism and dealing with sanctioned entities • Good practice and conduct in the foreign exchange market • Promptly responding to and resolving customer complaints • Monitoring and addressing credit risks of financial institutions • Conduct of good Corporate Governance • Guarding ourselves against cybersecurity risks and threats through our digitisation process • Data management and data security	• Accelerating inclusive economic growth, job creation, financial inclusion and transformation • Contributing to and promoting a just and equitable society

HOW we respond and engage	• The Bank conducts a client survey annually whereby key clients are requested to evaluate various aspects of their interactions with the Bank. The 2022 client survey requested client feedback 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 the quality of systems and innovative offerings;
	  • Areas for improvement.
		• We design personalised human experiences by exploring future workplace models, while focusing on employee wellbeing.
		• We continuously transform our business to be future-ready through adequate organisational designs, structures and robust change management.
		• We continuously enhance our leadership and culture for future readiness. The aim is to create a conducive culture in line with the Bank's aspirations.
		• We developed a learning strategy: The Group has embarked on a future-ready transformation (FRT), whose aim is to build a future-fit organisation and workforce. Learning pathways were rolled out across the Bank to ensure a common understanding of FRT.
		• A People & Culture programme was set up to support the Bank's innovation-driven and performance-driven culture.
			• 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.
				• 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 2022 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 the authority to its sub-committees to consider the views of other key stakeholders with respect to consumer complaints, ethical matters, conflicts of interest, as well as environmental, social and Health and Safety matters. Management provides quarterly reports on these issues to the Board and its sub-committees for consideration. We carry out CSR initiatives throughout the year focused on the following three areas of intervention up: Education, Health & Social, Environment.
					
					Education pillar:
					• a number of scholarships were provided to students pursuing their undergraduate courses at the University of Mauritius and Vatel (Hotel and Tourism University).
					• JA Mascareignes approached the Bank for volunteers to act as mentors/coaches during the JA Mini Company Programme
					• SEDEC: Les Amis de Zippy - Aims to improve the skills of children aged 6-7 in schools and to develop coping mechanisms to manage everyday difficulties.
					• Quartier de Lumiere - The NGO's main objective is to help children of La Valette, Bambous region integrate into society.
					• Case Noyale RCA – Food Programme
					
					Health and Wellness pillar:
					• Blood Donation initiative on Blood Donation Day
					• A Breast & Prostate Cancer Screening Campaign was organised in Chemin Grenier in association with the NGO 'Link to Life'.
					
					Environment pillar:
					• Collaboration with the Mauritian Wildlife Foundation for the following projects:
					• The Ecosystem reconstruction using giant tortoises
					• The Rare Plants Conservation project
					• Mauritius Kestrel - Our 'Zwazo Nasional' (national bird)
					• Recycling initiatives within the Bank

STAKEHOLDER ENGAGEMENT					
STAKEHOLDER GROUP	CLIENTS	OUR PEOPLE	SHAREHOLDER	REGULATORS	CIVIL SOCIETY GROUPS
	The survey results revealed a score of 8.2/10 for the year 2022. Given the ongoing challenge of face-to-face meetings imposed by many clients still working from home, there was limited scope for the usual level of direct client engagement and events typically scheduled throughout the year. However, in the second half of the year, Standard Bank Mauritius hosted a successful client conference aiming to promote Mauritius as a platform for growth into Africa. Despite these constraints, the Group organised 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, the Standard Bank Group regularly engaged with shareholders and investors on ESG, SEE and climate issues. A resolution related to SBG climate policy was tabled at the 2022 AGM. Commitments were also made with ratings agencies for SEE metrics and to set targets. • 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.	**Other CSR pillar activities** • Renovation of two family homes in SOS village • Renovation of school windows at Bon Accueil RCA school • Support to Association des Amis de Don Bosco which looks after the wellbeing of 28 children • CSR activity with the NGO SAFIRE - Various electrical appliances, food and IT equipment were also donated on the day • Dogs and Cats Sterilisation Campaign • Support to the Society for Aid to Children Inoperable in Mauritius (SACIM) • Donation of IT equipment to Barkly Government School *For more information on our various CSR/SEE initiatives, please refer to the Sustainability Report section.* Sponsorships Sponsorships are an important component of the Bank's social responsibility and communication strategies. In 2022, the Bank renewed its support to the Royal Raid trail event and was the title sponsor of the Standard Bank Royal Raid 2022. Client event The Bank hosted its signature event, the Mauritius Business Conference, on the theme "Mauritius, The platform to Africa". Group clients from South Africa, Africa Regions, Europe, Asia, especially China, and Mauritius participated in the conference. *For more information on our sponsorships and client events, please refer to the Non-Financial Performance section.*

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 ESG report provides comprehensive information on the Group's sustainability and transformation efforts, as well as key non-financial performance indicators. The report aims to present a balanced view of relevant and material information to the Group's stakeholders. The report is also published on Standard Bank Group's website.

Refer to the Sustainability Report of the Bank for further details.

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

François Gamet Chief Executive	Please refer to his profile on page 57.
Michele Ah See Head: Risk	Please refer to her profile on page 57.
Nathalie Pompon-Nemorin Chief Financial Officer	Please refer to her profile on page 75.

General Management

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

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

Meenakshi Sandrasagren

Head: Global Markets

- Joined Standard Bank (Mauritius) Limited in 2011 as Head: Global Markets
- Holder of an MBA from the City University Business School (UK) and a Master'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

Daniel Philippe Ng Tseung

Head: Transactional Products and Services

- Joined Standard Bank (Mauritius) Limited in February 2014 as Head: Corporate Banking/ Transaction Banking
- 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)

Irshaan Raghununan

Head: Data

- Appointed Head: Data in July 2022
- Holder of a BCom (Law) from the University of Johannesburg and qualified from the South African Institute of Financial Markets
- Joined Standard Bank of South Africa in 2012 and held various positions including the role of Flow Sales Innovation Lead in CIB - Global Markets
- Previously worked with Mercantile Bank in South Africa.

Reshmee Kistnamah

Head: Legal and Company Secretary

- Joined Standard Bank (Mauritius) Limited in 2010 as Corporate Lawyer
- Holder of an LLB (Hons) from the University of Mauritius, an LLM in Commercial and Corporate Law from the University of London and a diploma in French Law from the 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

Niki Quentin

Head: Investment Banking

- Appointed Head: Investment Banking in July 2022
- Holder of a Master in Science in Management from HEC Paris and a CEMS MIM (Stockholm School of Economics)
- Joined Standard Bank South Africa in 2011 and held various positions including the role of Executive Vice President, Equity Capital Markets in Investment Banking.
- Previously worked with Millennium Finance Corporation, Deutsche Bank and QInvest before joining Standard Bank.

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

Nafeesa Emamally

Head: Compliance

- Appointed Head: Compliance in February 2022
- Holder of a BSc (Hons) Finance with Law from the University of Mauritius and an International Diploma in Compliance from the International Compliance Association and the University of Manchester. Also a member of ACCA, holder of IIA Certificate in Internal Audit and Business Risk from the Chartered Institute of Internal Auditors, Certified Internal Auditor (CIA) and Certified Anti-Money Laundering Specialist, CAMS (USA).
- Joined Standard Bank (Mauritius) Limited in 2017 as Head: Internal Audit
- Previously worked with Barclays Bank (Mauritius) Limited and International Management (Mauritius) Ltd.

Daniel Lai Choo

Head: Marketing & Communication

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

Aelander Mootoosamy

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

Robin Veerapen

Head: CIB 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

Vimal Naikeny

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: Carlo Casaleggio
Head: Compliance
Date resignation submitted: 01 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: the Executive Committee ('EXCO'), the Asset and Liability Management Committee ('ALCO'), the Credit Risk Management Committee ('CRMC'), the Non-Financial Risk Committee ('NFRC') and the Technology & Operations Executive Committee.

In 2022, the Executive Committee drove a series of initiatives towards 'Work Smart' principles, whereby each business unit was requested to review and identify processes that could be automated and streamlined. This brought a positive impact to the Bank in terms of time and efficiency gains, allowing for additional time to allocate to other priority deliverables.

Executive Committee (EXCO)

EXCO

Chief Executive (Chairman)	Head: Client Coverage	Head: Investment Banking	Head: Global Markets	Head: Credit
Head: People & Culture	Head: Risk	Head: Legal and Company Secretary	Head: Transactional Products and Services (TPS)	Chief Financial Officer
Head: Technology & Operations	Head: Data	Head: Operations	Head: Compliance	Head: Marketing and Communication

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 the delegation of authority to the Chief Executive, in order 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 the limits 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 communicate effectively with 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: CIB

The Head: CIB takes overall accountability for building and maintaining a strong brand and reputation at a country level, as aligned with the Standard Bank Group and its CIB Brand. He/she acts as the in-country leader of the CIB employee base and is responsible for directing, developing and managing the team in-country, in partnership with the Sub-Regional Product Heads (where applicable). The Head: CIB also ensures the generation of revenues and net earnings through the delivery of an appropriate range of banking products (Transaction Banking, Investment Banking and Global Markets Products) to the existing and targeted client base, working with and through the Client Coverage Teams.

Head: Client Coverage

The Head: Client Coverage leads 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 set goals. He/she is also responsible for leveraging industry relationships to achieve high levels of client service, business targets and revenue opportunities across Client Coverage.

Head: Global Markets

The Head: Global Markets promotes, manages and co-ordinates the Global Markets business and performs the Treasury function in-country in line with the CIB Clients' 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

The Head: Investment Banking drives the daily operations of Investment Banking in Mauritius, contributing to the performance of the local operations and the franchise across Africa. He/she also provides material support to driving necessary research, analyses, origination, execution and administration in Investment Banking.

Head: Transactional Products and Services

The Head: Transactional Products and Services drives and strategises client relationships and maximises cross-selling revenues and client profitability, while providing effective client support and relationship development to Standard Bank's CIB client base. He/she is responsible for driving the sales team, who in turn is required to sell the Bank's total product and solutions offering, which is in line with the strategic objectives of Mauritius, including Transactional Products and Services ("TPS"), Global Markets ("GM") and Investment Banking ("IB").

Chief Financial Officer (CFO)

The Chief Financial Officer is accountable for the development, translation and implementation of the finance strategy for the Bank. He/she provides leadership, vision and direction to the finance and business management teams. He/she also ensures the effective implementation and continuity of full financial management services, while constructing and driving the development and implementation of processes, systems and controls in the areas of finance and procurement.

Head: CIB Operations

The Head: CIB Operations supports the country in providing a consistently high-quality financial services platform. He/she proactively identifies and assesses the risks faced by CIB Operations and Group Real Estate Services, manages those risks, and ensures there is an effective system of controls in place to reduce overall exposure and provide a secure, appropriately staffed, and cost-effective service delivery infrastructure. The Head: CIB Operations is accountable for delivering, maintaining and monitoring appropriate infrastructure, equipment, staffing structures, procedures and controls that match the current and future strategic operational and financial needs of the business, as well as compliance and regulatory requirements.

Head: Compliance

The Head: Compliance provides input into the strategy and assists 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 business partnering initiatives across all operations.

Head: Credit

The Head: Credit manages the Country Credit Risk portfolio and profile within its risk appetite and acceptable Group parameters. He/she interacts with other departments with regard to credit strategy and manages various credit-related department staff.

Head: Data

The Head: Data translates the Standard Bank Group's data vision and strategy, as well as Country/Business Unit/Corporate Function strategy into data strategies to support the Group's objectives. He/she implements the data strategy by co-ordinating and facilitating data programmes to enable consistent and effective data-driven business decisions to be made. The Head: Data also enforces governance and compliance by ensuring alignment with the Enterprise Data Committee framework, policies and standards.

Head: Internal Audit

The Head: Internal Audit ensures that all risks inherent to the business unit are identified. He/she then evaluates the identified controls and makes recommendations as to their adequacy and effectiveness. The Head: Internal Audit undertakes audit assignments within the various units of the Bank's operations to ensure adherence to policies, systems, guidelines and procedures that may be approved by the Bank and regulatory authorities, and confirm these are serving their purpose as intended.

Head: Legal & Company Secretary

Within the overall Group legal strategy, the Head: Legal & Company Secretary drives the development of the key legal risk indicators for Legal Risk Management within the organisation, including the definition of the legal framework, evaluating the potential likelihood of legal risks and their impact, and determining the appropriate controls to be in place. He/she provides 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, the incumbent provides professional advisory service to the Board of Directors and ensures that the Board fulfils its lawful obligations, statutory duties and performs its functions in accordance with law and the Bank's constitution. He/she is also responsible for the implementation of sound corporate governance principles within the organisation in line with international and local best practices.

Head: Marketing & Communication

The Head: Marketing & Communication directs and oversees 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. He/she leads a creative, integrated, multi-channel marketing team that builds brand awareness and reputation, provides a steady flow of demand through, for example, sales leads, and measures the return on marketing investments.

Head: People and Culture

The Head: People and Culture translates the Group's and business lines' People strategies into tactical operational plans and incorporates it into the overarching Country People plan for execution at the country and business unit level. He/she ensures that staff costs are aligned with the Bank's overall strategy, provides a Human Capital business partnering function to senior management and executives of the business, coordinates the delivery of Human Capital (HC) 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 at all times.

Head: Risk

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

Head: Technology and Operations

The Head: Technology and Operations develops and implements local Technology and Operations execution, partners with Group Technology & Operations and Country leadership, and provides strategic vision and operational Technology leadership for the Technology & Operations function. He/she delivers client strategies aligned with Client Solutions and Client Segments strategies, and manages the in-country delivery and provision of local support for the Group's shared solutions, while leading and driving technological and operational excellence and efficiencies.

Asset and Liability Management Committee (ALCO)

ALCO

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

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)

CRMC

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

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.
- Oversee 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.
- Approve 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)

NFRC

- Head: Risk (Chairman)
- Chief Executive
- Head: Compliance
- Head: Legal and Company Secretary
- Head: Transactional Products and Services
- Head: Operations

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 the 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 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

Technology & Operations Executive Committee

- Head: Technology & Operations (Chairman)
- Head: Operations
- Head: Risk
- Chief Executive

Summary of key terms of reference

- The purpose of the Committee is to provide assurance to the EXCO and the Board that management has implemented effective IT Governance structures that support the 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 the Standard Bank Group, one of which is the use of standards that 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 accordingly, IT Risk Management is an integral part of the risk management processes, reporting and oversight. The Board of the Bank, 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-committees. 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 to 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 that articulate the mandates with regard to reporting to committees, sub-committees and the Technology Board of the Bank.
- Technology governance domains that relate to strategic integration, resource management, value delivery, risk management and performance management.
- Technology strategy that 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. The 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 culture of the organisation. Risk management practices focus on significant threats and opportunities associated with the achievement of all business objectives. The standard focuses 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 Bank's broader financial outcomes. 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 that:

- The 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 are optimised and improved by:
  - Ensuring IT investments are leveraged to their maximum by encouraging the reuse of replicable solutions;
  - Creating and retaining architecture-related intellectual capital at a Group-wide level through the 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 the 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; and
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; and
- 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 over 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 amounts represent the sum paid to executive, non-executive and independent Directors for the year under review:

	USD
Rod Poole	41,800
Stephen Scali	34,452
Clive Tasker	36,552
Sanjeev Manrakhan	31,300
Arvind Hari	39,448
Total Non-Executive Directors	**183,552**
Marie-Michele Ah See	275,742
François Gamet	943,188
Total Executive Directors	**1,218,930**
Total Non-Executive & Executive Directors	**1,402,482**

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.

Included in the Chief Executive Remuneration are deferred incentives awarded as part of his previous employment within the Group namely Standard Advisory (China) Limited.
The non-executive Directors are not entitled to share options or bonuses associated with organisational performance. Additionally, as per the Group policy, no fees are payable to Directors who are employed by the Group. Wilhelmus Jacobus Engelbrecht is employed by the Group and hence is not remunerated by the Bank.

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

Sustainability Report

Driving Africa's growth in a responsible manner is one of the Bank's key strategic pillars. We do this by remaining strongly committed to creating value for the environment and the communities in which we operate, which we measure through our positive Social, Economic and Environmental (SEE) impact.

Positive Environmental Impact

At the Bank, we strive to adopt environmentally-friendly and ecological practices to help preserve the environment and reduce our carbon footprint, as far as possible. Several initiatives and metrics have been implemented across the Bank over the years, which we continue to monitor to evaluate the effectiveness of our actions, make relevant improvements and hold ourselves accountable to clear objectives.

Our goal is to drive Sustainability across our operations by addressing all activities impacting energy, water and waste. Our direct impacts arise mainly from our energy use at our head office, 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.

Energy Consumption

Electricity comprises the major contributor to our direct carbon footprint. Most of our efforts are therefore geared towards conserving natural resources, which not only aid in tackling climate change, but also bring added cost-reduction benefits. Our energy management system is designed to improve our energy performance, while aligning with international standards.

Energy metrics	2022 USD	2021 USD
Purchased electricity	**97,471**	150,262
Energy consumption	**520,787**	741,394

The table illustrates a reduction in energy consumption compared to the previous year, as a result of the decommissioning of our data centre at the Work Area Recovery, coupled with improved behaviour changes and increased awareness in our facilities.

In some areas of the Bank, natural ventilation is favoured, which significantly improves the air quality within the office space. In turn, this leads to more efficiency, a lower risk of any virus spreading, and a reduction in electricity consumption. We continue exploring energy efficient initiatives to drive down our energy use, ranging from the use of LED lights to AC timers. Continuous monitoring is also key to optimising our electricity usage, as it offers insights into our trends and patterns that can then be targeted to reduce consumption.

We have also embarked on the decarbonisation of our Real Estate portfolio in line with the Paris Climate Accord. The programme aims to ensure that all new points of representation are net zero by 2030 and that all existing facilities are compliant by 2050.

Waste

Our waste, including paper, electronic waste, and hazardous and wet waste from our staff mess room, is adequately disposed of and recycled. Dedicated boxes are set up to collect paper, cell phones, used batteries for small appliances and coffee capsules, which are sent for recycling.

Hybrid working model and a paperless approach in various departments within the Bank has reduced waste.

Occupational Health and Safety (OHS)

We value and protect the health and safety of our employees and any person who may be affected by our business activities. Our OHS Policy seeks to achieve high standards of care and provide a healthy and safe workplace for employees, contractors, clients, visitors, and other relevant persons.

Although the Bank operates in a relatively low-risk environment, with our stakeholders not exposed to significant OHS hazards, we have nevertheless put in place a series of measures to ensure that we continually improve our health and safety performance. This year, the Bank did not register any health and safety incidents. Training and awareness for all employees is an ongoing process, enforced with a mandatory yearly OHS General Awareness e-module available on our training platform, and through regular communication by email.

We offer continuous support to employees through different initiatives, such as online health and wellness webinars, hybrid working, flexitime and the Employee Assistance Programme, which was maintained throughout the year.

Corporate Social Responsibility

Changing lives | More than a Bank | Caring for the community in which we operate

In 2022, the Bank took its social initiatives further by aligning itself with the Group's five areas of focus (illustrated below), which consolidate the work we were already undertaking under one umbrella. A new SEE Committee was created to oversee our CSR activities, and smaller working groups were formed to deliver on these pillars in an efficient and meaningful way.

Our five areas of focus

1. Promoting and supporting trade to and from Africa
2. Infrastructure and investment into growing the communities on our continent
3. Environmental initiatives, including climate change and sustainability
4. Health and wellness
5. Education and other CSR initiatives

Our financial contribution to achieve many of the initiatives for the year stood at USD 113,539.

In 2022, beyond our financial contributions, our colleague invested tireless and selfless efforts in carrying out special projects on the island to uplift disadvantaged people, contribute to improving living conditions and animal welfare, educate ourselves and others on environmental challenges and focus areas, and support our communities in every way, pouring heart and spirit behind each intervention.

ENVIRONMENTAL INITIATIVES

As champions of endangered species and plants in collaboration with the **Mauritian Wildlife Foundation (MWF)**, we carried out the following projects:

The ecosystem reconstruction project using giant tortoises from Aldabra. These tortoises are used as an ecological replacement for the extinct Mauritian species, to restore the lost 'plant-tortoise' interactions such as browsers, grazers and seed dispersers, and recreate the native forest on Ile aux Aigrettes and Round Island.

The rare plants conservation project, which undertakes to propagate and plant the rarest species to increase their numbers and save them from extinction, helping to support the endemic fauna.

Mauritius Kestrel - Our Zwazo Nasional (National Bird), one of the nine endemic bird species left in Mauritius. The aim of the project is to prevent its population decline by attaining a viable, stable or increasing population, and increase the distribution of the birds. The rescue of the kestrel from extinction is one of the greatest conservation success stories in Mauritius, a laudable cause the Bank is proud to have supported.

Forest Conservation Sensitisation. A guided tour was organised in the conservation zone of La Vallée de Ferney with a view to sensitise and promote the importance of preserving our biodiversity.

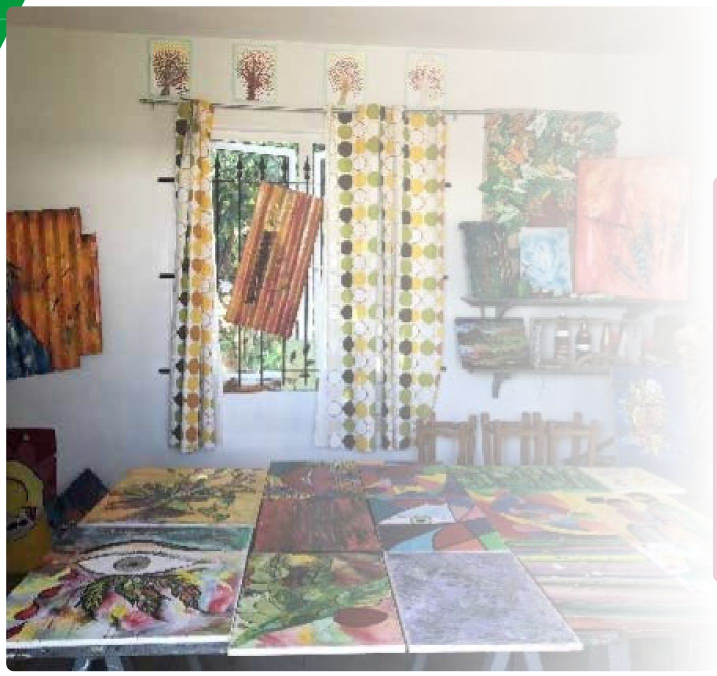
HEALTH AND WELLNESS

Health and wellness

65 participants braved the bad weather on blood donation day and a total of 39 pints of precious blood were collected. Saving lives as a team!

A Breast & Prostate Cancer Screening Campaign was organised in Chemin Grenier in association with the NGO Link to Life. 120 participants were screened on that day. Pre-screening saves lives!

EDUCATION



The Bank has partnered with several NGOs and schools to carry out our educational initiatives:

University of Mauritius

We continued extending our support to 24 students with limited financial means at the University of Mauritius to pursue their undergraduate courses. We exceeded the symbolic 100 scholarships awarded since the scholarship programme started, covering university fees and a monthly stipend to our scholars. We are proud to have assisted and accompanied so many students in their tertiary education. This initiative will be extended to the University of Technology Mauritius in 2023.

Vatel Mauritius

We embarked on a new partnership with Vatel Mauritius to support the Hospitality sector, a key contributor to the Mauritian economy. Through the Lift Programme, we sponsored four students for a three-year undergraduate programme.

JA Mascareignes School

The Bank was approached by the JA Mascareignes school to act as mentors/ coaches during the JA Mini Company Program, an initiative intended to grow, develop and upskill budding young students. The coaching session was aimed to empower them and increase their confidence levels. Budding entrepreneurs! We are dedicated to supporting youth development initiatives clearly highlighted through this sponsorship and plan to continue supporting it over the next three years.

Les Amis de Zippy

"Les Amis de Zippy" programme aims to improve the skills of young children aged 6-7 to develop coping mechanisms to navigate everyday difficulties. The Bank has been funding two projects: 1) Teaching of life-coping skills to Grade II students and 2) counselling support to teenagers, as well as their parents and teaching and non-teaching staff.

Quartier de Lumières

Quartier de Lumières' objective is to help children of La Valette, Bambous, region to integrate into society. We support their activities by organising extracurricular creative workshops, outings to enhance the knowledge of the children and providing them with various other life and IT skills.

INFRASTRUCTURE AND INVESTMENTS INTO GROWING OUR COMMUNITIES

During the year, Standard Bankers rolled up their sleeves and participated in the following initiatives:

- Repainted two family homes at SOS Village Beau Bassin.
- Organised a successful activity day with the children of Association Des Amis de Don Bosco. The NGO has at heart the interest of children deprived of education due to poverty, providing them with the appropriate framework for their development and growth.
- Organised a CSR activity with SAFIRE (Service d'Accompagnement de Formation d'Insertion et de Réhabilitation de l'Enfant)
- Carried out renovation works to replace damaged windows at Bon Accueil RCA School and provide a secure environment to children at school.
- Donated 15 laptops to the Barkly Government School, enabling the students to access well-equipped technology for their computer studies, including software packages.
- Implemented the Food Programme at the Case Noyale RCA School and since this initiative was rolled out a few years back, attendance has improved, the students are more focused with a full stomach and better academic results were observed.

In an effort to control the number of stray animals on the island, we have partnered with an NGO for an animal sterilisation campaign in the northern region of the island.

The Bank also continues to collaborate with SACIM (Society for Aid to Children Inoperable In Mauritius) to support children from low-income families in Mauritius.

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 2022

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
24 March 2023

Chief Executive
François Gamet

Belle Mare – **Mauritius**

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH / Chamarel 7 Coloured Earth – **Mauritius**

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 its 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 organisational 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, the assessment and control of major risk areas, and the assessment of significant and related party transactions.

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

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

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

Chairman
Arvind Hari
24 March 2023

Director
Stephen Scali

Chief Executive
François Gamet

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
24 March 2023

Director
Stephen Scali

Chief Executive
François Gamet

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

24 March 2023

Independent Auditor's Report

To the Shareholder of Standard Bank (Mauritius) Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Standard Bank (Mauritius) Limited (the "Bank") as at 31 December 2022, 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 financial statements of Standard Bank (Mauritius) Limited set out on pages 97 to 214 comprise:

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

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ('ECL') The measurement of the ECL for financial assets measured at amortised cost and at Fair Value through Other Comprehensive Income (FVOCI) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The key areas of significant management judgment within the ECL calculations include: • Evaluation of significant increases in credit risk ("SICR"); • Incorporation of macroeconomic 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 operating effectiveness of the relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, key system reconciliations and collateral management. We assessed the appropriateness of 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). In addition, our procedures included assessing the appropriateness of the ECL model through reperformance. We assessed whether the stage classification of stage 1 and stage 2 exposures was appropriate in terms of the Bank's accounting policy on SICR at the end of the reporting period. This procedure included the inspection of credit ratings, at the end of the reporting period, relative to origination date. For Stage 3 exposures, we considered the classification under IFRS 9 and assessed the appropriateness of the inputs used. We independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level. We also assessed the adequacy of the disclosures in the Annual Report in accordance with IFRS 9.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, and 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 our professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period, and those are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit, we consider and report 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 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.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") 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 this Annual Report, the Bank has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

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 | **Michael Ho Wan Kau, licensed by FRC**

24 March 2023

Statement of Financial Position

As at 31 December 2022

	Notes	2022 USD	2021 USD	2020 USD
Assets				
Cash and cash equivalents	7	**1,264,418,782**	1,396,876,510	1,050,583,021
Trading assets	8	**—**	4,632,688	1,013,864
Derivative assets	9	**3,490,100**	1,478,203	2,591,021
Loans and advances to banks	10	**666,958,902**	378,110,762	259,159,883
Loans and advances to customers	11	**253,370,640**	168,282,099	187,757,655
Financial investments	12	**464,645,971**	215,996,009	219,976,793
Property, plant and equipment	13	**2,099,326**	2,603,169	3,176,313
Intangible assets	14	**13,097,949**	14,591,337	16,089,725
Right of use assets	15	**1,581,294**	2,277,954	2,660,383
Deferred tax assets	16	**318,771**	153,304	153,687
Other assets	17	**5,962,585**	5,451,631	7,003,480
Total Assets		**2,675,944,320**	2,190,453,666	1,750,165,825
Liabilities				
Deposits from banks	18	**138,644,111**	115,259,853	100,378,191
Deposits from customers	19	**2,371,102,231**	1,943,879,551	1,504,343,412
Derivative liabilities	9	**3,140,449**	1,812,615	3,232,991
Lease liabilities	15	**1,516,872**	2,072,285	2,805,235
Current tax liabilities	20	**924,505**	310,402	222,769
Other liabilities	21	**13,622,500**	8,402,620	9,433,710
Total Liabilities		**2,528,950,668**	2,071,737,326	1,620,416,308
Shareholder's Equity				
Share capital	22	**35,000,000**	35,000,000	35,000,000
Statutory and other reserves	34	**30,879,038**	26,182,241	23,277,818
Retained earnings		**81,114,614**	57,534,099	71,471,699
Total equity attributable to equity holder		**146,993,652**	118,716,340	129,749,517
Total Equity and Liabilities		**2,675,944,320**	2,190,453,666	1,750,165,825

Approved by the Board of Directors and authorised for issue on 24 March 2023.

Chairman	Director	Chief Executive
Arvind Hari	**Stephen Scali**	**François Gamet**

The notes on pages 101 to 214 form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 USD	2021 USD	2020 USD
Interest income		**52,052,698**	18,696,805	27,799,694
Interest expense		**(12,377,924)**	(2,496,837)	(5,016,964)
Net interest income	24	**39,674,774**	16,199,968	22,782,730
Fee and commission income		**8,192,565**	6,282,858	5,764,426
Fee and commission expense		**—**	(52,670)	(135,615)
Net fee and commission income	25	**8,192,565**	6,230,188	5,628,811
Net trading income	26	**12,060,846**	8,352,426	6,068,459
Net income from other financial instruments carried at fair value	27	**—**	—	54,846
Other operating income	28	**263,859**	279,839	275,506
		12,324,705	8,632,265	6,398,811
Operating income		**60,192,044**	31,062,421	34,810,352
Net impairment release/(charge) on financial assets	29	**992,751**	1,218,658	(9,718,156)
Personnel expenses	30(a)	**(11,946,548)**	(7,696,561)	(6,916,189)
Operating lease expenses	31	**(123,302)**	(408,124)	(72,875)
Depreciation on right-of-use assets	15	**(949,077)**	(647,632)	(645,876)
Depreciation and amortisation	13&14	**(2,205,427)**	(2,237,942)	(2,254,273)
Other expenses	32	**(9,942,636)**	(7,165,483)	(6,937,193)
		(24,174,239)	(16,937,084)	(26,544,562)
Profit before income tax		**36,017,805**	14,125,337	8,265,790
Income tax expense	33	**(3,080,815)**	(1,027,518)	(784,727)
Profit for the year		**32,936,990**	13,097,819	7,481,063
Other comprehensive income				
Item that may be reclassified to profit or loss				
Net loss on fair value of debt instruments		**(53,515)**	(8,831)	(8,905)
Item that will not be reclassified to profit or loss				
Remeasurement of defined benefit liabilities, net of tax.	30(c)	**393,837**	877,945	(579,720)
Other comprehensive income for the year		**340,322**	869,114	(588,625)
Total comprehensive income for the year		**33,277,312**	13,966,933	6,892,438

The notes on pages 101 to 214 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 USD	2021 USD	2020 USD
Cash flows from operating activities				
Profit before income tax		36,017,805	14,125,337	8,265,790
Adjusted for:				
Depreciation and amortisation	13/14/15	3,154,504	2,885,574	2,900,149
Loss on plant and equipment written off		35,048	—	—
Modification loss under IFRS 16		—	312,214	—
Net foreign exchange difference		(1,682,679)	260,771	31,541
Net impairment charge/(release) on financial assets		1,775,512	(367,515)	9,746,560
Retirement benefit cost	30 (C)	299,533	159,430	119,136
Interest income		(52,052,698)	(18,696,805)	(27,799,694)
Interest expense		12,377,924	2,496,837	5,016,964
Changes in operating assets and liabilities				
Decrease / (Increase) in trading assets		4,632,688	(3,618,824)	2,677,079
(Increase) / Decrease in derivative assets and liabilities		(684,063)	(307,558)	88,461
(Increase) / Decrease in loans and advances to banks		(284,453,089)	(118,411,594)	40,811,150
(Increase) / Decrease in loans and advances to customers		(86,500,869)	19,853,445	30,307,286
(Increase) / Decrease in other assets		(812,519)	1,493,972	559,039
Increase in deposits from banks		23,373,896	15,120,371	12,137,269
Decrease in other borrowed funds		—	—	(470,766)
Increase in deposits from customers		426,501,229	440,039,589	293,759,615
Increase / (Decrease) in other liabilities		4,302,622	(785,422)	(3,429,948)
(Increase) / Decrease in financial investments		(5,763,672)	1,749,016	1,155,930
Interest received		47,333,043	18,110,887	25,741,271
Interest paid		(11,646,112)	(3,238,996)	(5,692,352)
Income tax paid		(1,489,285)	(928,552)	(1,496,757)
Benefit paid on defined benefit obligation	30(c)	(2,553)	(24,785)	(58,628)
Net cash from operating activities		114,716,265	370,227,392	394,369,095
Cash flows from investing activities				
Capital expenditure on property, plant and equipment		(254,315)	(166,410)	(49,518)
Capital expenditure intangible assets		—	—	(544,460)
Purchase of financial investments	12	(377,213,482)	(97,007,943)	(128,031,108)
Financial investments matured	12	134,263,862	99,161,556	103,900,036
Proceeds from sale of property, plant and equipment		11,071	—	—
Net cash (used in) / from investing activities		(243,192,864)	1,987,203	(24,725,050)
Cash flows from financing activities				
Principal portion of lease liability paid		(799,444)	(624,075)	(582,545)
Dividends paid	36(x)	(5,000,000)	(25,000,000)	(5,000,000)
Net cash used in financing activities		(5,799,444)	(25,624,075)	(5,582,545)
Net (decrease)/increase in cash and cash equivalents		(134,276,043)	346,590,520	364,061,500
Net foreign exchange difference		1,674,293	(260,771)	(31,540)
Cash at the beginning of the year		1,396,876,510	1,050,583,021	686,658,119
Effect of IFRS 9 impairment charge		144,022	(36,260)	(105,058)
Total cash at end of the year	7	1,264,418,782	1,396,876,510	1,050,583,021

The notes on pages 101 to 214 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital USD	Statutory reserve USD	Other reserves USD	Retained earnings USD	Total equity attributable to equity holder USD
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 36)	—	—	—	(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 36)	—	—	—	(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
Balance at 01 January 2022	35,000,000	25,545,414	636,827	57,534,099	118,716,340
Profit for the year	—	—	—	32,936,990	32,936,990
Other comprehensive income:					
Net loss on fair value of debt instruments	—	—	(53,515)	—	(53,515)
Remeasurement of defined benefit liabilities	—	—	393,837	—	393,837
Total comprehensive income for the year	—	—	340,322	32,936,990	33,277,312
Transfer to statutory reserve	—	4,940,548		(4,940,548)	—
Transfer to credit risk reserve	—	—	(584,073)	584,073	—
Transactions with owner of the Bank:					
Dividend to equity holder (Note 36)	—	—	—	(5,000,000)	(5,000,000)
Balance at 31 December 2022	35,000,000	30,485,962	393,076	81,114,614	146,993,652
Note	22		34		

The notes on pages 101 to 214 form part of these financial statements.

Notes To and Forming Part of the Financial Statements

for the year ended 31 December 2022

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 Exchange Square, Wall Street, 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 activities.

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.
- Retirement benefit obligations is measured at fair value of plan assets less present value of the retirement 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, plant and equipment and right of use assets 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 2022, the rate of the Mauritian Rupee against the US Dollar was approximately 44.00 (2021: 43.70).

(d) Use of estimates and judgements

The preparation of the annual financial statements in conformity with IFRS 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.

Standards adopted during the year 31 December 2022:

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

2.1 Detailed accounting policies

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

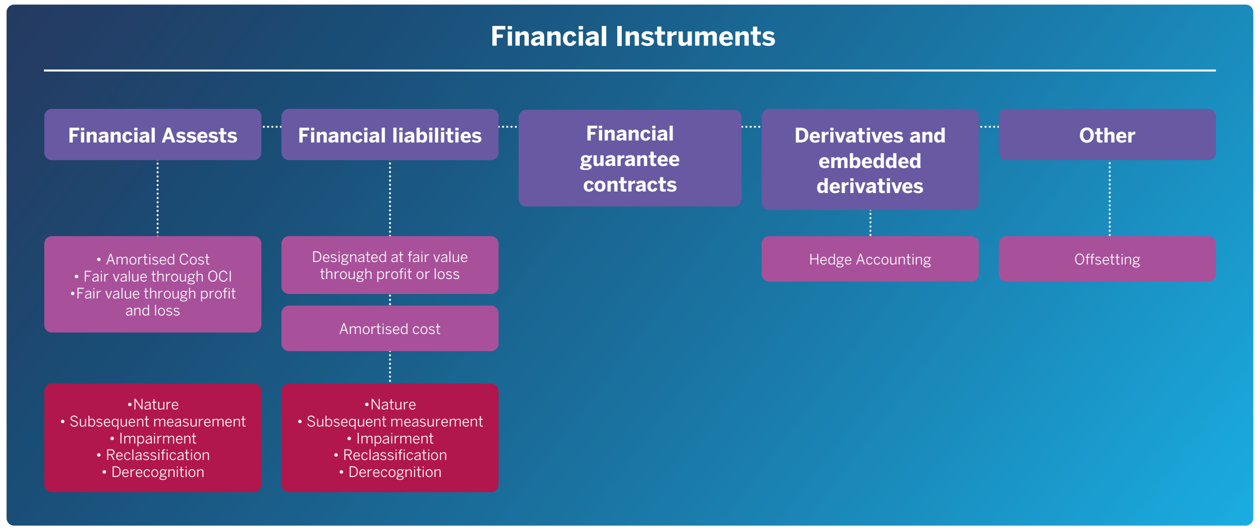
a) Foreign currency translations

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

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

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

b) Financial instruments



2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

A. Initial measurement

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:

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.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C. Impairment (continued)

(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 is recognised for all exposures for which there has been SICR. This includes the impact of the LGD work out, being an increase in the lifetime period over which subsequent cures and re-defaults are considered. The requirement to hold ECL on off-balance sheet exposures has been included where appropriate within this classification.

Internal Ratings-based Approach

The Bank uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below.

Master ratings scale	Grading	Credit Quality	Moody's Investor Services	Standard & Poor's	Fitch
1 - 4	Investment grade	Normal monitoring	Aaa, Aa1, Aa2, Aa3	AAA, AA+, AA, AA-	AAA, AA+, AA, AA-
5 - 7			A1, A2, A3	A+, A, A-	A+, A, A-
8 - 12			Baa1, Baa2, 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.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C. Impairment (continued)

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 bank that is not expected to be recovered after default and is expressed as a percentage of the EAD. LGD measures are a function of customer type, product type, seniority of loan, country of risk and level of collateralisation. LGD is calculated using the workout method (discounted cash flows). Forecasting is performed for accounts that are still in default at the end of the outcome period. LGDs are estimated based on historical recovery data per category of LGD. A downturn LGD is used in the estimation of the capital charge and reflects the anticipated recovery rates in a downturn period. The lifetime LGD provides an estimate of expected recovery experience over the lifetime of a financial instrument in the event of default. The calculation relies on an estimate for LGD as at each point in time over the lifetime of the loan.

Lifetime LGD work out

Increased lifetime period over which subsequent cures and re-defaults are considered resulted in higher credit impairments for credit-impaired financial assets.

(v) Forward-looking expectations

Forward-looking economic expectations are incorporated in client ratings. The client rating thus reflects the expected client risk for the Bank's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

- The Group Economics Research team determines the macroeconomic outlook for each country and a Group view of commodities over a planning horizon of at least three years. The outlook is prepared on a half yearly basis and is provided to the Bank's Asset and Liability Committee (ALCO) for review and approval.
- Macroeconomic outlooks take into account various variables such as gross domestic product, central bank policy interest rates, inflation, exchange rates and treasury bill rates.
- Narratives for each of the country economic outlooks, being bear, base and bull cases, are compiled and typically include consideration of the country's economic background, sovereign risk, foreign exchange risk, financial sector, liquidity and monetary policy stance.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers and are reviewed monthly.
- The forward-looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

South Africa (SA)

- The aggressive action taken globally to normalise monetary policy amid persistently high inflation rates resulted in emerging markets facing financial market volatility during 2022. While demand-driven inflation remains relatively subdued in South Africa, rising commodity prices, particularly for food and fuel, have placed increased pressure on headline inflation rates. Under the base scenario, the base effects that are expected to impact economic growth include the fuel price pressure dissipating, although food price inflation is expected to remain at current levels. Furthermore, we anticipate the rand to strengthen/gain against the US dollar, notwithstanding a fair amount of volatility. The terms of trade will likely move within a stable range over the medium term, providing some support. The Monetary Policy Committee (MPC) has responded by proactively implementing a targeted monetary policy normalisation strategy, in line with key global central banks. After increasing the policy rate by another 75 basis points (bps) at the November 2022 MPC meeting, a further increase of 25 bps was announced in January 2023. Gross domestic product (GDP) growth is expected to continue to be hampered by domestic constraints such as severe loadshedding, failing rail and port infrastructure and low business confidence, exacerbated by a less supportive global economic environment. Investments in capital expenditure and infrastructure, in particular for green energy and self-generation capacity, as well as the recovery in the tourism sector, will contribute to economic growth. Continued, albeit slow, momentum in the implementation of structural economic reforms is expected to provide some improvement to medium-term growth expectations in the base scenario.
- The bear case scenario forecasts a longer-lasting impact on growth of the negative global shocks experienced. It assumes that growth will be contained primarily due to oil prices remaining higher, driven by efforts to reduce Russia's oil export revenues and Russia's resultant retaliation) combined with slower growth in China, particularly in the property sector with lower real estate investment. In South Africa, electricity supply, rail and port infrastructure inefficiencies and stalling reform momentum will weigh on potential growth and constrain economic activity in this scenario. A higher idiosyncratic risk premium is applied to South Africa and this, together with tighter global financial conditions, will result in lower capital inflows and thereby necessitate a higher policy rate. Adverse events relating to climate change, for example the severe flooding experienced in KwaZulu-Natal in 2022, are assumed to be a more regular occurrence under this scenario.
- The bull case scenario assumes somewhat improved global conditions but relies on the implementation of structural reforms in South Africa gaining momentum. Electricity supply, rail and port infrastructure recover faster than in the base scenario, lifting potential economic growth and business and consumer confidence, and attracting capital inflows. Under this scenario, inflation decelerates faster, providing scope for the South African Reserve Bank (SARB) MPC to reverse some of the policy rate increases already made.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C. Impairment (continued)

Mauritius

Following the reopening of borders late in 2021, the Mauritian economy has been gradually recovering, supported by greater dynamism across key sectors of the economy. The services sector has strengthened over the year, supported by the resilience in tourism, with positive spill over effects to other areas of the economy. Sectors such as manufacturing, financial services, construction and retail trade sectors continue to maintain good momentum with promising prospects. This triggered an improvement on the unemployment rate compared to 2021, whilst economic growth has been projected to close at 7.8% in 2022 (2021:3.5%). In line with the global inflationary pressures Mauritius saw its headline inflation rate soaring to a double digit at 10.3% given its high dependency on imports.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

Mauritius Macroeconomic Indicators	2022	Base Scenario[3]		Bull Scenario[3]		Bear Scenario[3]	
		Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]
Inflation (%)*	10.80	6.61	3.3	5.84	2.59	7.39	3.99
Prime (%)*	4.50	5.5	4.67	4.75	4.38	6.06	5.54
Real GDP (%)*	7.80	4.6	4.11	5.5	5.01	3.7	3.21
3m Tbill rate (%)*	4.35	4.3	3.47	3.43	3.06	4.74	4.22
6m Tbill rate (%)*	4.65	4.3	3.47	3.45	3.08	4.76	4.24
Exchange rate USD/ MUR*	44.00	43.1	41.57	42.32	40.87	43.87	42.27

Sources: Standard Bank Research Team, Statistics Mauritius, Bank of Mauritius

*Actual figures as at 31 December 2022
1 Next 12 months following 31 December 2021 is 1 January 2022 to 31 December 2022
2 The remaining forecast period is 1 January 2023 to 31 December 2025.
3 The scenario weighting is: base at 50%, bull at 15% and bear at 35%.

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

- The expected credit loss methodology for corporate, sovereign and bank products is based primarily on client specific risk metrics, as such the forward looking macroeconomic information is one of the component and/or driver of the total reported expected credit loss. Rating reviews of each client are performed at least annually, and entails credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total expected credit loss for each client and cannot be stressed or separated out of the overall expected credit loss provision

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2022 based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	2022 Forward Looking component of ECL Provision	2022 Income Statement (release)
Forward-looking impact on the total ECL provision	19,630,687	(992,751)
Scenarios		
Base	19,593,260	(1,030,178)
Bear	19,758,653	(864,785)
Bull	19,523,867	(1,099,571)

(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.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C. Impairment (continued)

(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 Bank would not otherwise consider;
- where, in the Bank's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Bank has not rebutted the IFRS 9's 90 days past due rebuttable presumption.

(viii) Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with the expectation that the probability of recovery is nil and this probability is not expected to change in the future.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

(ix) Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). However, in the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the bank's Credit Governance Committee (as appropriate). Such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, when compared to the credit rating at initial recognition, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively. A rehabilitation period of at least 6 months (subsequent to a client repaying all outstanding facilities) would be needed for the client's internal rating to decrease back to its rating scale at initial recognition and move from stage 2 to stage 1 accordingly.

(x) Debt financial investments

In terms of IFRS 9, the impairment provision is calculated per exposure. The ECL measurement period of a minimum is equal to 12 months ECL of the debt financial investment. A loss allowance for lifetime ECL is required if the credit risk has increased significantly.

(xi) Off-balance sheet exposures – undrawn commitments, guarantees and letters of credit

The requirement to hold ECL on off-balance sheet financial instruments, such as undrawn commitments, guarantees and letters of credit, resulted in a requirement to hold additional credit impairment provisions.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

C. Impairment (continued)

(xii) Recognition of ECL

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

(xiii) Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Bank changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value.
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI.
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value.
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value.
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

D. Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand, unrestricted balances held with the Central Bank 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.

Financial liabilities

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.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

D. Cash and cash equivalents (continued)

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:

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.

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.	

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

F. Financial guarantee contracts or loan commitment below market rate

A financial guarantee contract is a contract that requires the Bank (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.

A loan commitment is described as a firm commitment to provide credit under specified terms and conditions. It is a binding promise from the lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain rate, during a certain period and, usually, for a certain purpose.

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 value through profit or loss. The host contract is accounted for and measured applying the relevant 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 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.

<u>Hedge accounting</u>

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.

2.1 Detailed accounting policies (continued)

b) Financial instruments (continued)

G. Derivatives and embedded derivatives (continued)

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

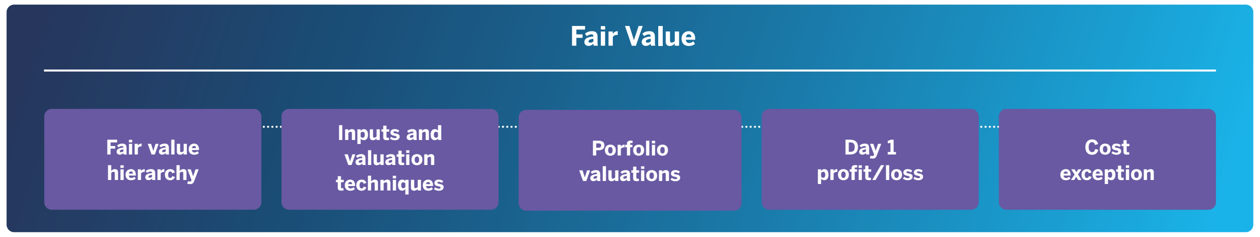
Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

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.

<u>Fair value hierarchy</u>

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.

2.1 Detailed accounting policies (continued)

(c) Fair Value (continued)

Hierarchy levels

The levels have been defined as follows:

Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2	Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analysis are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value. The Bank's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

2.1 Detailed accounting policies (continued)

(c) Fair Value (continued)

Inputs and valuation techniques (continued)

Item and Description	Valuation Technique	Main Inputs and Assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange and interest rate derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include discounted cash flow model.	For 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)

Inputs and valuation techniques (continued)

Item and 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.

2.1 Detailed accounting policies (continued)

(c) Fair Value (continued)

Portfolio valuations

The Bank has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as 'day one profit or loss'. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs. Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(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.

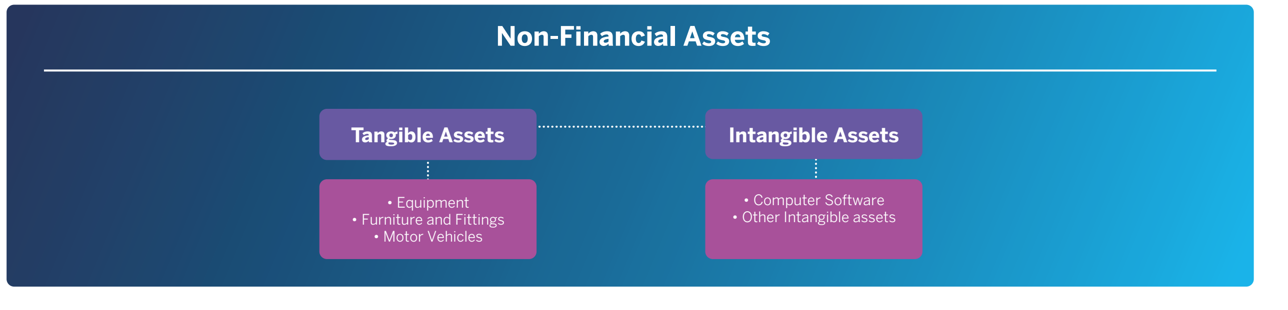
Short-term employee benefits

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 (equipment, furniture and motor vehicles) Equipment, furniture and fittings, and motor vehicles are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.	Property, plant 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 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)

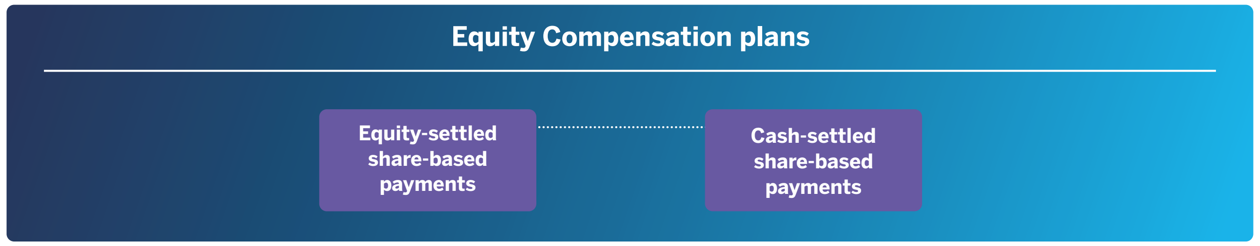
(e) Non-financial assets (Intangible assets and Property and equipment) (continued)

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 Bank 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 Bank'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 Bank 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 Bank 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)

Reassessment and modification of 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) Equity

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

(i) Provisions, contingent assets and contingent liabilities

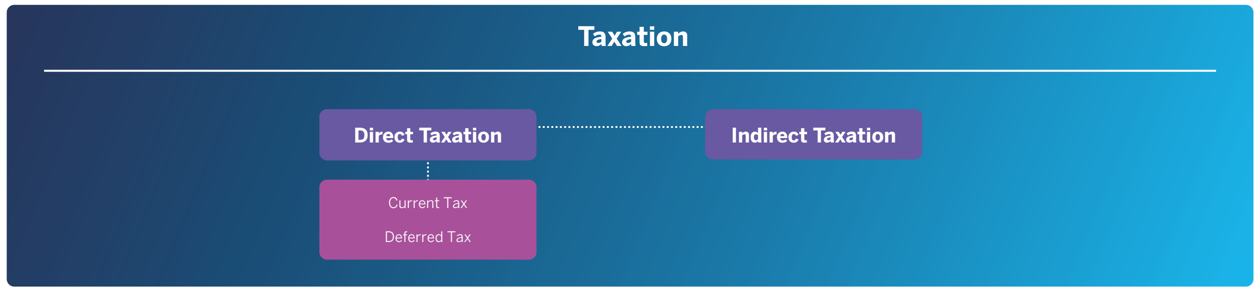
Provisions, Contingent Assets and Contingent Liabilities

- Provisions
- Contingent Assets
- 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)

(j) Taxation



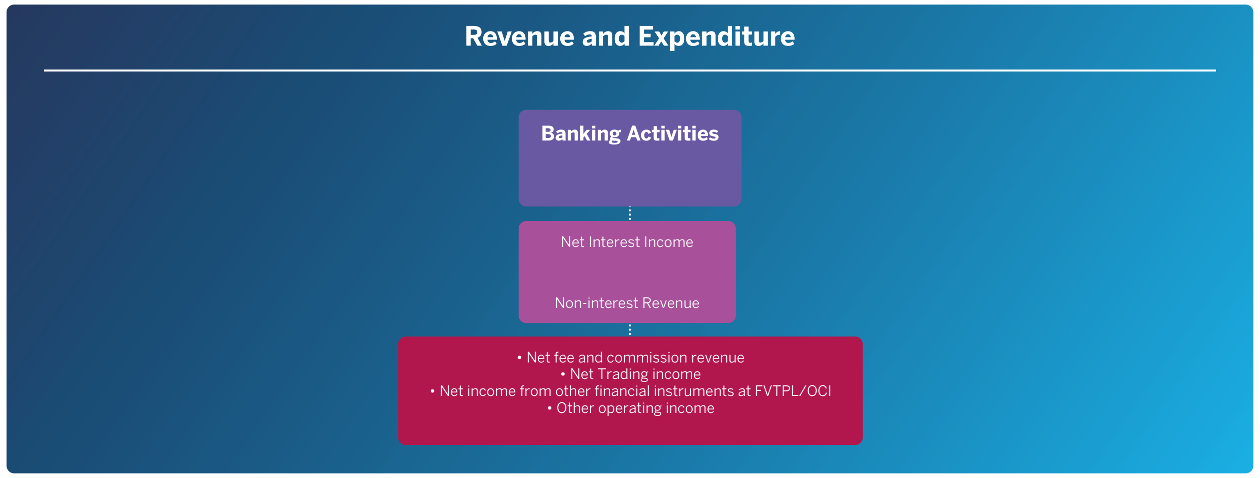
Type	Description, recognition and measurement	Offsetting
Current tax-determined for current period transactions and events	Current tax is recognised in the income tax expense line in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI. 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)

(j) 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.	

(k) Revenue and Expenditure



2.1 Detailed accounting policies (continued)

(k) Revenue and Expenditure (continued)

Description	Recognition and Measurement
Net Interest Income	Interest income and expenses 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.

Description	Recognition and Measurement
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)

l) Other significant accounting policies

Other Significant Accounting Policies

Segment Reporting · Statutory Credit Risk Reserve · Related Party

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 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)

m) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Bank. 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.

IFRS 16 Leases (effective 01 January 2024)

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the Bank's financial statements.

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 36 to 37 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.

	2022	2021	2020
	USD	USD	USD
Cash and cash equivalents	**1,264,418,782**	1,396,876,510	1,050,583,021
Trading assets	**—**	4,632,688	1,013,864
Derivative assets	**3,490,100**	1,478,203	2,591,021
Loans and advances to banks	**666,958,902**	378,110,762	259,159,883
Loans and advances to customers	**253,370,640**	168,282,099	187,757,655
Financial Investments	**464,645,971**	215,996,009	219,976,793
Other assets	**5,463,695**	5,021,872	6,547,188
Financial guarantees and other credit-related contingent liabilities	**59,003,244**	33,157,090	23,094,810
Loan and other credit-related commitments	**215,702,574**	180,597,789	182,306,932
At 31 December	**2,933,053,908**	2,384,153,022	1,933,031,167

Non-financial assets relating to prepayments and VAT amounting to USD 498,890 were excluded from other assets as at 31 December 2022 (2021: USD 429,759; 2020: USD 456,292).

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality

At 31 December 2022	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	237,341,192	14,102,615	22,986,257	3,130,665	68,703	15,607,054	1.3%	0.5%	67.9%
Loans and advances to banks	667,350,330	—	—	391,428	—	—	0.1%	—	—
Cash and cash equivalents	1,264,432,334	—	—	13,552	—	—	—	—	—
Financial Investments - Amortised	461,908,187	—	—	19,310	—	—	—	—	—
Financial Investments – FVOCI	2,757,227	—	—	133	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	57,428,800	1,606,287	—	28,760	3,083	—	0.1%	—%	—
Loan and other credit-related commitments	213,706,544	2,364,029	—	337,860	30,139	—	0.2%	1.30%	—
Total	2,904,924,614	18,072,931	22,986,257	3,921,708	101,925	15,607,054			
At 31 December 2021									
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	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	31,910,389	1,275,792		28,354	737	—	0.1%	0.1%	—
Loan and other credit-related commitments	178,425,128	2,370,626	—	175,046	22,919	—	0.1%	1%	—
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	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	23,002,831	106,026	—	13,987	60	—	—	0.1%	—
Loan and other credit-related commitments	155,293,918	27,367,755	—	266,742	87,999	—	—	0.3%	—
Total	1,868,173,078	51,868,048	22,442,316	1,861,345	471,632	15,997,580	0.1%	0.9%	71.3%

Note: Loans and advances to customers for stage 3 exclude interest in suspense USD 2,253,002 (2021: USD 1,644,101; 2020: USD 1,273,791).

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

ECL allowances
2022

Loans and Advances to customers

Stage 1
Major increase in 2022 is mainly due to credit impairment charge of USD 2.1m raised following new exposure of USD 8.9m disbursed to a new client based in Ghana which has a risk grade of SB 25.

Stage 2
A reduction in gross carrying amount of USD 7.8m for an agricultural based company has led to a decrease of USD 62.1k in ECL. Furthermore, an improvement in the risk grading from 18 to 16 for a client based in the Telecommunication industry has reduced the impairment for stage 2 in 2022.

Loans and Advances to banks

Even though the gross carrying amount increased by USD 288.4m, the ECL decreased by USD 421.2k. This is because the Bank adopted a Group policy in 2022 whereby no ECL is calculated on intercompany balances which are deemed to be of low risk. An assessment is, however, performed to book any transfer risk noted on those exposures. This led to a fall in ECL on loans to banks.

2021

Loans and Advances to customers

Stage 1
The credit exposures of Loans and advances dropped by USD 13.1m mainly driven by a decrease in term loans and call loan. These originated from the repayment of loans coupled with lower utilisation of call loans thus resulting in a reduction in the ECL by USD 16.1k.

Stage 2
A reduction in gross carrying amount for Agriculture and Telecommunication clients by USD 6.4m has led to lower ECL.

Loans and Advances to banks

An increase in gross carrying amount in bank exposure by USD 119.2m as a result of a rise in the deposit base triggered a higher ECL.

2020

Loans and Advances to customers

Stage 1
Following the COVID outbreak in 2020, though a fall in gross carrying amount was noted, ECL increased due to downgrade of risk grades post the re-rating exercise performed during the year.

Stage 2
Following re-rating exercise, some clients in the Agriculture and Telecommunications industry were transferred to stage 2 hence increasing the impairment.

Stage 3
Substantial stage 3 provisions of USD 8.6m was raised on one group entity's credit exposures during the year.

Loans and Advances to banks

Due to heightened risk grades in 2020, ECL on exposures to Banks increased drastically though the increase on gross carrying amount was not substantial.

3. Financial Risk Management (continued)
(a) Credit Risk (continued)
(ii) Analysis of credit quality (continued)
31 December 2022: 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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1													
Corporate lending at amortised cost	919,789	–	3,666	–	3,666	2,094,052	–	113,158	2,207,210	–	–	–	3,130,665
Financial investment at amortised cost	6,486	–	–	–	–	14,929	–	(2,105)	12,824	–	–	–	19,310
Financial investment at FVOCI	128	–	–	–	–	133	–	(128)	5	–	–	–	133
Bank lending/cash and cash equiv at AC	970,183	–	–	–	–	220,000	–	(785,203)	(565,203)	–	–	–	404,980
Financial guarantees and other credit related contingent liabilities	28,354	–	–	–	–	11,390	–	(10,984)	406				
Loan and credit-related commitments	175,046	–	2,231	–	2,231	72,572	–	88,011	160,583	–	–	–	337,860
Total	2,099,986	–	5,897	–	5,897	2,413,076	–	(597,251)	1,815,825	–	–	–	3,892,948
Stage 2													
Corporate lending at amortised cost	268,496	(3,666)	–	–	(3,666)	–	–	(196,127)	(196,127)	–	–	–	68,703
Financial investment at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equiv at AC	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	737	–	–	–	–	–	–	2,346	2,346	–	–	–	3,083
Loan and credit-related commitments	22,919	(2,231)	–	–	(2,231)	(840)	–	10,291	9,451	–	–	–	30,139
Total	292,152	(5,897)	–	–	(5,897)	(840)	–	(183,490)	(184,330)	–	–	–	101,925

3. Financial Risk Management (continued)
(a) Credit Risk (continued)
(ii) Analysis of credit quality (continued)
31 December 2022: Reconciliation of the expected credit losses (continued)

	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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 3 (excluding IIS)													
Corporate lending at amortised cost	15,607,054	–	–	–	–	–	–	–	–	–	–	–	15,607,054
Financial investment at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equiv at AC	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–
Loan and credit-related commitments	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	15,607,054	–	–	–	–	–	–	–	–	–	–	–	15,607,054
Total ECL	17,999,192	(5,897)	5,897	–	–	2,412,236	–	(780,741)	1,631,495	–	–	–	19,601,927

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2022: 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	USD
On-Balance sheet exposure												
Corporate lending at amortised cost	274,430,064	47,338,944	–	181,108,924	12,688,978	8,893,324	1,413,637	–	22,986,257	22,986,257	2,253,002	15,607,054
Financial investment at amortised cost	461,908,187	461,908,187	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	2,757,227	2,757,227	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equivalent at amortised cost	1,931,782,664	565,698,564	–	1,366,083,873	–	227	–	–	–	–	–	–
Off-balance sheet exposure	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	59,035,087	26,682,367	–	30,746,433	1,310,604	–	295,683	–	–	–	–	–
Loan and credit-related commitments	216,070,573	71,755,773	–	141,950,771	2,364,029	–	–	–	–	–	–	–
Gross carrying value of financial assets subject to credit risk	2,945,983,802											
Less: Total ECL for financial assets subject to credit risk	(19,630,687)											
Stage 1	(3,921,708)											
Stage 2	(101,925)											
Stage 3	(15,607,054)											
Interest in suspense (IIS)	(2,253,002)											
Net carrying value of financial assets subject to credit risk	2,924,100,113											

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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1													
Corporate lending at amortised cost	935,905	–	–	–	–	130,670	–	(146,786)	(16,116)	–	–	–	919,789
Financial investment at amortised cost	3,228	–	–	–	–	3,970	–	(712)	3,258	–	–	–	6,486
Financial investment at FVOCI	238	–	–	–	–	128	–	(238)	(110)	–	–	–	128
Bank lending/cash and cash equiv at AC	641,245	–	–	–	–	876,352	–	(547,414)	328,938	–	–	–	970,183
Financial guarantees and other credit related contingent liabilities	13,987	–	–	–	–	253	–	14,114	14,367	–	–	–	28,354
Loan and credit-related commitments	266,742	–	–	–	–	28,397	–	(120,093)	(91,696)	–	–	–	175,046
Total	1,861,345	–	–	–	–	1,039,770	–	(801,129)	238,641	–	–	–	2,099,986
Stage 2													
Corporate lending at amortised cost	383,573	–	–	–	–	200,562	–	(315,639)	(115,077)	–	–	–	268,496
Financial investment at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equiv at AC	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	60	–	–	–	–	229	–	448	677	–	–	–	737
Loan and credit-related commitments	87,999	(61,599)	–	–	(61,599)	–	–	(3,481)	(3,481)	–	–	–	22,919
Total	471,632	(61,599)	–	–	(61,599)	200,791	–	(318,672)	(117,881)	–	–	–	292,152

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2021: Reconciliation of the expected credit losses (continued)

	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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 3 (excluding IIS)													
Corporate lending at amortised cost	15,997,580	—	—	—	—	—	—	—	—	—	(390,526)	—	15,607,054
Financial investment at amortised cost	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial investment at FVOCI	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank lending/cash and cash equiv at AC	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan and credit-related commitments	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	15,997,580	—	—	—	—	—	—	—	—	—	(390,526)	—	15,607,054
Total ECL	18,330,557	(61,599)	—	—	(61,599)	1,240,561	—	(1,119,801)	120,760	—	(390,526)	—	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			
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
On-Balance sheet exposure												
Corporate lending at 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	22,419,403	1,644,101	15,607,054
Financial investment at amortised cost	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	—	—	—	—	—	—
Off-balance sheet exposure	—	—	—	—	—	—	—	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	33,186,181	24,774,622	—	7,135,767	1,275,792	—	—	—	—	—	—	—
Loan and credit-related commitments	180,795,754	41,947,990	—	136,477,138	2,370,626	—	—	—	—	—	—	—
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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 1													
Corporate lending at amortised cost	673,021	–	(79,170)	–	(79,170)	47,305	–	294,749	342,054	–	–	–	935,905
Financial investment at amortised cost	1,663	–	–	–	–	3,228	–	(1,663)	1,565	–	–	–	3,228
Financial investment at FVOCI	74	–	–	–	–	238	–	(74)	164	–	–	–	238
Bank lending/cash and cash equiv at AC	206,730	–	–	–	–	588,539	–	(154,024)	434,515	–	–	–	641,245
Financial guarantees and other credit related contingent liabilities	21,234	–	–	–	–	81	–	(7,328)	(7,247)	–	–	–	13,987
Loan and credit-related commitments	116,979	–	–	–	–	135,842	–	13,921	149,763	–	–	–	266,742
Total	1,019,701	–	(79,170)	–	(79,170)	775,233	–	145,581	920,814	–	–	–	1,861,345
Stage 2													
Corporate lending at amortised cost	–	79,170	–	–	79,170	–	–	304,403	304,403	–	–	–	383,573
Financial investment at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equiv at AC	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	172	–	–	–	–	–	–	(112)	(112)	–	–	–	60
Loan and credit-related commitments	168	–	–	–	–	–	–	87,831	87,831	–	–	–	87,999
Total	340	79,170	–	–	79,170	–	–	392,122	392,122	–	–	–	471,632

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

31 December 2020: Reconciliation of the expected credit losses (continued)

	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" ECL raised	Changes in ECL -modifications	Subsequent changes in ECL	Total				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stage 3 (excluding IIS)													
Corporate lending at amortised cost	7,298,018	–	–	–	–	–	–	8,565,936	8,565,936	–	133,626	–	15,997,580
Financial investment at amortised cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial investment at FVOCI	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank lending/cash and cash equiv at AC	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial guarantees and other credit related contingent liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–
Loan and credit-related commitments	146,198	–	–	–	–	–	–	(146,198)	(146,198)	–	–	–	–
Total	7,444,216	–	–	–	–	–	–	8,419,738	8,419,738	–	133,626	–	15,997,580
Total ECL	8,464,257	79,170	(79,170)	–	–	775,233	–	8,957,441	9,732,674	–	133,626	–	18,330,557

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 exposure												
Corporate lending at 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 cost	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 exposure	—	—	—	—	—	—	—	—	—	—	—	—
Financial guarantees and other credit related contingent liabilities	23,108,857	17,507,206	—	5,495,625	106,026	—	—	—	—	—	—	—
Loan and credit-related commitments	182,661,673	71,930,109	—	83,363,809	22,320,011	—	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											

3. Financial Risk Management (continued)

(a) Credit Risk (continued)

(ii) Analysis of credit quality (continued)

Loans and Advances to Customers

	2022	2021	2020
	USD	USD	USD
Neither past due nor impaired	**251,443,807**	164,302,136	183,906,188
Past due but not impaired	**—**	—	—
Individually Impaired	**20,733,255***	20,775,302*	21,168,525*
Total Gross Amount	**272,177,062**	185,077,438	205,074,713
Allowance for Impairment			
Stage 3 ECL/Individual	**(15,607,054)**	(15,607,054)	(15,997,580)
Stage 1&2 ECL Collective	**(3,199,368)**	(1,188,285)	(1,319,478)
Total Allowance for Impairment	**(18,806,422)**	(16,795,339)	(17,317,058)
Net Carrying Amount	**253,370,640**	168,282,099	187,757,655

*Amount is net of interest in suspense of USD 2,253,002 (2021: USD 1,644,101; 2020: USD 1,273,791).

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**
2022			
Neither past due nor impaired	**251,443,807**	**250,443,807**	**1,000,000**
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

	Non-Performing Loans to Customers			
	Total Impaired advances	**Sub-standard**	**Doubtful**	**Loss**
	USD	**USD**	**USD**	**USD**
2022				
Individually Impaired	**20,733,255**	**—**	**20,733,255**	**—**
2021				
Individually Impaired	20,775,302	—	20,775,302	—
2020				
Individually Impaired	21,168,525	11,158,591	10,009,934	—

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

	2022	2021	2020
Against neither past due nor impaired	**USD**	USD	USD
Property	**24,941,397**	36,943,348	56,501,434
Equities	**—**	—	—
Other floating charges/assignments and pledges	**163,475,561**	96,049,509	107,112,249
Total	**188,416,958**	132,992,857	163,613,683
Past due but not impaired			
Floating charge	**—**	—	—
Property	**—**	—	—
	—	—	—
Against Individually Impaired			
Floating charge	**11,003,310**	11,885,853	12,008,812
Property	**9,729,945**	10,533,550	10,433,504
	20,733,255	22,419,403	22,442,316

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:

	2022	2021	2020
	USD	USD	USD
Impaired loans and advances to customers at 01 January	**20,775,302**	21,168,525	21,908,817
New loans originated/subsequent changes	**566,854**	(22,913)	380,853
Amount written off	**—**	—	—
Interest in suspense	**(608,901)**	(370,310)	(1,121,145)
Impaired loans and advances to customers at 31 December	**20,733,255**	20,775,302	21,168,525

(v) Concentration risk

Refer to Note 11(b) for the concentration risk disclosure for loans and advances to customers by industry sectors and Note 11(c) for concentration by geographical area.

3. Financial Risk Management (continued)

(b) Liquidity risk

For the definition of liquidity risk and information of how liquidity risk is managed by the Bank, please refer to pages 39 to 41 under the Risk and Capital Management section.

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods at reporting date to the contractual maturity date.

(i) Maturity Analysis of financial assets and financial liabilities

31 December 2022	**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**
Financial Liabilities	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Deposits from banks	138,867,974	138,867,974	—	—	—	—
Deposits from customers	2,373,070,415	2,303,502,338	10,163,195	41,024,095	18,380,787	—
Derivative liabilities	3,140,449	2,814,547	325,902		—	—
Lease liabilities	1,516,872	207,305	209,976	437,233	662,358	—
Other liabilities	4,731,333	4,731,333	—	—	—	—
	2,521,327,043	2,450,123,497	10,699,073	41,461,328	19,043,145	—
Financial Assets						
Cash and Cash Equivalents	1,264,418,782	1,264,418,782	—	—	—	—
Trading Assets	—	—	—	—	—	—
Loan and Advances to banks	692,953,127	144,028,798	218,936,305	194,953,109	135,034,915	—
Loan and advances to customers	270,777,803	145,734,097	484,462	98,209,259	26,349,985	—
Financial investments	491,308,303	97,696,593	5,439,261	99,837,438	288,335,011	—
Derivative assets	3,490,100	3,133,957	356,143	—	—	—
Other assets	5,463,695	5,463,695	—	—	—	—
Loan commitments	215,702,574	215,702,574	—	—	—	—
Net off balance sheet position	59,406,275	59,373,785	32,490			
	3,003,520,659	1,935,552,281	225,248,661	392,999,806	449,719,911	—

Non-financial assets relating to prepayments and VAT amounting to USD 498,889 were excluded from other assets as at 31 December 2022 (2021: USD 429,759; 2020: USD 456,292).

Non-financial liabilities relating to retirement benefit obligations, provisions and taxes amounting to USD 8,891,169 have been excluded from other liabilities as at 31 December 2022 (2021: USD 4,938,857; 2020: USD 5,121,258).

3. Financial Risk Management (continued)

(b) Liquidity risk (continued)

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

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
Financial Liabilities	USD	USD	USD	USD	USD	USD
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	–	–
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	–	–	–	–
Net off balance sheet position	39,340,034	34,716,513	4,273,636	349,885		
	2,411,890,710	1,694,546,638	181,244,993	161,922,751	358,940,602	15,235,726

31 December 2020						
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	–
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	182,306,932	182,306,932	–	–	–	–
Net off balance sheet position	23,097,720	23,084,872	13,537	(689)		
	1,948,621,184	1,433,322,051	100,522,651	55,337,150	359,439,332	–

3. Financial Risk Management (continued)

(c) Market risk

For the definition of market risk and information of how market risk is managed by the Bank, please refer to pages 41 to 42 under the Risk Management section.

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

31 December 2022	**USD**	**USD**	**USD**
Assets subject to market risk	**Carrying Amount**	**Trading Portfolios**	**Non-trading portfolios**
Cash and cash equivalents	**1,264,418,782**	**–**	**1,264,418,782**
Trading assets	**–**	**–**	**–**
Derivative assets	**3,490,100**	**3,490,100**	**–**
Loans and advances to banks	**666,958,902**	**–**	**666,958,902**
Loans and advances to customers	**253,370,640**	**–**	**253,370,640**
Financial investments	**464,645,971**	**–**	**464,645,971**
Other assets	**5,463,695**	**–**	**5,463,695**
Liabilities subject to market risk			
Deposits from banks	**138,644,111**	**–**	**138,644,111**
Deposits from customers	**2,371,102,231**	**–**	**2,371,102,231**
Derivative liabilities	**3,140,449**	**3,140,449**	**–**
Lease liabilities	**1,516,872**	**–**	**1,516,872**
Other liabilities	**4,731,333**	**–**	**4,731,333**
31 December 2021			
Assets subject to market risk			
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			
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

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)

2022

	Diversified Normal VaR (USD '000) – Trading Book				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Bank-wide	100.8	0.4	32.1	100.8	255.0
FX Trading	100.9	0.3	32.2	100.9	250.0
Interest Rate Trading	1,500.0	0.2	0.7	0.6	30.0

	Normal VaR (USD '000) - FVOCI				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Money Markets Banking	1.2	0.5	0.8	0.6	88.0

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

3. Financial Risk Management (continued)

(c) Market risk (continued)

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

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)

2022

	Diversified Stress VaR (USD '000) - Trading Book				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Bank-wide	210.9	1.5	65.5	210.9	1,180.0
FX Trading	214.1	1.1	65.7	214.1	1,020.0
Interest Rate Trading	13.9	2.4	6.8	6.0	600.0

	Stress VaR (USD '000) - FVOCI				
Desk Name	**Max**	**Min**	**Avg**	**31-Dec**	**Limit**
Money Markets Banking	29.3	5.8	19.7	21.2	465.0

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

2020

Stress VaR Exposures (USD'000)

	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

3. Financial Risk Management (continued)

(d) Interest rate risk

For the definition of interest rate risk and information of how interest rate risk is managed by the Bank, please refer to page 42 under 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.

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 2022

	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	1,264,317,548	–	–	101,234	1,264,418,782
Loans and advances to banks	143,503,097	403,536,688	119,919,117	–	666,958,902
Loans and advances to customers	145,587,581	92,086,680	15,696,379	–	253,370,640
Financial investments	97,583,708	95,691,312	271,370,950	–	464,645,970
	1,650,991,934	591,314,680	406,986,446	101,234	2,649,394,294
Financial Liabilities					
Deposits from banks	138,644,111	–	–	–	138,644,111
Deposits from	2,303,152,689	50,021,101	17,928,441	–	2,371,102,231
Lease liabilities	207,305	647,209	662,358	–	1,516,872
	2,442,004,105	50,668,310	18,590,799	–	2,511,263,214

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

3. Financial Risk Management (continued)

(d) Interest rate risk (continued)

31 December 2021

	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	1,396,821,739	–	–	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	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

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

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 13,733,577. 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 14,089,531. The increase in the sensitivity is due to the significant FED interest rate hikes in 2022.

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

3. Financial Risk Management (continued)

(d) Interest rate risk (continued)

	2022	2021	2020
NII Sensitivity for a 100-bps increase	26.96%	53.00%	1.37%
NII Sensitivity for a 100-bps decrease	(27.66%)	(29.02%)	(5.16%)

(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

	2022 USD	2021 USD	2020 USD
GBP	66,830	9,452	65,054
EUR	248,970	234,450	577,364
ZAR	1,305,290	228,032	167,684
MUR	(4,515,357)	(6,926,539)	—
Others	37,134	—	(364,010)
	(2,857,133)	(6,454,605)	446,092

(f) Capital Management

For details and information on capital management please refer to pages 48 to 51of 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: Theexistence 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 2022 classified according to their measurement category.

31 December 2022	FVTPL USD	FVOCI USD	Amortised costs USD	Carrying Value USD	Fair Value USD
ASSETS					
Cash and cash equivalents	—	—	1,264,418,782	1,264,418,782	1,264,418,782
Trading assets	—	—	—	—	—
Derivative assets	3,490,100	—	—	3,490,100	3,490,100
Loans and advances to banks	—	—	666,958,902	666,958,902	666,958,902
Loans and advances to customers	—	—	253,370,640	253,370,640	253,370,640
Financial investments	—	2,757,094	461,888,877	464,645,971	464,645,971
Other assets	—	—	5,463,695	5,463,695	5,463,695
	3,490,100	2,757,094	2,652,100,896	2,658,348,090	2,658,348,090
LIABILITIES					
Deposits	—	—	2,509,746,342	2,509,746,342	2,509,746,342
Trading liabilities	—	—	—	—	—
Derivative liabilities	3,140,449	—	—	3,140,449	3,140,449
Other liabilities	—	—	4,731,333	4,731,333	4,731,333
Lease liabilities	—	—	1,516,872	1,516,872	1,516,872
	3,140,449	—	2,515,994,547	2,519,134,996	2,519,134,996
31 December 2021					
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

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 2022	Level 1 USD	Level 2 USD	Level 3 USD	Carrying Value USD	Fair Value USD
Trading assets	**—**	**—**	**—**	**—**	**—**
Derivative assets	**—**	**3,490,100**	**—**	**3,490,100**	**3,490,100**
Financial investments through OCI	**—**	**2,757,094**	**—**	**2,757,094**	**2,757,094**
Other Assets	**—**	**—**		**—**	**—**
	—	**6,247,194**	**—**	**6,247,194**	**6,247,194**
LIABILITIES					
Derivative liabilities	**—**	**3,140,449**	**—**	**3,140,449**	**3,140,449**
31 December 2021					
ASSETS					
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	9,638,428	—	14,502,447	14,502,447
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

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 estimates 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 30(c).

6. Segmental reporting

Statement of Financial Position as at 31 December 2022

		Segment A			Segment B			Bank		
	Notes	2022	2021	2020	2022	2021	2020	2022	2021	2020
Assets		USD	USD	USD	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	7	62,478,058	136,903,422	14,822,226	1,201,940,724	1,259,973,088	1,035,760,795	1,264,418,782	1,396,876,510	1,050,583,021
Trading assets	8	–	4,632,688	1,013,864	–	–	–	–	4,632,688	1,013,864
Derivative assets	9	1,451	34,095	2,594	3,488,649	1,444,108	2,588,427	3,490,100	1,478,203	2,591,021
Loans and advances to banks	10	83,450,470	13,053,474	37,607	583,508,432	365,057,288	259,122,276	666,958,902	378,110,762	259,159,883
Loans and advances to customers	11	9,182,764	1,295,745	3,760,946	244,187,876	166,986,354	183,996,709	253,370,640	168,282,099	187,757,655
Financial investments	12	2,757,094	3,527,537	6,335,418	461,888,877	212,468,472	213,641,375	464,645,971	215,996,009	219,976,793
Property, plant and equipment	13	101,257	123,235	84,508	1,998,069	2,479,934	3,091,805	2,099,326	2,603,169	3,176,313
Intangible assets	14	632,899	690,761	428,077	12,465,050	13,900,576	15,661,648	13,097,949	14,591,337	16,089,725
Right-of-use assets	15	76,409	107,840	70,781	1,504,885	2,170,114	2,589,602	1,581,294	2,277,954	2,660,383
Deferred tax assets	16	(35,731)	(54,659)	(55,387)	354,502	207,963	209,074	318,771	153,304	153,687
Other assets	17	5,345,747	4,991,302	6,624,179	616,838	460,329	379,301	5,962,585	5,451,631	7,003,480
Total Assets		163,990,418	165,305,440	33,124,813	2,511,953,902	2,025,148,226	1,717,041,012	2,675,944,320	2,190,453,666	1,750,165,825
Liabilities										
Deposits from banks	18	36,636,183	44,805,480	43,001,632	102,007,928	70,454,373	57,376,559	138,644,111	115,259,853	100,378,191
Deposits from customers	19	59,654,044	35,556,825	65,133,427	2,311,448,187	1,908,322,726	1,439,209,985	2,371,102,231	1,943,879,551	1,504,343,412
Derivative liabilities	9	–	9,334	–	3,140,449	1,803,281	3,232,991	3,140,449	1,812,615	3,232,991
Lease liabilities	15	73,296	98,103	74,635	1,443,576	1,974,182	2,730,600	1,516,872	2,072,285	2,805,235
Current tax liabilities	20	288,623	113,069	102,973	635,882	197,333	119,796	924,505	310,402	222,769
Other liabilities	21	1,168,669	3,198,088	3,288,180	12,453,831	5,204,532	6,145,530	13,622,500	8,402,620	9,433,710
Total Liabilities		97,820,815	83,780,899	111,600,847	2,431,129,853	1,987,956,427	1,508,815,461	2,528,950,668	2,071,737,326	1,620,416,308
Shareholder's Equity										
Share capital	22							35,000,000	35,000,000	35,000,000
Statutory and Other Reserves	34							30,879,038	26,182,241	23,277,818
Retained earnings								81,114,614	57,534,099	71,471,699
Total Equity attributable to equity holder								146,993,652	118,716,340	129,749,517
Total Equity and Liabilities								2,675,944,320	2,190,453,666	1,750,165,825

6. Segmental reporting (continued)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

		Segment A			Segment B			Bank		
	Notes	2022	2021	2020	2022	2021	2020	2022	2021	2020
		USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income		1,672,570	120,008	418,265	50,380,128	18,576,797	27,381,429	52,052,698	18,696,805	27,799,694
Interest expense		(693,196)	(218,144)	(799,849)	(11,684,728)	(2,278,693)	(4,217,115)	(12,377,924)	(2,496,837)	(5,016,964)
Net interest income/ (expense)	24	979,374	(98,136)	(381,584)	38,695,400	16,298,104	23,164,314	39,674,774	16,199,968	22,782,730
Fee and commission income		80,654	121,944	238,297	8,111,911	6,160,914	5,526,129	8,192,565	6,282,858	5,764,426
Fee and commission expense		–	(52,670)	(135,615)	–	–	–	–	(52,670)	(135,615)
Net fee and commission income	25	80,654	69,274	102,682	8,111,911	6,160,914	5,526,129	8,192,565	6,230,188	5,628,811
Net trading income	26	1,607,479	1,228,809	869,907	10,453,367	7,123,617	5,198,552	12,060,846	8,352,426	6,068,459
Net income from other financial instruments carried at fair value	27	–	–	54,846	–	–	–	–	–	54,846
Other operating income	28	241,001	270,564	280,300	22,858	9,275	(4,794)	263,859	279,839	275,506
		1,848,480	1,499,373	1,205,053	10,476,225	7,132,892	5,193,758	12,324,705	8,632,265	6,398,811
Operating income		2,908,508	1,470,511	926,151	57,283,536	29,591,910	33,884,201	60,192,044	31,062,421	34,810,352
Net impairment release/(charge) on financial assets	29	1,467,998	387	1,227	(475,247)	1,218,271	(9,719,383)	992,751	1,218,658	(9,718,156)
Personnel expenses	30 (a)	(577,263)	(364,359)	(184,010)	(11,369,285)	(7,332,202)	(6,732,179)	(11,946,548)	(7,696,561)	(6,916,189)
Operating lease expenses	31	(5,958)	(19,321)	(1,939)	(117,344)	(388,803)	(70,936)	(123,302)	(408,124)	(72,875)
Depreciation on Right-of-use assets	15	(45,860)	(30,659)	(17,184)	(903,217)	(616,973)	(628,692)	(949,077)	(647,632)	(645,876)
Depreciation and amortisation	13&14	(106,567)	(105,945)	(59,977)	(2,098,860)	(2,131,997)	(2,194,296)	(2,205,427)	(2,237,942)	(2,254,273)
Other expenses	32	(435,536)	(338,907)	(180,988)	(9,507,100)	(6,826,576)	(6,756,205)	(9,942,636)	(7,165,483)	(6,937,193)
		296,814	(858,804)	(442,871)	(24,471,053)	(16,078,280)	(26,101,691)	(24,174,239)	(16,937,084)	(26,544,562)
Profit before income tax		3,205,322	611,707	483,280	32,812,483	13,513,630	7,782,510	36,017,805	14,125,337	8,265,790
Income tax expense	33	(267,929)	(268,257)	(204,347)	(2,812,886)	(759,261)	(580,380)	(3,080,815)	(1,027,518)	(784,727)
Profit for the year		2,937,393	343,450	278,933	29,999,597	12,754,369	7,202,130	32,936,990	13,097,819	7,481,063

6. Segmental reporting (continued)

Statement of profit or loss and other comprehensive Income as at 31 December 2022 (continued)

	Notes	Segment A			Segment B			Bank		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
		USD	USD	USD	USD	USD	USD	USD	USD	USD
Profit for the year		2,937,393	343,450	278,933	29,999,597	12,754,369	7,202,130	32,936,990	13,097,819	7,481,063
Other comprehensive Income										
Item that may be reclassified to profit or loss										
Net loss on fair value of debt instruments		(53,515)	(8,831)	(8,905)	–	–	–	(53,515)	(8,831)	(8,905)
Item that may not be reclassified to profit or loss										
Remeasurement of defined benefit liabilities, net of tax		19,030	41,562	(15,424)	374,807	836,383	(564,296)	393,837	877,945	(579,720)
Other comprehensive income for the year		(34,485)	32,731	(24,329)	374,807	836,383	(564,296)	340,322	869,114	(588,625)
Total comprehensive income for the year		2,902,908	376,181	254,604	30,374,404	13,590,752	6,637,834	33,277,312	13,966,933	6,892,438

7. Cash and cash equivalents

	2022	2021	2020
	USD	USD	USD
Bank - Total			
Cash in hand	85,839	52,175	54,732
Foreign currency notes and coins	15,395	2,596	7,711
Unrestricted balances with Central Bank	62,376,824	136,848,651	14,759,783
Balances with banks abroad	1,201,954,276	1,260,130,662	1,035,882,109
Less Stage 1 ECL Collective Allowance	(13,552)	(157,574)	(121,314)
	1,264,418,782	1,396,876,510	1,050,583,021
Segment A			
Cash in hand	85,839	52,175	54,732
Foreign currency notes and coins	15,395	2,596	7,711
Unrestricted balances with Central Bank	62,376,824	136,848,651	14,759,783
	62,478,058	136,903,422	14,822,226
Segment B			
Balances with banks abroad	1,201,954,276	1,260,130,662	1,035,882,109
Less Stage 1 ECL Collective Allowance	(13,552)	(157,574)	(121,314)
	1,201,940,724	1,259,973,088	1,035,760,795

Net debt reconciliation	2022	2021	2020
	USD	USD	USD
Cash and cash equivalents	1,264,418,782	1,396,876,510	1,050,583,021
Lease liabilities (Note 15)	(1,516,872)	(2,072,285)	(2,805,235)
At 31 December	1,262,901,910	1,394,804,225	1,047,777,786

Net debt analysis	Cash	Lease liabilities	Total
	USD	USD	USD
Net debt at 01 January 2022	1,396,876,510	(2,072,285)	1,394,804,225
Cash flows[(i)]	(134,276,043)	893,164	(133,382,879)
Net foreign exchange difference	1,674,293	—	1,674,293
Other changes[(ii)]	144,022	—	144,022
Net changes to leases[(iii)]	—	(337,751)	(337,751)
Net debt at 31 December 2022	1,264,418,782	(1,516,872)	1,262,901,910
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

(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 2022: 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
Cash and cash equivalents	157,574	—	—	—	—	13,400	—	(157,422)	—	(144,022)	13,552
Total	157,574	—	—	—	—	13,400	—	(157,422)	—	(144,022)	13,552

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	1,264,432,334	338,666,645	—	925,765,462	—	227	—	—	—	—	—
Less: Total expected credit loss provision for Cash and cash equivalents at amortised cost	(13,552)	—	—	—	—	—	—	—	—	—	—
Stage 1	(13,552)										
Stage 2	—										
Stage 3	—										
Interest In Suspense (IIS)	—										
Net carrying value of Cash and cash equivalents at amortised cost	1,264,418,782										

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 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	1,397,034,084	271,806,555	—	1,125,227,347	—	182	—	—	—	—	—
Less: Total expected credit loss provision for Cash and cash equivalents 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										

7. Cash and cash equivalents (continued)

31 December 2020: Reconciliation of the expected credit losses for cash and cash equivalents at amortised cost

	Opening ECL balance	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Income statement movement					Closing balance
					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
Stage 1										
Cash and cash equivalents	16,256	–	–	–	101,678	–	3,380	–	105,058	121,314
Total	16,256	–	–	–	101,678	–	3,380	–	105,058	121,314

Credit risk exposure of 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		
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										

8. Trading assets

Bank – Total & Segment A	2022 USD	2021 USD	2020 USD
Sovereign	–	4,632,688	1,013,864
Current	–	4,632,688	1,013,864

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		
	2022 USD	2021 USD	2020 USD	2022 USD	2021 USD	2020 USD
Bank Total						
Held-for-trading	3,490,100	1,478,203	2,591,021	3,140,449	1,680,018	2,546,347
Held-for-hedging	–	–	–	–	132,597	686,644
	3,490,100	1,478,203	2,591,021	3,140,449	1,812,615	3,232,991
Segment A						
Held-for-trading	1,451	34,095	2,594	–	9,334	–
	1,451	34,095	2,594	–	9,334	–
Segment B						
Held-for-trading	3,488,649	1,444,108	2,588,427	3,140,449	1,670,684	2,546,347
Held-for-hedging	–	–	–	–	132,597	686,644
	3,488,649	1,444,108	2,588,427	3,140,449	1,803,281	3,232,991
Current	3,490,100	1,478,203	2,591,021	3,140,449	1,812,615	2,967,163
Non-current	–	–	–	–	–	265,828

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:

	2022			2021			2020		
	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	**3,490,100**	**3,140,449**	**666,532,434**	1,478,203	1,680,018	249,097,994	2,591,021	2,546,347	518,971,310
Segment A									
Foreign exchange derivatives	**1,451**	**—**	**215,000**	34,095	9,334	9,310,000	2,594	—	1,905,972
Segment B									
Foreign exchange derivatives	**3,488,649**	**3,140,449**	**666,317,434**	1,444,108	1,670,684	239,787,994	2,588,427	2,546,347	517,065,338

*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. During the year 2022, the Bank applied hedge accounting in respect of interest rate risk on fixed rate loans (hedge item) which were hedged by interest rate swaps (hedging instrument). Both the hedge item and the hedge instrument matured in 2022.

9.3.1 Derivatives designated as hedging instruments in fair value hedging relationships

Bank and Segment B	Fair value of assets USD	Fair value of liabilities USD	Fair value gain/ (loss) USD	Contract/ notional amount USD	Less than one year USD	Between one to five years USD	Over five years USD	Net fair value USD
31 December 2022								
Interest rate risk fair value hedging relationships								
Interest rate swaps	**—**	**—**	**132,597**	**—**	**—**	**—**	**—**	**—**
Total derivatives designated as hedging instruments in fair value hedging relationships	**—**	**—**	**132,597**	**—**	**—**	**—**	**—**	**—**
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)

9.3.2 Hedge items classified as fair value hedges

Bank and Segment B	Fair value of assets USD	Fair value of liabilities USD	Fair value gain/(loss) USD	Fair value gain/(loss) used to test hedge ineffectiveness USD	Accumulated fair value hedge adjustments USD	Accumulated fair value hedge adjustments for which hedge accounting stopped USD
31 December 2022						
Loans and advances						
Interest rate risk fair value hedging relationships	–	–	(108,007)	(108,007)	–	–
Total items classified as fair value hedges	–	–	(108,007)	(108,007)	–	–
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	–

9.3.3 Hedge ineffectiveness recognised in profit or loss

Bank and Segment B	Trading revenue USD	Other fair value movements USD	Net interest income USD
31 December 2022			
Fair value hedges			
Interest rate risk fair value hedging relationships	–	–	24,590
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)

10. Loans and advances to banks

	2022 USD	2021 USD	2020 USD
Bank Total			
Loans and advances to banks	667,350,330	378,923,371	259,679,814
Less Stage 1 ECL Collective Allowance	(391,428)	(812,609)	(519,931)
	666,958,902	378,110,762	259,159,883
Segment A			
Loans and advances to banks	83,480,172	13,059,732	37,608
Less Stage 1 ECL Collective Allowance	(29,702)	(6,258)	(1)
	83,450,470	13,053,474	37,607
Segment B			
Loans and advances to banks	583,870,158	365,863,639	259,642,206
Less Stage 1 ECL Collective Allowance	(361,726)	(806,351)	(519,930)
	583,508,432	365,057,288	259,122,276

10. Loans and advances to banks (continued)

	2022	2021	2020
	USD	USD	USD
Remaining term to maturity			
Bank Total			
Up to 3 months	143,533,338	23,609	37,608
Over 3 months and up to 6 months	216,116,687	35,132,571	99,321,900
Over 6 months and up to 12 months	187,585,226	131,622,089	33,873,187
Over 1 year and up to 5 years	120,115,079	198,806,163	126,447,119
Over 5 years	—	13,338,939	—
	667,350,330	378,923,371	259,679,814
Remaining term to maturity			
Segment A			
Up to 3 months	—	23,609	37,608
Over 3 months and up to 6 months	50,397,648	—	—
Over 6 months and up to 12 months	6,503,496	—	—
Over 1 year and up to 5 years	26,579,028	13,036,123	—
	83,480,172	13,059,732	37,608
Remaining term to maturity			
Segment B			
Up to 3 months	143,533,336	—	—
Over 3 months and up to 6 months	165,719,040	35,132,571	99,321,900
Over 6 months and up to 12 months	181,081,731	131,622,089	33,873,187
Over 1 year and up to 5 years	93,536,051	185,770,040	126,447,119
Over 5 years	—	13,338,939	—
	583,870,158	365,863,639	259,642,206
Current assets	547,235,251	166,778,269	133,232,695
Non- current assets	120,115,079	212,145,102	126,447,119

10. Loans and advances to banks (continued)

31 December 2022: 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	812,609	–	–	–	–	206,600	–	(627,781)	–	(421,181)	–	–	–	391,428
Total	812,609	–	–	–	–	206,600	–	(627,781)	–	(421,181)	–	–	–	391,428

10. Loans and advances to banks (continued)

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	667,350,330	227,031,919	–	440,318,411	–	–	–	–	–	–	–	–	–	–
Sovereign lending	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross carrying value of loans and advances	667,350,330	–	–	–	–	–	–	–	–	–	–	–	–	–
Less: Total expected credit loss provision at amortised cost	(391,428)	–	–	–	–	–	–	–	–	–	–	–	–	–
Stage 1	(391,428)													
Stage 2	–													
Stage 3	–													
Purchased/ originated credit impaired	–													
Interest In Suspense (IIS)	–													
Net carrying value at amortised cost	666,958,902													

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	–	–	–	–	–	–	–	–	–	–
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: Transfer Stage 1 to/from	Transfer Stage 2 to/from	Transfer Stage 3 to/from	Total	Income statement movement: Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognition	Total	Impaired accounts written off	Currency translation and other movements	Reclassification in/out of AC measurement category	Closing balance
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 Stage 1	SB 1 - 12 Stage 2	SB 13 - 20 Stage 1	SB 13 - 20 Stage 2	SB 21 - 25 Stage 1	SB 21 - 25 Stage 2	Stage 3 Sub standard	Stage 3 Doubtful	Total gross carrying amount of non-performing loans	Securities and expected recoveries on specifically impaired loans	Interest in suspense (enter as positive)	Gross specific impairment coverage %	Non-performing loans %
	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													

11. Loans and advances to customers

	2022	2021	2020
	USD	USD	USD
Bank-Total			
Corporate Customers	**179,488,004**	149,822,081	152,972,887
Entities outside Mauritius	**92,689,058**	35,255,357	52,101,826
Gross Loans and Advances to customers*	**272,177,062**	185,077,438	205,074,713
Less stage 3 ECL	**(15,607,054)**	(15,607,054)	(15,997,580)
Less stage 1&2 ECL	**(3,199,368)**	(1,188,285)	(1,319,478)
	253,370,640	168,282,099	187,757,655

*Amount is net of interest in suspense of USD2,253,002 (2021: USD 1,644,101:2020: USD 1,273,791)

	2022	2021	2020
	USD	USD	USD
Segment A			
Corporate Customers	**9,196,160**	1,299,121	3,765,017
	9,196,160	1,299,121	3,765,017
Less stage 3 ECL	**—**	—	—
Less stage 1&2 ECL	**(13,396)**	(3,376)	(4,071)
	9,182,764	1,295,745	3,760,946
Segment B			
Corporate Customers	**170,291,844**	148,522,960	149,207,870
Entities outside Mauritius	**92,689,058**	35,255,357	52,101,826
	262,980,902	183,778,317	201,309,696
Less stage 3 ECL	**(15,607,054)**	(15,607,054)	(15,997,580)
Less stage 1&2 ECL	**(3,185,972)**	(1,184,909)	(1,315,407)
	244,187,876	166,986,354	183,996,709

11. Loans and advances to customers (continued)

(a) Gross loans and advances to customers remaining term to maturity

	2022 USD	2021 USD	2020 USD
Bank – Total			
Up to 3 months	75,535,564	33,268,019	73,479,131
Over 3 months and up to 6 months	29,200,481	18,097,035	535,156
Over 6 months and up to 12 months	88,223,219	57,867,728	18,266,676
Over 1 year and up to 5 years	79,217,798	75,844,656	112,793,750
Over 5 years	—	—	—
	272,177,062	185,077,438	205,074,713
Segment A			
Up to 3 months	7,800,428	1,149,674	3,765,017
Over 3 months and up to 6 months	598,622	149,447	—
Over 6 months and up to 12 months	797,110	—	—
Over 1 year and up to 5 years	—	—	—
Over 5 years	—	—	—
	9,196,160	1,299,121	3,765,017
Segment B			
Up to 3 months	67,735,136	32,118,345	69,714,114
Over 3 months and up to 6 months	28,601,859	17,947,589	535,156
Over 6 months and up to 12 months	87,426,109	57,867,728	18,266,676
Over 1 year and up to 5 years	79,217,798	75,844,655	112,793,750
Over 5 Years	—	—	—
	262,980,902	183,778,317	201,309,696

Current assets	192,959,264	109,232,783	92,280,963
Non-current assets	79,217,798	75,844,655	112,793,750

11. Loans and advances to customers (continued)

(b) Credit concentration of risk by industry sectors

	2022 USD	2021 USD	2020 USD
Bank-Total			
Consumer	53,277,945	12,099,848	6,688,690
Financial Institutions	5,685,218	1,147,362	2,405,404
Industrials	253,182	2,312	84,904
Mining and Metals	10,247,791	—	23,684,488
Power and Infrastructure	8,893,324	—	—
Real Estate	23,527,760	23,304,956	23,003,357
Global Business Licence Holders	170,291,842	148,522,960	149,207,870
	272,177,062	185,077,438	205,074,713
Segment A			
Consumer	3,257,760	149,447	1,274,709
Financial Institutions	5,685,218	1,147,362	2,405,404
Industrials	253,182	2,312	84,904
Mining and Metals	—	—	—
Power and Infrastructure	—	—	—
Real Estate	—	—	—
Global Business Licence Holders	—	—	—
	9,196,160	1,299,121	3,765,017
Segment B			
Consumer	50,020,185	11,950,401	5,413,981
Financial Institutions	—	—	—
Industrials	—	—	—
Mining and Metals	10,247,791	—	23,684,488
Power and Infrastructure	8,893,324	—	—
Real Estate	23,527,760	23,304,956	23,003,357
Global Business Licence Holders	170,291,842	148,522,960	149,207,870
	262,980,902	183,778,317	201,309,696

(c) Segmental Analysis -Geographical Area

	2022 USD	2021 USD	2020 USD
Africa	268,940,293	185,077,438	181,390,225
Europe	3,236,769	—	23,684,488
	272,177,062	185,077,438	205,074,713

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 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 at1 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 released	(390,526)	(462,425)	(852,951)
Balance at 1 January 2022	15,607,054	1,188,285	16,795,339
Provision for credit impairment for the year	**—**	**2,094,052**	**2,094,052**
Transfer between stages	**—**	**—**	**—**
Provisions released	**—**	**(82,969)**	**(82,969)**
Balance at 31 December 2022	**15,607,054**	**3,199,368**	**18,806,422**

2022		
Segment A	**—**	**13,396**
Segment B	**15,607,054**	**3,185,972**
2021		
Segment A	—	(3,376)
Segment B	15,607,054	(1,184,909)
2020		
Segment A	—	4,071
Segment B	15,997,580	1,315,407

11. Loans and advances to customers (continued)

(e) Allowance for credit impairment by industry sectors

	2022					2021	2020
	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	**53,277,945**	**—**	**—**	**196,117**	**196,117**	128,685	68,560
Financial Institutions	**5,685,218**	**—**	**—**	**9,081**	**9,081**	1,300	2,176
Industrials	**253,182**	**—**	**—**	**1,967**	**1,967**	16	683
Mining and Metals	**10,247,791**	**—**	**—**	**84,846**	**84,846**	—	415
Power and Infrastructure	**8,893,324**	**—**	**—**	**2,061,760**	**2,061,760**	—	—
Real Estate	**23,527,760**	**—**	**—**	**6,285**	**6,285**	25,370	5,629
Global Business Licence Holders	**149,558,587**	**20,733,255**	**15,607,054**	**839,312**	**16,446,366**	16,639,968	17,239,595
	251,443,807	**20,733,255**	**15,607,054**	**3,199,368**	**18,806,422**	16,795,339	17,317,058
Segment A							
Consumer	**3,257,760**	**—**	**—**	**2,348**	**2,348**	2,060	1,212
Financial Institutions	**5,685,218**	**—**	**—**	**9,081**	**9,081**	1,300	2,176
Industrials	**253,182**	**—**	**—**	**1,967**	**1,967**	16	683
Mining and Metals	**—**	**—**	**—**	**—**	**—**	—	—
Oil and Gas	**—**	**—**	**—**	**—**	**—**	—	—
Power and Infrastructure	**—**	**—**	**—**	**—**	**—**	—	—
Real Estate	**—**	**—**	**—**	**—**	**—**	—	—
Global Business Licence Holders	**—**	**—**	**—**	**—**	**—**	—	—
Consumer	**—**	**—**	**—**	**—**	**—**	—	—
	9,196,160	**—**	**—**	**13,396**	**13,396**	3,376	4,071

11. Loans and advances to customers (continued)

(e) Allowance for credit impairment by industry sectors (continued)

	2022					2021	2020
	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	50,020,185	—	—	193,769	193,769	126,625	67,348
Financial Institutions	—	—	—	—	—	—	—
Industrials	—	—	—	—	—	—	—
Mining and Metals	10,247,791	—	—	84,846	84,846	—	415
Power and Infrastructure	8,893,324	—	—	2,061,760	2,061,760	—	—
Real Estate	23,527,760	—	—	6,285	6,285	25,370	5,629
Global Business Licence Holders	149,558,587	20,733,255	15,607,054	839,312	16,446,366	16,639,968	17,239,595
	242,247,647	20,733,255	15,607,054	3,185,972	18,793,026	16,791,963	17,312,987

Impaired loans of USD 20,733,255 as at 31 December 2022 (2021: USD 20,775,302, 2020:USD 21,168,525) were from clients resident in Zimbabwe and Mozambique.

11. Loans and advances to customers (continued)

(f) Reconciliation of the expected credit losses for loans and advances at amortised cost

31 December 2022

	Opening ECL balance	Transfers between stages				Income statement movement				Time Value of Money	Closing balance	Post write off recoveries/ Cured IIS recognised in PL[1]
		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	919,789	—	3,666	—	3,666	2,094,052	—	113,158	2,207,210	—	3,130,665	—
Total	919,789	—	3,666	—	3,666	2,094,052	—	113,158	2,207,210	—	3,130,665	—
Stage 2												
Corporate lending Amortised cost	268,496	(3,666)	—	—	(3,666)	—	—	(196,127)	(196,127)	—	68,703	—
Total	268,496	(3,666)	—	—	(3,666)	—	—	(196,127)	(196,127)	—	68,703	—
Stage 3 (excluding IIS)												
Corporate lending Amortised cost	15,607,054	—	—	—	—	—	—	—	—	—	15,607,054	2,624,246
Total	15,607,054	—	—	—	—	—	—	—	—	—	15,607,054	2,624,246
Total ECL	16,795,339	(3,666)	3,666	—	—	2,094,052	—	(82,969)	2,011,083	—	18,806,422	2,624,246

[1] The post write off recoveries/cured IIS recognised in PL comprises of recovery from written off loan and cured interest in suspense from non performing loans.

11. Loans and advances to customers (continued)

(g) Credit risk exposure of Loans and advances at amortised cost

31 December 2022

	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*	274,430,064	47,338,944		181,108,924	12,688,978	8,893,324	1,413,637	–	22,986,257	22,986,257	36,340,309	2,253,002	(15,607,054)
Gross carrying value of loans and advances	274,430,064	–	–	–	–	–	–	–	–	–	–	–	–
Less: Total expected credit loss provision for loans and advances at amortised cost	(18,806,422)	–	–	–	–	–	–	–	–	–	–	–	–
Stage 1	(3,130,665)												
Stage 2	(68,703)												
Stage 3	(15,607,054)												
Purchased/ originated credit impaired	–												
Interest In Suspense (IIS)	(2,253,002)												
Net carrying value of loans and advances at amortised cost	253,370,640												

*The corporate lending exclude interest in suspense.

11. Loans and advances to customers (continued)

(h) Reconciliation of the expected credit losses for loans and advances at amortised cost

31 December 2021

	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	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	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	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	–

11. Loans and advances to customers (continued)

(i) Credit risk exposure of Loans and advances at amortised cost

31 December 2021

	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*	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 from USD 108,007 Hedge accounting (ref note 9.3.2).

11. Loans and advances to customers (continued)

(j) Reconciliation of the expected credit losses for loans and advances at amortised cost

31 December 2020

	Opening balance	Transfers between stages				Income statement movement							
		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	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 (excl 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)

(k) Credit risk exposure of Loans and advances at amortised cost

31 December 2020

	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	Stage2	Stage 1	Stage 2	Sub standard	Doubtful				
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Corporate lending	206,348,504	40,901,714	—	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
Sovereign lending	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank lending	—	—	—	—	—	—	—	—	—	—	—	—	—
Intercompany	—	—	—	—	—	—	—	—	—	—	—	—	—
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												

Loans and advances include the element of MTM amounting from USD 626,384 Hedge accounting (ref note 9.3.2).

12. Financial investments

	Segment A			Segment B			Bank - Total		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
	USD	USD	USD	**USD**	USD	USD	**USD**	USD	USD
Comprising of									
Sovereign bonds	**2,757,094**	3,527,537	6,335,418	**461,888,877**	212,468,472	213,641,375	**464,645,971**	215,996,009	219,976,793
	2,757,094	3,527,537	6,335,418	**461,888,877**	212,468,472	213,641,375	**464,645,971**	215,996,009	219,976,793
Classified as:									
Net debt financial investments measured at amortised cost	**—**	—	—	**461,888,877**	212,468,472	213,641,375	**461,888,877**	212,468,472	213,641,375
Gross debt financial investments measured at amortised cost	**—**	—	—	**461,908,187**	212,474,958	213,644,603	**461,908,187**	212,474,958	213,644,603
Less: Expected credit losses for debt financial investments measured at amortised cost (note 12.4)	**—**	—	—	**(19,310)**	(6,486)	(3,228)	**(19,310)**	(6,486)	(3,228)
Net debt financial investments measured at fair value through OCI	**2,757,094**	3,527,537	6,335,418	**—**	—	—	**2,757,094**	3,527,537	6,335,418
Gross debt financial investments measured at fair value through OCI	**2,757,094**	3,527,537	6,335,418	**—**	—	—	**2,757,094**	3,527,537	6,335,418

12.1 Maturity analysis

	Segment A			Segment B			Bank -Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Current:									
Up to 3 months	563,561	–	1,277,224	97,015,466	–	92,851,338	97,579,027	–	94,128,562
Over 3 months and up to 6 months	–	568,865	–	95,686,731	–	–	95,686,731	568,865	–
Over 6 months and up to 12 months	2,193,533	2,958,672	5,058,194	–	118,932,519	–	2,193,533	121,891,191	5,058,194
Non-current:									
Over 1 year and up to 5 years	–	–	–	269,186,680	93,535,953	120,790,037	269,186,680	93,535,953	120,790,037
	2,757,094	3,527,537	6,335,418	461,888,877	212,468,472	213,641,375	464,645,971	215,996,009	219,976,793

12.2 Reconciliation of Financial investments measured at fair value through OCI

2022	**Segment A**	**Segment B**	**Total**
	USD	**USD**	**USD**
Balance at 01 January 2022	**3,527,537**	**–**	**3,527,537**
Purchase of Financial Investments	**12,217,791**	**–**	**12,217,791**
Matured	**(12,913,578)**	**–**	**(12,913,578)**
Accrued Interest	**3,009**	**–**	**3,009**
Fair value movements	**(77,665)**	**–**	**(77,665)**
Balance at 31 December 2022	**2,757,094**	**–**	**2,757,094**
2021	Segment A	Segment B	Total
	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	Segment A	Segment B	Total
	USD	USD	USD
Balance at 01 January 2020	10,319,779	–	10,319,779
Purchase of Financial Investments	6,310,218	–	6,310,218
Matured	(10,319,779)	–	(10,319,779)
Accrued Interest	13,952	–	13,952
Fair value movements	11,248	–	11,248
Balance at 31 December 2020	6,335,418	–	6,335,418

12.3 Reconciliation of Financial investments measured at amortised cost

2022	Segment A	Segment B	Total
	USD	USD	USD
Balance at 01 January 2022	—	212,468,472	212,468,472
Purchase of Financial Investments	—	364,995,691	364,995,691
Matured	—	(121,350,284)	(121,350,284)
Accrued Interest	—	5,787,822	5,787,822
Impairment -ECL	—	(12,824)	(12,824)
Balance at 31 December 2022	—	461,888,877	461,888,877
2021	Segment A	Segment B	Total
	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)
Impairment -ECL	—	(3,258)	(3,258)
Balance at 31 December 2021	—	212,468,472	212,468,472
2020	Segment A	Segment B	Total
	USD	USD	USD
Balance at 01 January 2020	—	186,755,638	186,755,638
Purchase of Financial Investments	—	121,720,890	121,720,890
Matured	—	(93,580,257)	(93,580,257)
Accrued Interest	—	(1,253,331)	(1,253,331)
Impairment -ECL	—	(1,565)	(1,565)
Balance at 31 December 2020	—	213,641,375	213,641,375

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

31 December 2022

	Balance at 01 January 2022	Total transfers between stages	Income statement movements			Net ECL raised	Impairment accounts written-off	Exchange and other movements	Balance at 31 December 2022
			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	6,486	—	14,929	(2,105)	—	12,824	—	—	19,310
Stage 2	—	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	—	—	—
Total	6,486	—	14,929	(2,105)	—	12,824	—	—	19,310

31 December 2021

	Balance at 01 January 2021	Total transfers between stages	Income statement movements			Net ECL raised	Impairment accounts written-off	Exchange and other movements	Balance at 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

31 December 2020

	Balance at 01 January 2020	Total transfers between stages	Income statement movements			Net ECL raised	Impairment accounts written-off	Exchange and other movements	Balance at 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

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

31 December 2022

	Balance at 01 January 2022	Total transfers between stages	Income statement movements: ECL on new exposure raised	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net ECL raised	Impairment accounts written-off	Exchange and other movements	Balance at 31 December 2022
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Sovereign									
Stage 1	**128**	**—**	**133**	**(128)**	**—**	**5**	**—**	**—**	**133**
Stage 2	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Stage 3	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**128**	**—**	**133**	**(128)**	**—**	**5**	**—**	**—**	**133**

31 December 2021

	Balance at 01 January 2021	Total transfers between stages	Income statement movements: ECL on new exposure raised	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net ECL released	Impairment accounts written-off	Exchange and other movements	Balance at 31 December 2021
	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

31 December 2020

	Balance at 01 January 2020	Total transfers between stages	Income statement movements: ECL on new exposure raised	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net ECL raised	Impairment accounts written-off	Exchange and other movements	Balance at 31 December 2020
	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

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 2020	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/Write offs	(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/Write offs	(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**
Acquisitions	**205,245**	**131,715**	**36,475**	**—**	**373,435**
Transfers	**—**	**—**	**(119,120)**	**—**	**(119,120)**
Disposals/Write offs	**(478,764)**	**(79,481)**	**(481,281)**	**—**	**(1,039,526)**
Balance at 31 December 2022	**3,123,385**	**981,632**	**3,682,960**	**187,221**	**7,975,198**
Depreciation and Impairment Losses					
Balance at 01 January 2020	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
Disposals/Write offs	(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
Disposals/Write offs	(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**
Depreciation for the year	**315,185**	**46,133**	**299,740**	**50,981**	**712,039**
Disposals/Write offs	**(478,134)**	**(66,746)**	**(448,527)**	**—**	**(993,407)**
Balance at 31 December 2022	**2,678,490**	**738,104**	**2,272,057**	**187,221**	**5,875,872**
Carrying Amounts					
Balance at 31 December 2022	**444,895**	**243,528**	**1,410,903**	**—**	**2,099,326**
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

2022	**Segment A USD**	**Segment B USD**	**Bank USD**
Depreciation	**(34,406)**	**(677,633)**	**(712,039)**
Carrying amounts	**101,257**	**1,998,069**	**2,099,326**
2021			
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

Furniture and fittings include work in progress (WIP) amounting to USD 561,023 as at 31 December 2022 (2021: USD 680,143; 2020: USD 681,995)

14. Intangible assets

Bank –Total	USD Computer Software
Cost	
Balance at 01 January 2020	20,205,098
Acquisitions	544,460
Balance at 31 December 2020	20,749,558
Acquisitions	—
Balance at 31 December 2021	**20,749,558**
Acquisitions	—
Balance at 31 December 2022	**20,749,558**
Amortisation and Impairment Losses	
Balance at 01 January 2020	3,194,635
Amortisation for the year	1,465,198
Balance at 31 December 2020	4,659,833
Amortisation for the year	1,498,388
Balance at 31 December 2021	**6,158,221**
Amortisation for the year	**1,493,388**
Balance at 31 December 2022	**7,651,609**
Carrying Amounts	
Balance at 31 December 2022	**13,097,949**
Balance at 31 December 2021	14,591,337
Balance at 31 December 2020	16,089,725

There were no capitalised borrowing costs related to the acquisition of software during the year (2021: Nil; 2020: Nil).

2022	Segment A USD	Segment B USD	Bank USD
Amortisation	**(72,161)**	**(1,421,227)**	**(1,493,388)**
Carrying amounts	**632,899**	**12,465,050**	**13,097,949**
2021			
Amortisation	(70,934)	(1,427,454)	(1,498,388)
Carrying amounts	690,761	13,900,576	14,591,337
2020			
Amortisation	(38,983)	(1,426,215)	(1,465,198)
Carrying amounts	428,077	15,661,648	16,089,725

15. Leases

(i) Amounts recognised in statement of financial position

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

	31 December 2022 USD	31 December 2021 USD	31 December 2020 USD
Right-of-use assets			
Buildings	**1,100,818**	1,832,547	2,253,434
Others-Parking and Collocation Data Centre	**480,476**	445,407	406,949
	1,581,294	2,277,954	2,660,383
Lease liabilities			
Current	**853,690**	759,035	640,302
Non-Current	**663,182**	1,313,250	2,164,933
	1,516,872	2,072,285	2,805,235

Additions to the right-of use assets during the 2022 financial year were USD 254,232 (2021:USD 451,647, 2020: Nil)

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

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

Depreciation charge of right-of-use assets	2022 USD	2021 USD	2020 USD
Buildings	**(729,914)**	(546,106)	(546,277)
Others	**(219,163)**	(101,526)	(99,599)
	(949,077)	(647,632)	(645,876)
Interest expense (note 24)	**(93,720)**	(113,628)	(152,342)
Expense relating to short-term lease (note 31)	**(123,302)**	(408,124)	72,875

The total cash outflow for leases in 2022 was USD 893,164. (2021: USD 737,703; 2020: USD 734,887)

2022	Segment A USD	Segment B USD	Bank USD
Depreciation	**(45,860)**	**(903,217)**	**(949,077)**
Carrying amounts of right-of-use assets	**76,409**	**1,504,885**	**1,581,294**
Lease liabilities	**(73,296)**	**(1,443,576)**	**(1,516,872)**
2021			
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)

16. Deferred tax assets/(liabilities)

The movement on the deferred tax amount is as follows:

Bank -Total	2022 USD	2021 USD	2020 USD
At 01 January	153,304	153,687	(435,000)
Movement during the year recognised in profit or loss (note 33)	186,509	46,544	557,835
Movement during the year recognised in OCI	(21,042)	(46,927)	30,852
At 31 December	318,771	153,304	153,687
Segment A			
At 01 January	(54,659)	(55,387)	(62,000)
Movement during the year recognised in profit or loss	20,256	3,118	5,482
Movement during the year recognised in OCI	(1,328)	(2,390)	1,131
Deferred tax liability as at 31 December	(35,731)	(54,659)	(55,387)
Segment B			
At 01 January	207,963	209,074	(373,000)
Movement during the year recognised in profit or loss	166,253	43,426	552,353
Movement during the year recognised in OCI	(19,714)	(44,537)	29,721
Deferred tax asset as at 31 December	354,502	207,963	209,074

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

	2022 USD	2021 USD	2020 USD
Deferred tax assets:			
Expected credit losses	950,763	853,053	913,254
Other temporary differences	53,596	46,753	55,067
	1,004,359	899,806	968,321
Deferred tax liabilities:			
Other temporary differences	(40,401)	(16,078)	–
Accelerated depreciation	(645,187)	(730,424)	(814,634)
	(685,588)	(746,502)	(814,634)

The deferred tax release in profit or loss comprise the following differences:

	2022 USD	2021 USD	2020 USD
Expected credit losses	(97,710)	60,201	(488,254)
Other temporary differences	(3,559)	(22,535)	1,785
Accelerated depreciation	(85,240)	(84,210)	(71,366)
	(186,509)	(46,544)	(557,835)

17. Other assets

	2022 USD	2021 USD	2020 USD
Mandatory balances with central bank	5,212,382	4,864,019	6,242,309
Prepayments	386,922	335,461	356,855
Other	363,281	252,151	404,316
	5,962,585	5,451,631	7,003,480
Segment A			
Mandatory balances with central bank	5,212,382	4,864,019	6,242,309
Prepayments	18,696	15,881	9,494
Other	114,669	111,402	372,376
	5,345,747	4,991,302	6,624,179
Segment B			
Prepayments	368,226	319,580	347,360
Other	248,612	140,749	31,941
	616,838	460,329	379,301
Current	5,961,196	5,424,392	7,003,480
Non Current	1,389	27,239	–

1. Mandatory balances with central bank relate to deposits placed with the Central Bank for the purpose of reserve requirements and are therefore not available for use.
2. Other consists of stock for stationery, sundry debtor vendor and withholding tax.

18. Deposits from banks

Bank – Total	2022 USD	2021 USD	2020 USD
Money Market Deposits	116,052,036	100,008,656	97,076,705
Other deposits from banks	22,592,075	15,251,197	3,301,486
	138,644,111	115,259,853	100,378,191
Segment A			
Money Market Deposits	35,891,988	30,002,733	40,070,267
Other deposits from banks	744,195	14,802,747	2,931,365
	36,636,183	44,805,480	43,001,632
Segment B			
Money Market Deposits	80,160,048	70,005,923	57,006,438
Other deposits from banks	21,847,880	448,450	370,121
	102,007,928	70,454,373	57,376,559
Current	138,644,111	115,259,853	100,378,191

19. Deposits from customers

Bank Total	2022 USD	2021 USD	2020 USD
Corporates			
Demand deposits			
Current accounts	1,361,034,437	695,502,022	388,785,370
Savings accounts	—	5,051	5,521
Call accounts	634,506,735	1,056,276,821	638,174,325
Time deposits			
Up to 3 months	314,558,133	173,605,073	467,548,873
Over 3 months and up to 6 months	9,020,168	1,267	2,093,575
Over 6 months and up to 12 months	34,054,317	18,489,317	7,542,632
Over 1 year and up to 5 year	17,928,441	—	193,116
Over 5 years	—	—	—
	2,371,102,231	1,943,879,551	1,504,343,412
Segment A			
Demand deposits			
Current accounts	16,831,303	11,040,715	17,574,686
Savings accounts	—	5,051	5,521
Call accounts	14,869,281	9,439,553	43,555,684
Time deposits			
Up to 3 months	403,366	729,183	691,996
Over 3 months and up to 6 months	—	1,267	1,426
Over 6 months and up to 12 months	27,550,094	14,341,056	3,304,114
Over 1 year and up to 5 years	—	—	—
Over 5 years	—	—	—
	59,654,044	35,556,825	65,133,427
Segment B			
Demand deposits			
Current accounts	1,344,203,134	684,461,307	371,210,684
Call accounts	619,637,454	1,046,837,268	594,618,641
Time deposits			—
Up to 3 months	314,154,767	172,875,890	466,856,877
Over 3 months and up to 6 months	9,020,168	—	2,092,149
Over 6 months and up to 12 months	6,504,223	4,148,261	4,238,518
Over 1 year and up to 5 years	17,928,441	—	193,116
Over 5 years	—	—	—
	2,311,448,187	1,908,322,726	1,439,209,985
Current liabilities	2,353,173,790	1,943,879,551	1,504,150,293
Non-current liabilities	17,928,441	—	193,119

20. Current tax liabilities

Bank – Total	USD 2022	USD 2021	USD 2020
Income tax based on chargeable income	2,181,681	897,660	1,107,001
Withholding taxes	(25,801)	(16,938)	(33,268)
Advanced payments made	(1,231,375)	(570,320)	(850,964)
	924,505	310,402	222,769
Segment A			
Income tax based on chargeable income	348,124	140,068	125,613
Advanced payments made	(59,501)	(26,999)	(22,640)
	288,623	113,069	102,973
Segment B			
Income tax based on chargeable income	1,833,557	757,592	981,388
Withholding taxes	(25,801)	(16,938)	(33,268)
Advanced payments made	(1,171,874)	(543,321)	(828,324)
	635,882	197,333	119,796

21. Other liabilities

		USD 2022	USD 2021	USD 2020
Accrued expense		3,437,356	1,643,406	1,692,836
Retirement benefit obligations	31(c)	512,918	630,817	1,422,660
Other Liabilities & Provisions		1,272,117	618,583	606,469
Sundry Creditors		2,109,455	1,703,674	1,571,785
Deferred Income		603,732	513,555	521,740
Others		5,686,922	3,292,585	3,618,220
		13,622,500	8,402,620	9,433,710
Segment A				
Accrued expense		166,095	77,801	45,039
Retirement benefit obligations		24,784	29,863	37,851
Other Liabilities & Provisions		61,469	29,284	40,339
Sundry Creditors		—	1,683,360	1,308,001
Deferred Income		337,849	—	—
Others		578,472	1,377,780	1,856,950
		1,168,669	3,198,088	3,288,180
Segment B				
Accrued expense		3,271,261	1,565,605	1,647,797
Retirement benefit obligations		488,134	600,954	1,384,809
Other Liabilities & Provisions		1,210,648	589,299	566,130
Sundry Creditors		2,109,455	20,315	263,784
Deferred Income		265,883	513,555	521,740
Others		5,108,450	1,914,804	1,761,270
		12,453,831	5,204,532	6,145,530
Current		12,934,848	7,415,417	8,573,292
Non-Current		687,652	987,203	860,418

(1) Others comprise of clearance settlement, credit in transit, VAT and provision for off-balance sheet.

22. Share capital

	2022 USD	2021 USD	2020 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

23. Contingent liabilities

	2022 USD	2021 USD	2020 USD
Total Bank			
Guarantees on account of customers	**26,555,724**	20,088,885	12,792,706
Letters of credit and other obligations on account of customers	**32,479,363**	13,097,296	10,316,151
	59,035,087	33,186,181	23,108,857
Less IFRS 9 provision on Off-balance sheet exposures	**(31,843)**	(29,091)	(14,047)
	59,003,244	33,157,090	23,094,810
Segment A			
Guarantees on account of customers	**4,544**	14,451	137,971
Letters of credit and other obligations on account of customers	**—**	—	—
	4,544	14,451	137,971
Less IFRS 9 provision on Off-balance sheet exposures	**—**	(462)	(633)
	4,544	13,989	137,338
Segment B			
Guarantees on account of customers	**26,551,180**	20,074,434	12,654,735
Letters of credit and other obligations on account of customers	**32,479,363**	13,097,296	10,316,151
	59,030,543	33,171,730	22,970,886
Less IFRS 9 provision on Off-balance sheet exposures	**(31,843)**	(28,629)	(13,414)
	58,998,700	33,143,101	22,957,472

23. Contingent liabilities (continued)

(a) Reconciliation of the allowance for expected credit loss for "off balance sheet" exposures, by class

31 December 2022

	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	20,582	–	–	–	–	26	(13,068)	–	(13,042)	7,540
Guarantees	7,772	–	–	–	–	11,364	2,084	–	13,448	21,220
Total	28,354	–	–	–	–	11,390	(10,984)	–	406	28,760
Stage 2										
Letters of credit	–	–	–	–	–	–	–	–	–	–
Guarantees	737	–	–	–	–	–	2,346	–	2,346	3,083
Total	737	–	–	–	–	–	2,346	–	2,346	3,083
Total	29,091	–	–	–	–	11,390	(8,638)	–	2,752	31,843

23. Contingent liabilities (continued)

(a) Reconciliation of the allowance for expected credit loss for "off balance sheet" exposures, by class (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										
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

24. Net interest income

Bank- Total	2022 USD	2021 USD	2020 USD
Interest income measured at amortised cost			
Loans and advances to banks	**32,610,900**	9,785,634	14,632,462
Loans and advances to customers	**14,745,722**	7,832,861	10,337,454
Financial investments	**4,532,909**	939,251	2,525,869
Other (IFRS Unwinding)	**124,640**	101,002	181,148
Total interest income	**52,014,171**	18,658,748	27,676,933
Interest Income on items measured at fair value through OCI			
Financial investments	**38,527**	38,057	122,761
Total	**52,052,698**	18,696,805	27,799,694
Interest expense			
Interest expense on items measured at amortised cost			
Deposits from banks	**(2,009,363)**	(189,472)	(586,483)
Deposits from customers	**(10,274,841)**	(2,193,737)	(4,278,139)
Other:			
Interest on lease liabilities	**(93,720)**	(113,628)	(152,342)
Total interest expense	**(12,377,924)**	(2,496,837)	(5,016,964)
Net interest income	**39,674,774**	16,199,968	22,782,730
Segment A			
Interest income measured at amortised cost			
Loans and advances to banks	**443,391**	8,726	78,583
Loans and advances to customers	**1,128,278**	76,551	216,921
Other (IFRS Unwinding)	**62,374**	(3,326)	—
Total interest income	**1,634,043**	81,951	295,504
Interest Income on items measured at fair value through OCI			
Financial investments	**38,527**	38,057	122,761
Total	**1,672,570**	120,008	418,265
Interest expense			
Interest expense on items measured on an amortised cost			
Deposits from banks	**(192,382)**	(78,237)	(404,689)
Deposits from customers	**(407,094)**	(26,279)	(242,818)
Other:			
Interest on lease liabilities	**(93,720)**	(113,628)	(152,342)
Total interest expense	**(693,196)**	(218,144)	(799,849)
Net interest income/(expense)	**979,374**	(98,136)	(381,584)
Segment B			
Interest income measured at amortised cost			
Loans and advances to banks	**32,167,509**	9,776,908	14,553,879
Loans and advances to customers	**13,617,444**	7,756,310	10,120,533
Financial investments	**4,532,909**	939,251	2,525,869
Other (IFRS Unwinding)	**62,266**	104,328	181,148
Total	**50,380,128**	18,576,797	27,381,429
Interest income on items measured at fair value through OCI			
Financial investments	**—**	—	—
Total interest income	**50,380,128**	18,576,797	27,381,429
Interest expense on items measured on an amortised cost			
Deposits from banks	**(1,816,981)**	(111,235)	(181,794)
Deposits from customers	**(9,867,747)**	(2,167,458)	(4,035,321)
Total interest expense	**(11,684,728)**	(2,278,693)	(4,217,115)
Net interest income	**38,695,400**	16,298,104	23,164,314

25. Net fee and commission income

	2022 USD	2021 USD	2020 USD
Fee and commission income			
Corporate banking customer fees	5,270,442	4,254,406	3,938,973
Corporate banking credit related fees	2,397,613	1,893,937	1,646,244
Investment Banking Fees	517,500	67,500	21,750
Custody Fees	7,010	67,015	157,459
Total fee and commission income	8,192,565	6,282,858	5,764,426
Fee and commission expense	–	(52,670)	(135,615)
Net fee and commission income	8,192,565	6,230,188	5,628,811
Segment A			
Fee and commission income			
Corporate banking customer fees	59,580	45,803	47,977
Corporate banking credit related fees	14,064	9,126	32,861
Custody Fees	7,010	67,015	157,459
Total fee and commission income	80,654	121,944	238,297
Fee and commission expense	–	(52,670)	(135,615)
Net fee and commission income	80,654	69,274	102,682
Segment B			
Fee and commission income			
Corporate banking customer fees	5,210,862	4,208,603	3,890,996
Corporate banking credit related fees	2,383,549	1,884,811	1,613,383
Investment Banking Fees	517,500	67,500	21,750
Total fee and commission income	8,111,911	6,160,914	5,526,129
Net fee and commission income	8,111,911	6,160,914	5,526,129

26. Net trading income

	2022 USD	2021 USD	2020 USD
Fixed Income / Money Market	187,501	87,050	46,311
Foreign exchange	11,873,345	8,265,376	6,022,148
	12,060,846	8,352,426	6,068,459
Segment A			
Fixed Income / Money Market	187,501	87,050	46,311
Foreign exchange	1,419,978	1,141,759	823,596
	1,607,479	1,228,809	869,907
Segment B			
Fixed Income / Money Market	–	–	–
Foreign exchange	10,453,367	7,123,617	5,198,552
	10,453,367	7,123,617	5,198,552

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

Bank-Total and Segment A	2022 USD	2021 USD	2020 USD
Government Bonds / Treasury Bills	–	–	54,964
Other	–	–	(118)
	–	–	54,846

28. Other operating income

	2022 USD	2021 USD	2020 USD
Bank-Total			
Total other Income	263,859	279,839	275,506
Segment A			
Rental income and recharges	241,001	270,564	280,300
Segment B			
Currency Sell-off	5,605	9,275	(4,794)
IGSM Recovery	17,253	–	–
	22,858	9,275	(4,794)

29. Net impairment release/(charge) on financial assets

	2022 USD	2021 USD	2020 USD
Bank-Total			
Loans and advances to customers*	(912,177)	1,409,012	(9,212,393)
Loans and advances to banks & cash and cash equivalents	565,203	(328,938)	(434,515)
Financial investments	(12,829)	(3,148)	(1,729)
Non-funded facilities**	(172,786)	141,732	(69,519)
Recoveries on loans and advances previously written off	1,525,340	–	–
	992,751	1,218,658	(9,718,156)
Segment A			
Loans and advances to customers	(10,020)	695	17,840
Loans and advances to banks & cash and cash equivalents	(23,444)	(6,257)	472
Financial investments	(5)	110	(164)
Non-funded facilities	(23,873)	5,839	(16,921)
Recoveries on loans and advances previously written off	1,525,340	–	–
	1,467,998	387	1,227
Segment B			
Loans and advances to customers	(902,157)	1,408,317	(9,230,233)
Loans and advances to banks & cash and cash equivalents	588,647	(322,681)	(434,987)
Financial investments	(12,824)	(3,258)	(1,565)
Non-funded facilities	(148,913)	135,893	(52,598)
	(475,247)	1,218,271	(9,719,383)

* Loans and advances to customers include unwind time value of money: of USD 637,147.
** Impairment charge relates to off-balance sheet exposures.

30. (a) Personnel expenses

	2022 USD	2021 USD	2020 USD
Bank-Total			
Wages and salaries	**4,385,109**	4,693,592	4,658,517
Other personnel expenses	**6,181,824**	2,282,445	1,535,154
Compulsory social security obligations	**62,165**	23,558	16,112
Contributions to defined contribution plans	**460,173**	466,112	481,184
Retirement benefit cost	**299,533**	159,430	119,136
Share based payment - cash settled	**557,744**	71,424	106,086
	11,946,548	7,696,561	6,916,189
Segment A			
Wages and salaries	**211,891**	222,197	123,943
Other personnel expenses	**298,709**	108,052	40,844
Compulsory social security obligations	**3,004**	1,115	429
Contributions to defined contribution plans	**22,235**	22,066	12,802
Retirement benefit cost	**14,474**	7,548	3,170
Share based payment - cash settled	**26,950**	3,381	2,822
	577,263	364,359	184,010
Segment B			
Wages and salaries	**4,173,218**	4,471,395	4,534,574
Other personnel expenses	**5,883,115**	2,174,393	1,494,310
Compulsory social security obligations	**59,161**	22,443	15,683
Contributions to defined contribution plans	**437,938**	444,046	468,382
Retirement benefit cost	**285,059**	151,882	115,966
Share based payment - cash settled	**530,794**	68,043	103,264
	11,369,285	7,332,202	6,732,179

30. (b) Share Based Payments

(i) Deferred bonus scheme (DBS)

Employees who are granted an annual performance award over a certain 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 2022 and the amount charged for the year under the scheme is 324,475 (2021: USD 115,282) ; (2020: USD 185,715). Total expenses recognised in staff costs for 2022 was USD 557,744 (2021: USD 71,424) ; (2020: USD 106,086).

Reconciliation	Units 2022	Units 2021	Units 2020
Units outstanding at beginning of year	**7,504**	1,701	—
Transferred out	**901**	3,870	983
Exercised	**—**	5,175	1,176
Lapsed	**(4,811)**	(3,242)	(458)
	3,594	7,504	1,701
Units outstanding at end of the year			
Weighted average fair value at grant date (R)	**160**	143	153
Expected life (years)	**3**	3	3
Risk-free interest rate (%)	**n/a**	n/a	n/a

(ii) 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 Standard Bank Group (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 2022

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	**160.33**	**2.51**	**45,713**	**11,805**	**—**	**(24,698)**	**—**	**32,820**
UGX	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
CNY	**153**	**—**	**—**	**23,104**	**—**	**(9,669)**	**—**	**13,435**

31 December 2021

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

MUR	152.64	2.51	115,342	51,269	(3,702)	(52,932)	—	109,977
UGX	—	—	—	—	—	(15,085)	30,171	15,086

30. (b) Share Based Payments (continued)

(iii) Shares Appreciation Rights Scheme (SARP)

The SARP is a long term scheme representing appreciation rights awarded to employees and is based on the SBG share price. The awards that are made to individuals of a Group Entity outside Africa are classified as cash-settled.

Reconciliation	**Units 2022**
Units outstanding at beginning of year	—
Granted	101,316
Exercised	—
Lapsed	—
	101,316
Units outstanding at end of the year	
Weighted average fair value at grant date (R)	**35.98**

30. (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 415,589 for December 2022 (2021: USD 417,078; 2020: USD 458,071).

The Bank has recognised a net defined liability of USD 512,918 as at 31 December 2022 (2021: USD 630,817) ; (2020: USD 1,422,660) in respect of employees whose benefits from the DC plan are not expected to fully offset the Bank's retirement gratuity obligations under the Workers' Rights Act (WRA) 2019 and in respect of any retirement and death gratuities for employees who are not members of any pension plan.

The Bank has recognised estimated plan assets of USD 3,000 as at 31 Dec 2022 in respect of the accumulated contributions to the Portable Retirement Gratuity Fund (PRGF) for its employees.

The Bank is subject to an unfunded defined benefit plan for its employees. The plan exposes the Bank to normal risks described below:

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the DC plan debt's investments and a decrease in inflationary pressures on salary and pension increases.

Salary Risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Bank has a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year, except for a change in plan amendment regarding the change in the retirement gratuity formula from 15/26 to 15/22 for employees working 5 day weeks.

30. (c) Retirement Benefits (continued)

	2022 USD	2021 USD	2020 USD
Reconciliation of Net Defined Benefit Liability			
Opening balance	**630,817**	1,422,660	751,580
Amount recognised in profit or loss	**299,533**	159,430	119,136
Amount recognised in other comprehensive income	**(414,879)**[1]	(926,488)[2]	610,572[3]
Less Benefits paid	**(2,553)**	(24,785)	(58,628)
Closing Balance	**512,918**	630,817	1,422,660
Reconciliation of Present Value of Defined Benefit Obligation			
Opening balance	**630,817**	1,422,660	751,580
Current service cost	**268,651**	89,088	82,745
Interest expense	**30,882**	70,342	36,391
Benefits paid	**(2,553)**	(24,785)	(58,628)
Exchange difference	**(6,683)**	(196,967)	49,098
Liability experience (gain)/loss	**(302,159)**	(439,652)	—
Liability (gain)/loss due to change in financial assumptions	**(106,037)**	(289,869)	561,474
Closing Balance	**512,918**	630,817	1,422,660
Components of amount recognised in profit or loss			
Current service cost	**268,651**	89,088	82,745
Net Interest on net defined benefit liability	**30,882**	70,342	36,391
	299,533	159,430	119,136
Components of amount recognised in other comprehensive income			
Exchange difference	**(6,683)**	(196,967)	—
Liability experience (gain)/loss	**(302,159)**	(439,652)	49,098
Liability loss due to change in financial assumptions	**(106,037)**	(289,869)	561,474
	(414,879)	(926,488)	610,572

During the year, benefits paid for the unfunded scheme amounted to USD 60,950 (2021: USD 24,785) ; (2020: USD 58,628). 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.

[1] Remeasurement of defined benefit liabilities net of tax amount to USD 393,837 for 2022.

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

[3] Remeasurement of defined benefit liabilities net of tax amount to USD 579,720 for 2020.

30. (c) Retirement Benefits (continued)

Principal assumptions used at end of year	2022	2021	2020
Discount rate	5.7%	4.6%	3.0%
Rate of salary increases	3.8%	3.0%	2.5%
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	224,000	233,000	324,675
Decrease due to 1% increase in discount rate	173,000	202,000	283,025

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 contributions to PRGF and top-up benefits out of the reporting entity's cash flow as and when due.

Expected employer contribution for the next year	USD 71,000
Weighted average duration of the defined benefit obligation	16 years

31. Operating lease expenses

	2022 USD	2021 USD	2020 USD
Bank-Total			
Operating Lease Expense	123,302	408,124	72,875
Segment A			
Operating Lease Expense	5,958	19,321	1,939
Segment B			
Operating Lease Expense	117,344	388,803	70,936

Operating lease Commitments

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

	2022 USD	2021 USD	2020 USD
Bank- Total			
Buildings			
Less than one year	25,170	4,681	5,199
Between one and five years	—	—	—
	25,170	4,681	5,199
Bank-Total			
Equipment			
Less than one year	4,702	31,528	42,452
Between one and five year	—	4,734	39,925
	4,702	36,262	82,377

The operating lease commitments comprise mainly of the rental of physical storage, parking and photocopiers. The lease terms make provision for a yearly charge in the operating lease charges as per the rental agreement.

32. Other expenses

	2022 USD	2021 USD	2020 USD
Bank-Total			
Software licensing and other information technology cost	1,215,440	1,170,978	1,254,654
Professional Fees	1,902,380	1,171,901	1,210,320
Marketing & Advertising	91,210	11,672	232,562
Bank Charges	931,480	821,435	835,079
Turnkey cost	3,697,206	2,660,587	1,613,657
Other	2,104,920	1,328,910	1,790,921
	9,942,636	7,165,483	6,937,193
Segment A			
Software licensing and other information technology cost	58,731	55,435	33,382
Professional Fees	50,335	55,167	32,494
Marketing & Advertising	4,406	553	6,187
Bank Charges	45,010	38,887	22,218
Turnkey cost	178,651	125,838	42,100
Other	98,403	63,027	44,607
	435,536	338,907	180,988
Segment B			
Software licensing and other information technology cost	1,156,709	1,115,543	1,221,272
Professional Fees	1,852,045	1,116,734	1,177,826
Marketing & Advertising	86,804	11,119	226,375
Bank Charges	886,470	782,548	812,861
Turnkey cost	3,518,555	2,534,749	1,571,557
Other	2,006,517	1,265,883	1,746,314
	9,507,100	6,826,576	6,756,205

33. Income tax expense

	2022 USD	2021 USD	2020 USD
Income tax charge	**3,267,324**	1,074,062	1,342,562
Deferred tax release (note 16)	**(186,509)**	(46,544)	(557,835)
Income tax expense	**3,080,815**	1,027,518	784,727
Bank-Total			
Net profit before income taxes	**36,017,805**	14,125,337	8,265,790
Current tax based on adjusted profit	**2,043,368**	718,501	422,956
Non-allowable expenses	**15,547**	14,573	21,523
Under provision in previous years	**817,178**	144,652	80,161
Under provision of tax in current year	**—**	—	80,450
Special Levy	**159,958**	89,172	79,121
Absorbed Value Added Tax	**13,177**	1,092	21,454
Other taxes	**31,587**	59,528	79,062
	3,080,815	1,027,518	784,727
Segment A			
Net profit before income taxes	**3,205,322**	611,683	483,280
Current tax based on adjusted profit	**187,133**	42,818	33,830
Non-allowable expenses	**1,033**	948	789
Tax rate differentials	**—**	—	—
(Over)/under provision in previous years	**(82,359)**	129,804	45,678
Under provision of tax in current year	**—**	—	43,347
Special Levy	**159,958**	89,172	79,121
Absorbed Value Added Tax	**637**	52	571
Other taxes	**1,527**	5,463	1,011
	267,929	268,257	204,347
Segment B			
Net profit before income taxes	**32,812,483**	13,513,654	7,782,510
Current tax based on adjusted profit	**1,856,235**	675,683	389,126
Non-allowable expenses	**14,514**	13,625	20,734
Tax rate differentials	**—**	—	—
Under/(over) provision in previous years	**899,536**	14,848	34,483
Under provision of tax in current year	**—**	—	37,103
Special Levy	**—**	—	—
Absorbed Value Added Tax	**12,540**	1,040	20,883
Other taxes	**30,061**	54,065	78,051
	2,812,886	759,261	580,380

34. Statutory and Other Reserves

	2022 USD	2021 USD	2020 USD
Statutory reserves	**30,485,962**	25,545,414	23,580,741
Other reserves	**393,076**	636,827	(302,923)
Statutory & other reserves	**30,879,038**	26,182,241	23,277,818

	Credit Risk Reserves USD	Fair Value Reserves USD	Share Based Payment USD	Employee Benefits Reserves USD	Total USD
Balance 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	—	(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
Balance at 1 January 2022	**584,073**	**3,950**	**—**	**48,804**	**636,827**
Net gain on fair value of debt instruments	**—**	**(53,515)**	**—**	**—**	**(53,515)**
Remeasurement of defined benefit liabilities	**—**	**—**	**—**	**393,837**	**393,837**
Share based payment	**—**	**—**	**—**	**—**	**—**
Transfer to credit risk reserve	**(584,073)**	**—**	**—**	**—**	**(584,073)**
	—	**(49,565)**	**—**	**442,641**	**393,076**

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.

35. Commitments

	2022 USD	2021 USD	2020 USD
Bank - Total			
Loans and other facilities			
Undrawn credit facilities	**216,070,573**	180,795,754	182,661,673
Less Stages 1 and 2 ECL Collective Allowance	**(367,999)**	(197,965)	(354,741)
Less Stage 3 Specific Allowance	**—**	—	—
	215,702,574	180,597,789	182,306,932

35. Commitments (continued)

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

2022	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	175,046	–	2,231	–	2,231	72,572	88,011	160,583	337,860
Stage 2									
Irrevocable facilities	22,919	(2,231)	–	–	(2,231)	(840)	10,291	9,451	30,139
Stage 3									
Irrevocable facilities	–	–	–	–	–	–	–	–	–
Total	197,965	(2,231)	2,231	–	–	71,732	98,302	170,034	367,999
2021									
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

35. Commitments (continued)

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

	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
2020									
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	(58,964)	76,878	354,741

36. Related Parties

Emoluments:	2022 USD	2021 USD	2020 USD
Full time directors	1,202,437	592,496	944,946
Non-executive directors	183,552	131,996	119,443
Key management personnel	1,851,746	724,492	1,064,389
Emoluments – Key Management Personnel			
Short Term Employee Benefits	1,510,300	1,546,320	1,557,607
Deferred bonus scheme	341,446	67,263	49,322
	1,851,746	1,613,583	1,606,929
Long Term Employment Benefit			
Full time directors	90,375	123,382	95,421
Key management personnel	156,053	154,469	163,778

The following transactions were carried out with related parties:

(i) Balances and placements with Parent

	2022 USD	2021 USD	2020 USD
At 01 January	1,469,099,798	1,118,705,331	595,911,452
Made during the year	44,099,974,610	44,843,182,726	33,258,887,547
Repaid during the year	(44,353,137,050)	(44,492,788,259)	(32,736,093,668)
At 31 December	1,215,937,358	1,469,099,798	1,118,705,331
Analysis by related party			
Standard Bank of South Africa	1,215,937,358	1,469,099,798	1,118,705,331
Loans and advances related to Standard Bank of South Africa.			
Interest received from parent during the year	23,160,407	9,456,111	13,241,988
Analysis by related party			
Standard Bank of South Africa	23,160,407	9,456,111	13,241,988
Accrued interest receivable from parent at 31 December	7,978,467	4,236,459	5,152,517
Analysis by related party			
Standard Bank of South Africa	7,978,467	4,236,459	5,152,517

36. Related Parties (continued)

(ii) Balances and placements with Other Related parties

	2022 USD	2021 USD	2020 USD
At 01 January	16,668	7,773	2,013,987
Repaid during the year	–	–	(2,006,214)
Disbursed during the year	101,727	8,895	–
At 31 December	118,395	16,668	7,773
Loans and Advances to Other Related parties			
At 01 January	17,736,989	5,655,843	6,912,697
Repaid during the year	–	(1,256,854)	(1,256,854)
Disbursed during the year	102,240,341	13,338,000	–
At 31 December	119,977,330	17,736,989	5,655,843
Analysis by related party			
Stanbic Bank Kenya Limited	36,142,135	4,398,989	5,655,843
Stanbic Bank Nigeria Limited	83,835,195	13,338,000	–
	119,977,330	17,736,989	5,655,843
Interest received from other related entities during the year	1,505,490	184,237	272,915
Analysis by related party			
Stanbic Bank Kenya Limited	363,116	175,687	272,915
Stanbic Bank Nigeria Limited	1,142,374	8,550	–
	1,505,490	184,237	272,915
Accrued interest receivable from other related entities at 31 December	391,775	1,352	536
Analysis by related party			
Stanbic Bank Kenya Limited	170,111	413	536
Stanbic Bank Nigeria Limited	221,664	939	–

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

(iii) Borrowings from Parent

	2022 USD	2021 USD	2020 USD
At 01 January	–	–	470,714
Repaid during the year	–	–	(470,714)
At 31 December	–	–	–
Analysis by related party			
Standard Bank of South Africa	–	–	–
Interest paid during the year	–	–	9,396
Interest payable at 31 December	–	–	–

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

36. Related Parties (continued)

(iv) Deposits from other related parties

	2022 USD	2021 USD	2020 USD
At 01 January	70,917,792	57,032,054	66,597,131
Received during the year	1,365,000,000	1,416,000,000	1,521,000,000
Repaid during the year	(1,355,899,053)	(1,402,114,262)	(1,530,565,077)
At 31 December	80,018,739	70,917,792	57,032,054
Interest paid on deposits	1,494,276	102,735	172,398
Interest payable at 31 December	160,048	5,922	6,438

(v) Deposits from Parent

	2022 USD	2021 USD	2020 USD
At 01 January	12,917,664	302,550	1,257,577
Received during the year	3,682,970	12,615,114	–
Repaid during the year	–	–	(955,027)
At 31 December	16,600,634	12,917,664	302,550
Interest paid on deposits	444,916	–	–

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

(vi) Deposits from Directors

	2022 USD	2021 USD	2020 USD
At 01 January	–	–	–
Received during the year	–	–	–
Repaid during the year	–	–	–
At 31 December	–	–	–
Interest paid during the year	–	–	–

(vii) Recharges

	2022 USD	2021 USD	2020 USD
Recharges to other related entities	418,314	381,906	640,865
Recharges to parent	30,995	31,940	65,223

(viii) Expenses

	2022 USD	2021 USD	2020 USD
Management fees paid to parent	1,805,343	931,937	1,044,181
Other expenses paid to parent	2,830,318	4,364,985	2,757,142
	4,635,661	5,296,922	3,801,323

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

36. Related Parties (continued)

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

	2022 USD	2021 USD	2020 USD
Management Fees	614,827	232,864	227,489
IT Support Services	1,136,861	1,256,869	1,072,610
License Fee	–	186,131	–
Others	7,662	7,496	7,902
	1,759,350	1,683,360	1,308,001

(x) Dividend paid to owner

	2022 USD	2021 USD	2020 USD
Dividend paid to owner	5,000,000	25,000,000	5,000,000

Dividend per share was USD 0.14 for the year ended 31 December 2022 (2021: 0.71 ; 2020: 0.14).

(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 2022 (2021: nil and 2020: nil).

As at 31 December 2022, the Bank's top five exposures to related parties was USD 1,344m which was 10 times the Bank's Tier I Capital.

37. 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.

38. Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had 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 ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one-week and two-month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one-month, three-month, six-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).

During the 2022 financial year, the SARB has indicated its intention to move away from JIBAR and has identified a potential successor in the South African Rand Overnight Index Average Rate (ZARONIA). The new ZARONIA rate was published for observation during 2022 and is expected to be endorsed as a successor rate in 2023.

The majority of the non-USD IBOR transitions have been completed by the Bank. The Bank has several USD LIBOR-linked contracts that extend beyond 30 June 2023 and focus in 2022 has been placed on the planning and transition of these exposures ahead of the cessation date. The Bank ceased booking new LIBOR-linked exposures, apart from limited circumstances to align with industry guidance and best practice. New exposures are booked using the ARRs that have replaced IBORs, being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

The Bank had set up a working group and it continues to monitor the progression of the remaining USD LIBOR linked contracts (1-,3-, and 12-month tenor rates) to manage the transition to appropriate ARR ahead of cessation on 30 June 2023 and this has been reported to the Asset & Liabilities Management Committee (ALCO) on a timely basis.

The steering committee at a Group level tracks updates and best market practice recommendations emanating from official sector working groups established to catalyse transition in the relevant jurisdiction.

Communications to clients are ongoing via multiple platforms along with one-on-one engagements to discuss transition where exposed to USD LIBOR rates that mature post-cessation date.

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

- Model risk – risk of the valuation models used within the bank not being able to cater for the changes in the intended manner.
- Legal risk – risk of being non-compliant to the agreements previously agreed with clients.
- Operational risk – risk of the Bank'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 Bank 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.

Financial instruments impacted by the reform which are yet to transition

	2022		
	USD LIBOR	JIBAR	Other IBORs
	USD	USD	USD
Total Assets subject to IBOR reform	162,611,939	1,665,501	–
Loans and advances	162,611,939	1,665,501	–
Total liabilities subject to IBOR reform	–	–	–
Total off-balance sheet exposures subject to IBOR reform	1,438,892,833	–	–
Off-Balance Sheet Items	1,438,892,833	–	–

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 2022.

The Board of Directors declared a dividend of USD20m at the Board of Directors meeting held on 24 March 2023.

Standard Bank

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